



# Year 3 of Promise Zone sets record, expands opportunity

**It's been a record year for the Kentucky Highlands Promise Zone: \$220 million in investments were announced in 2016. That brings the total to more than \$484 million since the federal Promise Zone designation began three years ago for the eight-counties of Bell, Harlan, Letcher, Perry, Leslie, Clay, Knox and part of Whitley.**

In addition, the number of private-sector, government and nonprofit partners in the Promise Zone has increased from 64 to 82.

"Private companies from around the corner and across the globe; health-care organizations; educational institutions; local, state and federal government – they all believe in Eastern Kentucky," said Jerry Rickett, president & CEO of Kentucky Highlands Investment Corporation, which is coordinating and managing the federal Promise Zone. "We know this not just by their words but by their deeds and their bank accounts. Time and time again, they've announced investments in the future of our children, our communities and our work force."

Here are 10 examples of the \$220 million in commitments made in the Promise Zone counties in the last year:

**1. Promise Neighborhood Grant:** Berea College will receive \$30 million as one of only six Promise Neighborhood grant recipients in the country. This cradle-to-career initiative will fund work in three school districts in Knox County that will reach 25 schools and more than 10,000 students to improve the educational achievement and healthy development of children.

**2 Appalachian Wildlife Center:** A \$12.5 million grant from the U.S. Office of Surface Mining and Reclamation Enforcement will help develop the Appalachian Wildlife Center in Bell County. It is expected to attract 638,000 annually visitors by the fifth year of operation and generate more than \$1 billion in regional economic activity in the first 10 years.

**3. Euro Sticks:** Euro Sticks Group, a French manufacturer of ice cream and coffee stir sticks, selected Corbin as its presence in North America. It will create 90 jobs and invest \$15 million.

**4. Harlan Wood Products:** Harlan County Industrial Development Authority received a \$2.52 million grant for an alternative energy manufacturing center. Announced by Gov. Matt Bevin and Congressman Hal Rogers, the funds will be used to leverage an additional \$10.5 million in private investment from Harlan Wood

Products to create 30 to 35 new jobs and approximately 60 new indirect jobs.

**5. Final Mile:** Promise Zone communities have been collaborating and planning for ways to extend the KyWired middle-mile dark-fiber system into downtown areas, industrial parks and centers of commerce. This local "final-mile" system is critical for providing high-speed, high capacity Internet access.

**6. Pineville Community Hospital:** A USDA loan, along with strong partnerships among Kentucky Highlands Investment Corporation, First State Financial and Pineville Community Hospital, have saved more than 300 jobs and created 12 new jobs at the hospital.

**7. Downtown Revitalization:** Participating communities will receive economic studies tailored to them that identify opportunities, support strategic planning, build local leadership and provide funding for implementation with the goal of creating news businesses and jobs as well as attracting private investment. The University of Kentucky Foundation, UK's Community and Economic Development Initiative of Kentucky, the Foundation for Appalachian Kentucky, the Promise Zone, SOAR and the Kentucky Mainstreet

**(continued on page 4)**

# THE MULTIPLIER EFFECT OF STRONG PARTNERSHIPS

At Kentucky Highlands Investment Corporation, we've spent almost 50 years building partnerships with local, state and federal agencies; economic development organizations; local financial institutions; and business owners.

Those partnerships have been crucial in every loan we've made, every job we've recruited and every private dollar we've leveraged. It's a strategy that is attracting important investments to our region.

Here are several examples from the past year:

- Kentucky Highlands received a \$1.25 million grant from the Appalachian Regional Commission through its POWER (Partnerships for Opportunity and Workforce and Economic Revitalization) Initiative to help diversify the economy in coal-impacted communities. The grant will provide money for an existing loan fund, the Kentucky Highlands ARC Revolving Loan Fund, to invest in local entrepreneurs at both the start-up and expansion stages of companies. Importantly, the existing fund has experienced no losses to date, in large part because of KHIC's close relationships with the borrowers. The grant also will help the Appalachian Community Federal Credit Union expand financial literacy services to KHIC's service territory.
- Since the revolving loan fund was created in 2005, it created more than 1,000 jobs and has made almost \$2.8 million in loans, resulting in a 286 percent turnover from its initial capitalization of \$975,000. In addition, the fund has leveraged \$22 million in other financing for the projects.
- Kentucky Highlands Investment Corporation has been chosen as one of only 26 organizations in the country to participate in a new federal lending program called Uplift America. It will receive a \$25 million loan to be used as loans for



community facility projects that help nonprofits and local governments. The Bank of America Community Development Corporation provided credit enhancement for the loan, and the Mary Reynolds Babcock Foundation provided technical assistance funding.

