

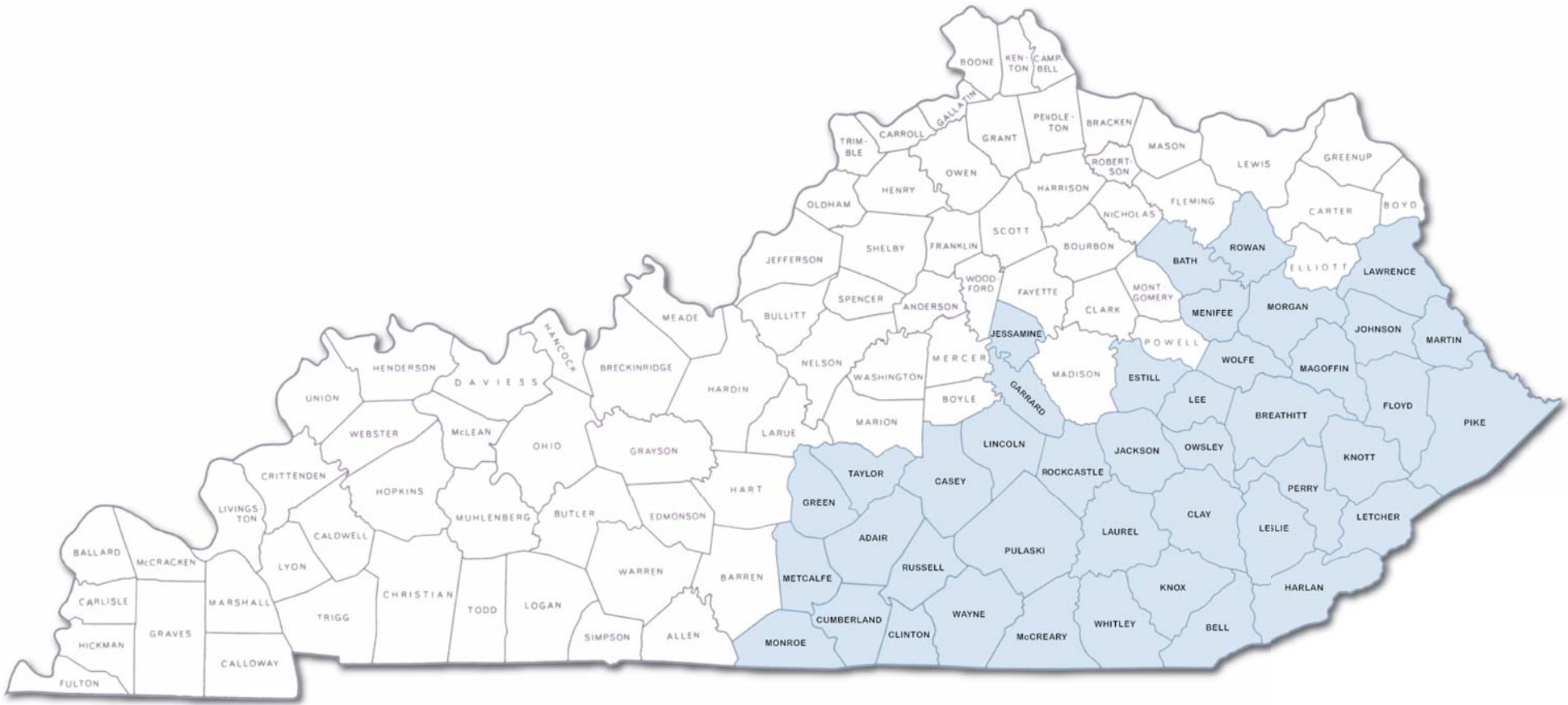
Our POTENTIAL



2007 Progress Report

Our Mission

The Southeast Kentucky Economic Development Corporation (SKED) is a community development organization formed in 1986 to create employment opportunities in a 42-county service area in Southern and Eastern Kentucky. It accomplishes this mission by recruiting new businesses, making direct loans, and providing economic development services to local communities.



