



The Southeast Kentucky Economic Development Corporation's mission is to improve the quality of life and vitality of our service area by promoting sustainable economic development and employment opportunities with creativity, professionalism, and integrity in collaboration with local, state, and federal partners.

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The 12 men and women comprising the SKED Board of Directors in 2017 serve communities across our 45-county region in fields ranging from education to banking, utilities and workforce training. This all-volunteer board meets monthly to help shape the organization, keep its mission strong and make decisions that affect residents throughout Southeast Kentucky. They're pictured front row from left: Corey Craig, Darryl McGaha, Shirley Gifford and David Blakeman. Second row from left is: Tim Barnes Charlene Harris, Carol Wright and Tim Gibbs. Not pictured are: Daryl Smith, Ben Sams, Virginia Flanagan and Dr. Jo Marshall.

Letter from the Executive Director

Thank you for taking the time to read SKED's 2017 Annual Report. Throughout the past year we worked on projects across the region to help create more and better job opportunities.



In 2017, we continued and developed what we are now calling our Supplier Education & Economic Development (SEED) program. With the help of Fifth District Congressman Hal Rogers, and his staff, we brought together 22 companies, from all across Southeast Kentucky, and 14 prime federal defense contractors interested in finding subcontractors from our region. There is more information about this program in the report. We look forward to growing this program over the coming years.

In 2017, we brought more people onto the SKED team with the addition of Carol Wright, president & CEO of Jackson Energy to our Board of Directors. Wright fills the seat of Rodney Hitch, economic development manager for East Kentucky Power.

With the help of the U.S. Small Business Administration and Appalachian Regional Commission grants, we were able to launch our SMARTS 2.0 program. This 12-hour curriculum is taking a mobile training lab to communities throughout our region to help small and medium-sized businesses boost their online presence and be better prepared to compete for business on a local, state and national level.

This, and the projects outlined in this annual report are just a few of the impacts SKED has had on the region this past year. I would like to say thank you to the staff, our Board of Directors, our federal and state partners and the business and community leaders throughout our region that are working every day to transform the economy of our region.

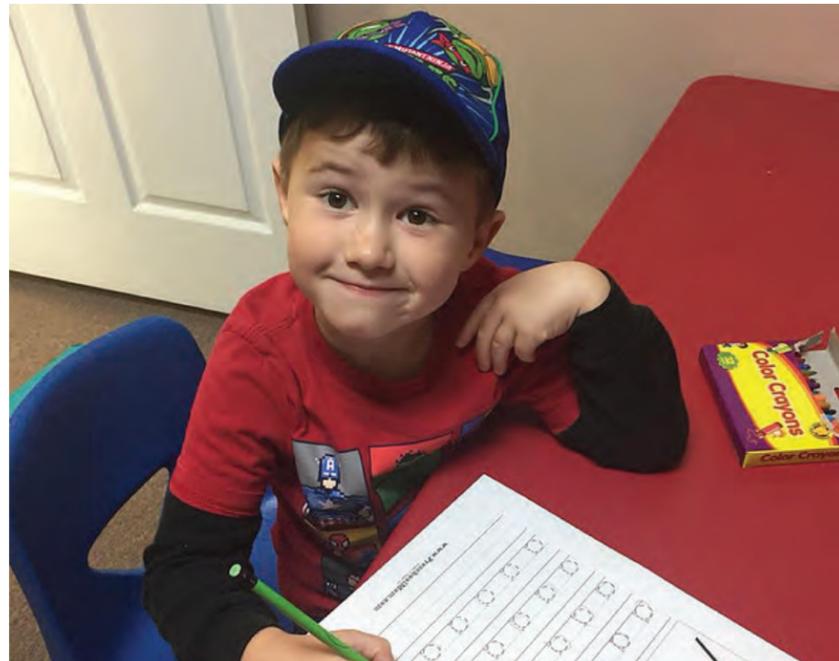
*Executive Director
Brett Traver*

SKED 2017 Impact

Number of staff	8
Number of loans/investments	24
Amount of loans.....	\$2.1 million
Amount leveraged.....	\$7.7 million
Jobs created (loans).....	70.5
Jobs retained (loans).....	53
Jobs created (recruitment)	146
Businesses owners counseled.....	214