- The Kentucky Highlands Promise Zone continues to thrive. It has attracted 82 partners and \$484 million in funding commitments to organizations serving the Promise Zone.
- Housing is another effort with dozens of partners. This year, we built our 100th home, which was among the 13 completed Houseboat to Energy Efficient Residences (HBEER) units. HBEER also has helped a houseboat manufacturer weather the recession.
- KHIC has leveraged \$400,000 in grants from the Kentucky Agricultural Development Fund to support farmers. More than 45 farmers already have been helped.

That's why we believe in the power of partnerships. You'll be a believer, as well, when you read our annual newsletter.

Also, please be sure to check out our new website, which was relaunched recently: [www.khic.org](http://www.khic.org). We think you'll find it easier to use, more dynamic and informational.

Sincerely,  
  
 Jerry Rickett  
 President and CEO

## KHIC receives \$25 million for community facility projects through new federal lending program

Kentucky Highlands Investment Corporation has been chosen as one of only 26 organizations in the country to participate in a new federal lending program. It will receive \$25 million to be used as loans for community facility projects that help reduce poverty in the Promise Zone.

Last fall, then-Agriculture Secretary Tom Vilsack visited Berea and announced an unprecedented collaboration with banks, philanthropic foundations and community development organizations.

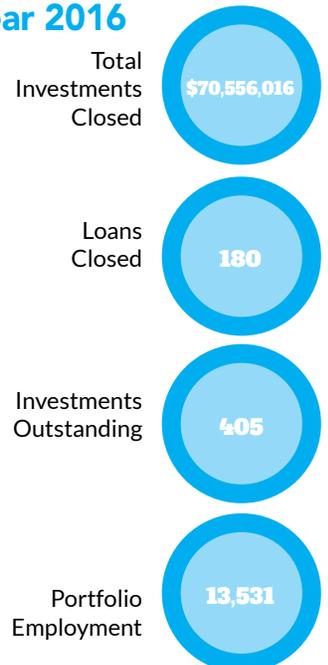
In partnership with the Uplift America initiative, USDA is providing \$401 million in Community Facilities program funds to local lenders with track records of helping reduce poverty in some of the nation's most rural communities.

The long-term, low-interest financing available through Uplift has two unique features: Private financial institutions, primarily Bank of America, provide guarantees for the first five years of the loans.

Recipients such as Kentucky Highlands are eligible for net-asset and capacity building grants from a \$22 million fund pooled by seven philanthropic foundations: Bank of America, Ford, Heron, JP Morgan Chase, Mary Reynolds Babcock, Northwest Area and Winthrop Rockefeller.

The community facilities loans may be used to build, acquire, maintain or renovate essential community facilities. They also can be used for capacity building and to finance community services, such as education, health care and infrastructure.

## Investing in our Community Fiscal Year 2016



# HBEER COMPLETES 13 HOMES IN WHITLEY COUNTY

The Houseboat to Energy Efficient Residences (HBEER) project has completed 13 homes for the Whitley County community of Emlyn.

**The Houseboat to Energy Efficient Residences (HBEER) project has completed 13 homes for the Whitley County community of Emlyn, but the benefits will be felt for years – and generations – to come.**

This partnership among the University of Kentucky's College of Design, Stardust and KHIC has provided families with safe, energy-efficient homes, and the project also is spurring ideas for further partnerships.

Houseboat manufacturer Stardust created a new entity called Wayne Manufactured Structures (WMS) to focus specifically on HBEER and related enterprises.

"The impact for Wayne County and the local workforce was unmeasurable because it kept me from laying off fair-wage jobs that were so needed in the area," said Bruce Chesnut, principal of WMS. "If not for the 13 houses ordered, I would not have been able to keep 60 people employed until the boat business picked back up."