Welcome to SKED's 2007 Progress Report



Greg Jones,
Executive Director

Now in its 21st year, the Southeast Kentucky Economic Development Corporation (SKED) is reaching more businesses, more effectively, than ever before. A key to our outreach has been expanding our service area, increasing staff and opening a satellite office in Prestonsburg, KY.

2006 was a year of challenge, a year in which the organization faced continuing decline in manufacturing due to globalization, rapidly changing technologies and the impact of the Internet. It was a year in which we were clearly reminded that this is a time of transition and economic change in communities across the United States.

In response to an ever increasing technologically based society, the organization placed a renewed emphasis in communicating globally. A content rich, user-friendly web site has become increasingly important, as more and more businesses use the Internet for research when making location decisions. SKED's interactive web site also allows us to market the region by distributing promotional materials for each of the 42 counties we serve. Our lending component has been more streamlined, as well. We now offer an online loan application and detailed information of the loan programs we offer through the web site.

We continue to partner with banks, business owners, city and county leaders and other non-profit lenders to provide businesses access to capital, but are striving to complement our financing with valuable technical support to ensure sustainable change in the businesses and communities where we work and live by:

- Developing partnerships on the local, state and federal level – SKED is managing multiple projects including the development of a technology incubator, marketing Valley Oak Technology Complex and the completion of the Somerset Rail Park.
- Managing revolving loan funds totaling more than \$10 million. Below-market interest rate loans are available in the form of a micro-loan, small business loan, a loan to build speculative buildings and loans to manufacturing and technology companies.

- Providing leadership and recruitment opportunities to the 42 counties we serve by offering free marketing services and offering training sessions to keep economic development leaders abreast of the changing economic landscape.

There are many people to thank for our achievements in the past year. Our professional staff of six, 13 volunteer member board of directors, our 42-member advisory council, the local economic development leadership in each county of our service area, the Kentucky Cabinet for Economic Development and of course, our founder Fifth District Congressman Harold Rogers.

Now, well into 2007, SKED promises to meet the challenges before us and will continue to change as the times demand. SKED is in transition. It is, however, maintaining its core focus, developing responses, and embracing new challenges, all within the context of a timeless mission: "To create new economic opportunities throughout southern and eastern Kentucky."



SKED Board of Directors

Front row from left: Dr. Jo Marshall, Jerry Carey (retired from Board in 2006), Daryl Smith, Michael Hayes, Charlene Harris, Jim Reed (retired from Board in 2005), Tim Barnes, Don Schaefer, Ben Sams, Paul Dunnington, Reed Hall, Virginia Flanagan Not pictured are: Gerald Baker, Jim Johnson and Shirley Gifford



Jerry Rice
Panco Wood, Inc.

Panco Wood, Inc.

When Jerry Rice returned to the home of his ancestors 25 years ago, he came with a calling to restore hope to the people of the impoverished community. Today, his original mission remains strong, but now the minister and small business owner is working to create jobs for the most unemployable in Clay County.

In the shadow of the rock-etched hills of Eastern Kentucky, Rice, with the help of his wife Brenda, pastors a church, manages a youth center and works to restore light to some of the nation's poorest. It's not a job for the faint of heart.

Employment in Clay County is not easy to come by. Most residents must travel to surrounding counties for jobs or work at the federal prison there. Rice set out to better his neighbors' lives and help them develop skills they could use and share closer to home. He looked to the region's most abundant resource, wood, and began development of a pallet-making facility that buys lumber from local sawmills, cuts it, assembles it and sells the finished product to nearby manufacturers.

Rice established Panco Wood, Inc. 14 years ago in a modest building with minimal equipment and few employees, but has built the business to its current production rate of 450 pallets per day, with a goal of 700.

In an effort to grow the business, Rice called on Kentucky Highlands Investment Corporation (KHIC) and Southeast Kentucky Economic Development Corporation (SKED) to assist in the financing of more equipment and working capital to hiring more employees.

SKED partnered with KHIC on the project and new equipment is now being purchased for the expansion.