Highlights

- SKED staff worked with business owners across its 45-county region to make 24 loans totaling \$2.1 million. These funds leveraged more than \$7.7 million into the state, creating 70.5 new jobs and retained more than 53 jobs. Other non-lending projects resulted in 146 new jobs and 172 retained.
- On the business recruitment front, there has been a great deal of excitement throughout the state with the announcements of Braidy Industries in the Ashland area and EnerBlu in Pike County. These projects bring a total investment of nearly \$1.5 billion, with the creation of more than 1,300 jobs in the coming years. In Williamsburg and Annville, Sensure, LLC continues to grow with around \$10 million in investment and adding 500 jobs. In Corbin, SmartWood opened its doors to bring ice pop stick manufacturing to Kentucky. This French company was attracted to availability of beech wood, a great workforce and the ready-to-go speculative building.
- SKED evolved its successful Entrepreneurial SMARTS program to SMARTS 2.0. Developed in house by Small Business Training Director Amanda Kelly, it provides existing and startup businesses the knowledge necessary to compete in a digital world. SMARTS 2.0 is a 12-hour course that is concentrated on the utilization of the internet to increase market share by making all forms of digital marketing easier to understand and implement. Topics covered in SMARTS 2.0 include: Google Business, Facebook, Facebook Ads, Google AdWords Express, Instagram, Twitter, Snapchat, Pinterest, social messaging, social shopping, building a website, live video, pay per click ads, retargeting ads and email marketing. During class, all students work at a computer station, provided by SKED, completing tasks and improving their business. Once the 12-hour class is completed, students are provided with additional one-on-one technical assistance on an as-needed basis. Digital marketing is an ever-changing landscape that requires more time than our small business owners can afford to spend; for this reason, we are also implementing a private Facebook group to help keep graduates up to speed on changes.
- During 2017, SKED worked with Fifth District Congressman Hal Rogers and his staff to launch our Supplier Education and Economic Development (SEED) Program. There is much more information about this further in this report. However, this program has great potential to help our companies grow by accessing federal contracting opportunities. Please ready more about this in the centerfold.
- In 2017, The Somerset Rail Park doubled its number of revenue rail cars over 2016. In 2016, 122 revenue rail cars came through while we saw more than 250 in 2017. The rail park serves multiple businesses throughout the region for rail, warehouse and third-party logistics services.



The Kid SpOt Center, LLC



4 LOCATIONS 96 EMPLOYEES 15 NEW JOBS CREATED IN SOMERSET 1,191 ACTIVE CLIENTS
3 PRIMARY SERVICES: BEHAVIOR SUPPORT SERVICES, COMMUNITY LIVING SUPPORT AND REHAB THERAPY SERVICES

Brandy Close and Jennifer Houk were busy doing what they loved and what they were trained to do as occupational and speech therapists in the public school system when they made a decision that changed their lives. In 2010, they decided to become entrepreneurs and open a business that would help the students they worked with daily on a more one-on-one basis in hopes of changing their children's lives.

Close and Houk combined their therapy skills and love for children to create a thriving business in southcentral Kentucky called the Kid SpOt Center, LLC. The first business was in Campbellsville. Since then, they've expanded to Elizabethtown, Bowling Green and now Somerset. The business boasts 96 employees and 1,191 active clients.

The center specializes in providing rehab therapy, community living support and behavior support services to children ages birth to 21 of all levels. They opened the Somerset location in October. SKED helped them finance the renovation of a 7,000 square-foot building in MedPark West, with its SBA Micro Loan funds.

"From the very beginning of our planning phase, SKED was right there with us. We were glad to know we could count on them to get our Somerset clinic off to a great start," said Close. "With SKED's assistance, we were able to open the clinic with necessary equipment and resources to help the kids of the Somerset area!"

For more information, visit: www.thekidspotcenter.com.



SKED Director of Lending Paul Cook worked with Close and Houk to give them the information they needed to determine the best financing option to fit their specific needs. Since they required less than \$50,000 to renovate the space, he knew their project would be a perfect fit for SKED's

SBA Micro Loan Program. The loan fund is available to businesses across SKED's 45-county service area. Cook manages a staff of three in the SKED's loan department. For more information about SKED loans call 606-677-6100 or email sked@centertech.com.



Rogers of Manchester



68 YEARS IN ONE LOCATION 2.5 JOBS 1 OF 19 SKED MICRO LOANS IN 2017 10 REGIONAL ARTISANS' WORKS ARE SOLD IN THE STORE 1 OF FIVE WOMEN-OWNED BUSINESSES IN DOWNTOWN MANCHESTER

Clay County native Rhonda Phillips bought and renovated a historic jewelry store in downtown Manchester in 2017. Rogers of Manchester will remain in the same location it's been since it opened 1949, thanks to her love for the store and her desire to keep the downtown area alive.