Our People

Datatrak Information Services

Sunshine Rountree didn't plan to return to the workforce as early as she did. But when the need arose, the mother of two found a position that not only met her working mom's schedule but offered opportunities for advancement only three miles from her home.

Datatrak Information Services brought hundreds of jobs to Whitley County in September 2006, when the Virginia-based company renovated a former Wal-Mart building to fulfill a contract with the U.S. Citizenship and Immigration Services (USCIS). Datatrak developed a multi-year plan to digitize more than 70 million paper files for the USCIS, using a modern data management platform to improve the nation's security.

Rountree was one of the first hires. She calls Datatrak a blessing. Apparently, the feeling is mutual.

Three months after being hired at Datatrak in Williamsburg, the 29-year-old Whitley County native was asked to assist with training new hires. Two months later she was promoted to supervisor. While proud of her accomplishments, Rountree knows its Datatrak's investment in the people of the region that made it all possible.

"It really is such a blessing," Rountree said. "Not only for me, for this county and all the people who work here." She added that Datatrak has shown its commitment to making the business work by promoting from within and giving young women, such as herself, the opportunity advance into areas she never dreamed of. "I am very impressed with company and thankful for all the jobs they've brought here," she added.

Datatrak is no stranger to Southeast Kentucky. The nine-year-old, woman-owned business operates similar facilities in Corbin and Barbourville.

SKED has worked closely with Datatrak over the years to ensure it success in the region. For this project, SKED applied for and received a grant from the Office of Community Services grant through the U.S. Department for Health & Human Services, to fund a \$400,000 loan to Datatrak to partially finance the company's expansion.

To date, Datatrak has created almost 300 jobs for a total of nearly 1,000 in the SKED service area, making it one of the largest employers in the region.

Sunshine Rountree

Datatrak Information Services



Our People



Scott and Bryan Floyd

Floyd Industries, LLC

Our People

Floyd Industries, LLC

The Floyd family has been producing gates in Casey County since 1971. Today, Floyd Gate is the second largest gate manufacturer in the region. J. Wayne Floyd built his business at a slow, steady and successful pace and raised his twin sons, Bryan and Scott to share the same business sense.

In 2006, a series of events set these two Casey County entrepreneurs on a path that would not only lead to the establishment of their own business, but the development of another that would change the way gate manufacturers operate in the state and region. Bryan and Scott may be moving at a faster pace than their father, but their business development sense is strong. The Floyds are challenging themselves and their company to increase product development and distribution by making a number of key business partnerships and building upon an energetic business plan, with SKED's help.

The Floyds know the gate business inside and out and were confident in their decision to expand, but needed the development of a long-term business plan and some key financial contacts. They found both at SKED. Grant funds from a USDA Intermediary Relending Program were a perfect fit to help the young business owners.

Wood Wonders, Inc.

Jarrett and Robyn Foster have several titles: high school sweethearts, husband and wife, small business owners and entrepreneurs. They're equally proud of all titles and all have led to their position in life today.

The Fosters saw an opportunity to combine their love for working together as a team with Jarrett's experience in the custom wood working business and Robyn's accounting experience by purchasing an existing wood manufacturing business in Pulaski County in 2003.

The Fosters own Wood Wonders, Inc., a business built with love and a desire for success. Jarrett serves as general manager and woodworker. He oversees the purchase of many species of rough, kiln-dried lumber, which are processed into various finished products.

The company's major products include framestock for cabinet makers, trim and moulding for commercial and residential contractors, including houseboat manufacturers and custom wood products, such as stair treads, mantels, columns and arches.

By 2005, word of the company's quality work and sincere customer service had spread and the Fosters saw the need for an expansion to add new equipment, four new jobs to its workforce for a total of eight employees and the purchase of new equipment.

Owners looked at financing options and turned to Southeast Kentucky Economic Development Corporation (SKED).

SKED applied for the funding of a USDA Rural Business Enterprise Grant and was awarded \$99,900 in funding. The money was then loaned to Wood Wonders, Inc. for working capital and the purchase of new equipment.