Phillips purchased the 68-year-old jewelry store, when the second generation of Rogers, Fred Rogers, retired. She worked to make it her own by restoring many of the original fixtures, keeping the bones of the store in place and adding her own flair to create a unique and inviting shopping experience.

The Rogers name will remain on the store, as a tribute to the solid and honest dealings that helped establish the name well in the community for so many years at the Main Street location, Phillips said.

The new store features fine jewelry and dependable repair services including replacement of watch batteries. In addition, it now showcases a unique blend of Kentucky art, pottery and other gift items. Much of the merchandise is

skillfully handcrafted by artisans from across the region. Phillips doesn't consider it as much of a new business as a revitalization of one of Manchester's retail landmarks.

Phillips' dreams were given a jumpstart when she turned to SKED to help fund her new business. She was approved for a micro loan and has received technical assistance from SKED during her startup.

"The resources and support I have received from SKED have been exactly what was needed to help get my business off to an amazing start," Phillips said. "SKED's team has been very hands-on throughout the process to give advice and encouragement and even ideas. With the help of Amanda Kelly providing SKED's technical assistance, we were able to reach our year two projections in the first year."

For more information, visit: www.rogersofmanchester.com.



SKED Small Business Training Director Amanda Kelly worked with Phillips before and immediately after she purchased the store. She was hands on during the renovation process and spent many hours advising Phillips in areas of advertising, inventory control and merchandising during the transition period. The technical assistance

provided to Phillips is available to all SKED micro loan customers. Kelly and new Small Business Training Specialist Kyle Smith teach SMARTS 2.0 classes for the SKED training department. Kelly can be reached at (606) 677-6119 or at akelly@centertech.com.

Supplier Education & Economic Development



“As a startup company in the advanced manufacturing sector, American Metal Works has found SKED to be an invaluable partner in helping us put a very talented and motivated workforce back to work. The Symposium was especially important as it provided us with an opportunity to meet face to face with major prime contractors in the Aerospace Industry such as Boeing, Lockheed Martin, Northrop Grumman and General Dynamics. We would never have had the ability to meet with these major companies, without a format such as this.”

James Glass, Co-Owner,
American Metal Works, LLC

SKED debuted its Supplier Education & Economic Development (SEED) program in 2017. SEED’s purpose is to create new contract and business opportunities for companies operating in SKED’s 45-county service area, through direct government contracting and subcontracting with prime contractors such as Boeing, Raytheon and more.

The SEED program was delivered in three different approaches: Training, SEED Quality Certification Program and the SEED Contracting Symposium and was deployed with the help of several key partners: Advantage Kentucky Alliance (AKA), the Kentucky Procurement Technical Assistance Center (KYPTAC), Shaping Our Appalachian Region (SOAR), the Appalachian Regional Commission (ARC), American Electric Power (AEP) and East Kentucky Power Cooperative.

Staff worked with Scott Broughton at AKA and Darrall Henderson at KYPTAC, along with representatives of the U.S. Small Business Administration, to provide a day-long training in Hazard, Ky. in August. Representatives of 10 different small businesses attended the training at which they received instruction in applying for and receiving helpful and necessary certifications,

such as women-owned, minority-owned and HUBzone. They were also given hands-on technical assistance in preparing a capabilities statement to send to subcontractors. The capabilities statement is an important first step in government contracting.

We received funding from the ARC and AEP to develop and deliver the programs. The ARC awarded SKED \$200,000 in grant funds, and AEP provided a \$60,000 grant, along with a 20% company match to finance the Quality Certification Program. This program, delivered by AKA, is designed to help 12 businesses in SKED’s service area, receive counseling services to achieve ISO and AS Certification. Businesses participating include: Highlands Diversified Services in Laurel County, Aspen Compressor in Pulaski County and Phillips Diversified Manufacturing in Clay and Jackson counties, among others.

In October, SKED’s staff worked with the staff of Fifth District Congressman Harold “Hal” Rogers to host the SEED: Defense Contracting Symposium, at the Corbin Center in Corbin, Ky. A total of 20 Eastern Kentucky businesses participated in the event. Representatives from these companies set up booths

where they marketed their capabilities to 14 prime federal contractors, from across the nation. Congressman Rogers was keynote speaker at the event. He was joined by Dyke Weatherington, acting deputy assistant secretary of defense space, strategic, and intelligence systems and Ms. Gwen Tillman, corporate manager, global supplier diversity programs/government relations for Northrop Grumman.

“The Defense Department awarded \$448 billion in federal contracts in fiscal year 2015 alone. I believe we could have captured more of those contracts in Kentucky, so that’s why we’re here - to help our companies become eligible to compete for jobs that we can do right here at home,” said Congressman Rogers, who launched SKED 31 years ago to create more jobs

in the region.