In 2006, the business expanded again by constructing a new 13,250 square-foot building, from which to operate.

The partnership of this homegrown, small town business with SKED's technical assistance and low-interest financing has proven to be a successful one, as the company continues to expand.



Jarrett and Robyn Foster

Wood Wonders, Inc.

Our People

Our Projects



Enterprise Center

Creating employment opportunities in the technology sector is a challenge SKED has been working to meet for years. The development of Valley Oak Technology Complex in Pulaski County in 2002 and SKED's Information Technology Center in 2003, allowed staff to more vigorously recruit technology-based businesses by marketing the park's unique telecommunications infrastructure. But meeting the needs of small and emerging businesses meant the development of another building with an incubator type setting that could house multiple tenants and provide the leaseable office space they need to build their companies and grow here. In 2006, SKED was awarded a U.S. Small Business Administration grant to build the facility that will meet those needs: the Enterprise Center in Valley Oak Technology Complex. The 20,000 square foot building is currently under construction and scheduled for completion in the fall of 2007.

Our Projects



A Regional Growth Enterprise of SKED



Governor Ernie Fletcher addresses attendees of the Rail Park dedication ceremony.

SKED is challenging businesses to change the way they transport their raw materials and finished goods with the development of a bulk transfer public access terminal in Pulaski County. The Somerset Rail Park's final design and most of its construction took place in 2006. The park officially opened in April 2007 as the only one of its kind in Kentucky.

SKED and Norfolk Southern Corporation (NS) partnered for this project, with SKED maintaining ownership and leasing the facility to NS.

It's a project SKED hopes will not only increase the transportation operations of non-rail served manufacturers already here, but attract new industry to the region.

The terminal is open to all third-party truckers and features six lines of rail track with room for 72 rail cars. Switching will be available five days a week. An administration building contains several offices, a dispatch area and conference room. The terminal also has a truck scale and dual bay truck wash. The focal point of the park is a 78,750 SF warehouse with 24-foot eaves for cross docking and storage. It can easily be subdivided or fenced and has doors to accommodate both trucks and railcars. This unique warehouse is open to the public.

Loan Portfolio

Businesses Assisted

Small Business

Sand Source, LLC
Jeff Sheppard Apparel, LLC
Certacare
Inflatables R Us
Goose Creek, Inc.
Panco Wood, Inc.

Manufacturing

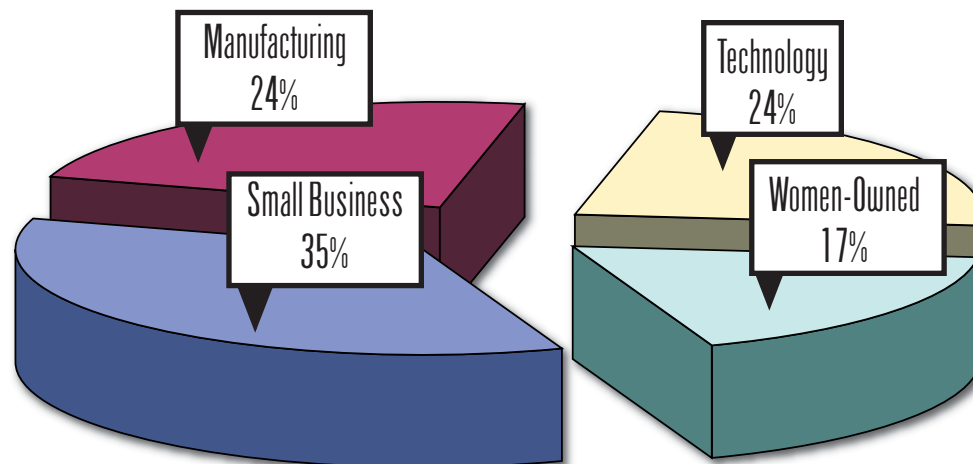
Lincoln Manufacturing USA, LLC
Floyd Industries, LLC
Chieftan Steel, LLC
Phillips Diversified Manufacturing