Several businesses have begun the subcontracting process with prime contractors who attended the event. Paintsville, Kentucky-based American Metal Works is one of those companies. Co-owner James Glass says the symposium opened doors for the company owners otherwise would not have had.

SKED Executive Director Brett Traver says he is pleased with the results of SEED thus far, but this is the just the beginning for the program. He plans more development and growth of the program in coming months.

“This has been a great process made possible by Congressman Rogers, great partners and companies who are willing to do the work to become global suppliers,” Traver said.





The American Gym



1 LOCATION 8 EMPLOYEES 2 PATENTS FOR GYM PRODUCTS 13,500 SQUARE FOOT FACILITY
 \$1.2 MILLION PROJECT 1 FATHER TRYING TO HELP HIS DAUGHTER ACHIEVE HER GYMNASTIC GOALS

Did you know the largest supplier of spring floors in the world is located in Nicholasville, Ky.?

Tim Winn didn't aspire to manufacture and sell gym supplies. The American Gym (TAG) came purely out of necessity for the father of a young gymnast searching for the best online gym supplies for his daughter. The products he sought simply were not available to the public. So, he did what any respectable father would do and brought them to her in the form of his own business. TAG offers a wide range of equipment for gymnastics, cheerleading, physical training and martial arts, all from its online presence.

That was nearly 20 years ago. Today, gyms from all across the world are practicing on the equipment he manufactures and sells from his central Kentucky business. The Ashland native opened The American Gym in Jessamine County in 2004. Since then, his market has increased to sales worldwide. By, 2010,

Winn was not only selling other manufacturers' products, via an online store, he developed and began manufacturing and selling his own spring floor design, when other manufacturers simply weren't producing the quality of product he was seeking. In 2012, he patented his own product called The Colt™, a small pommel horse trainer for men's gymnastics events. By 2014, Winn and TAG introduced its own unique spring called the American Power Spring.™ This spring has quickly become the best-selling spring in the gym industry.

When TAG outgrew its leased space - twice, Winn decided to build his own facility to provide enough space for the manufacturing, inventory and to house his sales staff. He'd heard about the SBA 504 program, and his banker told him about SKED.

Winn and his staff of eight are currently operating at the new facility in Jessamine County. Learn more at: www.theamericangym.com



SKED Loan Officer Kim Wilson worked with loan professionals at PNC Bank to help structure the loan package for Winn. The SBA 504 Loan Fund program is available to businesses across Kentucky and is designed to provide financing for the purchase of fixed assets, which usually means real estate, buildings and machinery, at below market rates. For more information about the SBA 504 program, call Wilson at (606) 677-6143 or email kwilson@centertech.com.



Trillium Ventures & Mountain Arts Gallery



Geoff and Sky Marietta have invested their time and talents in Southeast Kentucky for years at Pine Mountain Settlement School. Now, they're bringing their unique gifts to Corbin. The husband-and-wife entrepreneurial team has combined each of their diverse career goals into a single renovation project. That project is located in a prime location that's designed to bring out the best in folks across the region and their family of four a great deal of fulfillment.

The Mariettas have spent years working and cultivating lives at the historic school in Harlan, Ky. When the opportunity to purchase the old JCPenney building, on the corner of Second and Main streets in downtown Corbin came about, they knew instinctively this would be the next step in fulfilling their career goals and would fall right in line with their growing family's needs.

Geoff is co-founder and lead investor of Mountain Tech Media, a digital media company based in Eastern Kentucky. In 2017, he began Trillium Ventures, a community development real estate company. He heard about SKED from his local bank and applied for a small business loan to fund the 12,000 square-foot building's renovation. Trillium Ventures is an exceptional business with a three-pronged approach: a co-working space and conference room for use by

free-lance professionals or independent contractors; an event space, called Second and Main, for special events, weddings, etc. and a retail space for Sky's business: Mountain Arts Gallery. She calls it authentic art with an edge. The space is still under renovation, with plans to open in 2018.

A Madison County native and artist, Sky worked to help artisans in Letcher and Harlan counties market and sell their wares at the Pine Mountain Settlement School gift shop. She plans to take that experience, combine it with her own love for the artisans of the region, to market the products online and at the gift shop on Second and Main.

"We have curated a small collection of local, authentic goods by working with artists and artisans to refine their designs," Sky said. "Each piece is handmade and tells the story of the place and the artist. The techniques reflect generations of expertise, producing exceptional quality." The online gift shop is currently open. She will open the retail store in February. She was approved for a micro loan with SKED in October to help finance the gallery.

Learn more and go shopping at www.kentuckymountainartsgallery.com

“As a first-time female business owner, I found that SKED was willing to work with me and championed my concept of bringing the cultural and arts heritage of the Kentucky Mountains to bigger markets. Because of their backing, I was not forced to focus solely on financial viability but able to promote the double bottom-line of supporting artists and emerging economies in the region, while also building my gallery.”

Sky Marietta, owner of Mountain Arts Gallery

PERFORMANCE OVERVIEW



NUMBER OF LOANS IN 2017



AMOUNT OF FUNDS USED FOR EACH LOAN IN 2017



AT THE END OF 2017,
OUR LOAN PORTFOLIO
INCREASED BY
\$2.1 million

TO
24 Businesses

TOTALLING
70.5 JOBS CREATED
AND MORE THAN 53 RETAINED

Funding for the SKED Small Business Loan Fund, SKED Micro Loan Fund and SBA 504 Loan Program come from the partnership of the state and federal funding agencies listed on the back of this report.

As of December 31, 2017

FUND	ESTABLISHED	AREA SERVED	NUMBER OF LOANS	NUMBER OF JOBS	AMOUNT OF LOANS	TOTAL INVESTMENT
USDA Intermediary Relending Program	1996	45 Counties	82	1,918	14,408,590	97,379,038
USDA Rural Business Enterprise Grant	1997	45 Counties	91	855	5,354,832	26,504,222
Community Development Financial Institution Fund	2001	45 Counties	76	3,995	12,387,845	111,240,371
U.S. Department of Housing and Urban Development	2003	Specific Counties	3	85	1,000,000	1,700,000
U.S. Department of Health and Human Services	2001	Specific Counties	11	437	5,482,402	38,087,360
Economic Development Administration and Appalachian Regional Commission	1999	45 Counties	11	90	4,175,025	11,030,100
U.S. Small Business Administration 504 Loan Program	2009	Statewide	19	783	18,009,000	46,354,041
U.S. Small Business Administration Micro Loan Program	2010	45 Counties	101	394	2,307,934	5,337,382
		TOTALS	394	8,556	63,125,628	337,632,514

2017 SBA GENERAL MEMBERSHIP

Tim Barnes
President/CEO
Hometown Bank

Shirley Gifford
CPA

Darryl McGaha
Executive Director
Lake Cumberland ADD

Ben Sams
Territory Account Manager
U.S. Sales
Cisco Systems

Corey Craig
President
Citizens Bank
of Mount Vernon

Virginia Flanagan
Special Assistant
to the President
Campbellsville University

Dr. Jo Marshall
President
Somerset Community
College

David Blakeman
Chief Engineer
Praetorian Standard, Inc.

Charlene Harris
President/CEO
First National Bank
of Russell Springs

Daryl Smith
Economic Development
Project Manager
Kentucky Utilities

Carol Wright
President/CEO
Jackson Energy
Cooperative

Tim Gibbs
President/CEO
Ashland Alliance

Rodney Hitch
Manager
Economic Development
Kentucky Touchstone
Energy Cooperatives/
EKPC

David Ledford
President
Boneal, Inc.

Allen Anderson
President/CEO
South Kentucky RECC

Josh Branscum
Executive Vice President
Branscum Construction
Company, Inc.

Tim Dalton
Mortgage Broker
Monticello Banking
Company

Jerry Claunch
Chief Operations Officer
Center for Rural
Development

Billy Hough
Market President
Kentucky Bank

Denise Thomas
Community & Economic
Development Associate
Big Sandy Area
Development District

Bob Helton
Director
Morehead Rowan County
Economic Development
Corp.

Ron McMahan
Executive Director
Team Taylor County
Economic Development
Authority

Mike Trosper
Member
London-Laurel County
Industrial Development
Authority

Bruce Carpenter
Executive Director
Corbin Economic
Development Agency

Southeast Kentucky Economic Development

Thanks the following funding partners for their assistance in 2017:

Appalachian Regional Commission

Commonwealth of Kentucky
Cabinet for Economic Development

U.S. Department of Agriculture
Rural Development

U.S. Department of Housing and Urban Development
Rural Housing and Economic Development Program

U.S. Small Business Administration
SBA 504 Program

U.S. Small Business Administration
Microloan Program



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You may also write a letter containing all of the information requested in the form.

Send your completed complaint form or letter to us by mail at U.S. Department of Agriculture, Director, Office of the Adjudication, 1400 Independence Avenue, S.W., Washington, D.C. 20250-9410, by fax (202) 690-7442 or email at program-intake@usda.gov.