Technology

Datafutures
Datatrac Information Services
Voice Video & Data Systems
MegaWi

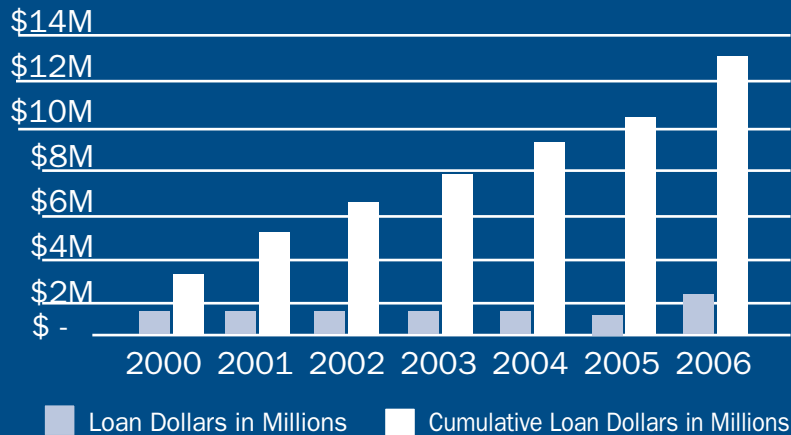
Women-Owned

Sand Source Trucking, LLC
Five D Enterprises
K&P Market



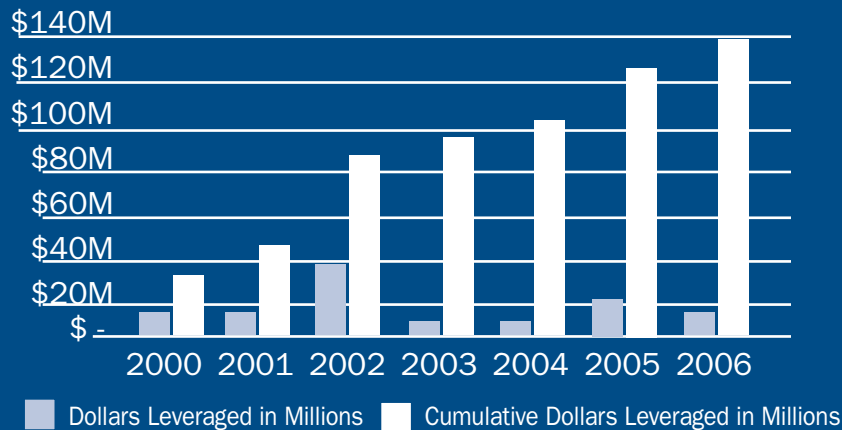
Our Financial Growth

SKED Loans Closed

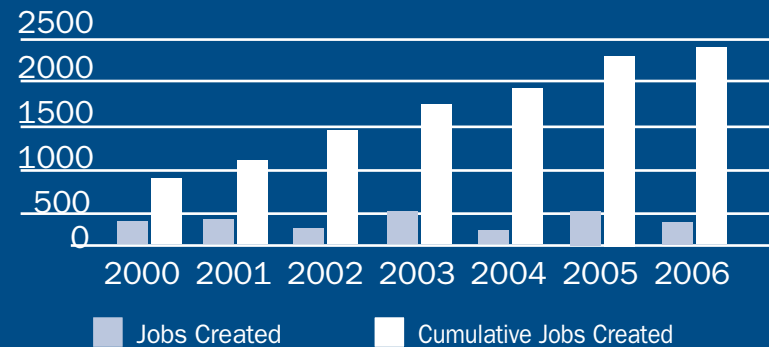


SKED experienced another exceptional year in lending in 2006. Loan volume increased 60% over the preceding year and we helped 17 businesses create nearly 420 jobs throughout Southern and Eastern Kentucky. Since its inception, SKED has loaned more than \$13 million to 74 businesses which in turn invested nearly \$140 million in new private capital to construct new plants, expand facilities and buy new machinery and equipment.

SKED Dollars Leveraged



Jobs Created With SKED Loans



**Southeast Kentucky
Economic Development**



A Regional Growth Corporation

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