This phase of the project also included improved housing designs that incorporate bathroom/kitchen/laundry/mechanical pods, which allowed Wayne Manufactured Structures to complete much of the plumbing and electrical work in the factory rather than on-site in Emlyn. WMS only needed a two-day window of dry weather to ship the homes to the site.

The homes also have solar panels, which generate electricity fed back to the power grid – friendly to both the environment and the homeowner's pocketbook. TVA will reimburse the homebuyers dollar for dollar for solar generation. In addition, homeowners' energy usage will be monitored to help HBEER partners better understand the benefits of the energy-efficient features and improve future designs.

"We were living in a home that had no

insulation and was barely standing," homeowner Amanda Lindsay said. "I did not want to move into a rental situation as the rent was well above my income standards. I found out about the USDA/Southern Tier Housing Program from a family member. It has inspired my son to learn a lot about solar energy and develop a love for science. I've only had one electric bill since moving in over six months ago, and it was for \$38."

Moving forward, the project also has served as a catalyst for on-going exploration of modular building, including plans to develop eight units of family rental housing and 36 units of housing for the elderly.

KHIC partner Southern Tier Housing Corporation and Wayne Manufactured Structures also are collaborating on a 600-square-foot to 700-square-foot residential housing unit that could compete on price with poor-performing single-section manufactured housing units but with higher quality to conform with building codes.

"These homes could aid Southern Tier in assisting low-income homebuyers whose mortgage capacity is very limited, but for whom homeownership is nevertheless a viable option," said Jerry Rickett, president and CEO of KHIC. "These homebuyers often seek out other homeownership options, such as inferior manufactured housing or predatory lenders when purchasing a home."

The Emlyn project was financed in part by a \$1 million Community Development Block Grant that the Kentucky Department for Local Government made to the Whitley County Fiscal Court.

Southern Tier assisted homeowners in finding the remaining financing through a USDA/Rural Development loan and deferred loans from Kentucky Housing Corporation.

## Southern Tier builds 100th home

Kentucky Highlands Community Development Corporation and partner Southern Tier Housing Corporation celebrated 2016 by building their 100th home.

The home was built in Emlyn as part of the HBEER (Houseboat to Energy Efficient Residences) program.

The organizations also are involved in two other large housing programs in the region – Mutual Self-Help and the Extreme Build.

Kentucky Highlands has received another \$523 Mutual Self-Help Housing grant from USDA Rural Development. This grant provides up to \$525,000 for the construction of up to 21 units over two years.

With the self-help program, qualifying families save money by building their own homes under the direction of Kentucky Highlands, and they qualify for low-interest, long-term, no down payment loans from USDA as well as forgivable loans from a variety of sources.

KHIC and Southern Tier have been proud partners for several years on the Extreme Build, which is Kentucky Baptist Fellowship's annual summer mission project in McCreary County. More than 100 volunteers from churches and local agencies to build a new home in 10 days for a low-income family.

(continued from page 1)

Program are partners in this effort.

**8. Uplift America Fund:** The fund has awarded \$50 million to Fahe and \$25 million to KHIC to be used as loans for community facility projects. It leverages federal low-interest loans, bank financing and private grants to target much-needed capital to persistently low-wealth areas, including the Promise Zone.

**9. Telemedicine:** The federal Health Resources and Services Administration awarded Baptist Health Foundation Corbin, Inc. a \$1.2 million grant for expanding its telehealth network with infrastructure and personnel.

**10. Faith-Based Convening:** More than 200 people attended the first faith-based economic development summit “Jobs Wanted: Faithful Investing in Appalachia’s People.” The Kentucky Highlands Promise Zone and SOAR held the event.

## STHC housing production in FY 2016

Kentucky Highlands and Southern Tier Housing Corporation (STHC) collaborated to develop 15 new homes, rehabilitate three owner-occupied homes, provide financing for the acquisition of an existing home for one homebuyer and provide rental assistance to nine renter households in McCreary County.

Seven of the new homes were developed through the mutual self-help program in Wayne County, and another of the homes was developed in McCreary County in collaboration with Kentucky Baptist Fellowship’s Extreme Build program. Two more homes were part of a development in Emlyn, Whitley County, using floor and wall panels and wet pods with kitchen, laundry and bathroom fixtures assembled in a Monticello houseboat factory.

In addition, there are 27 new homes and one owner-occupied rehab project under construction.



Students from the Promise Zone participated in the first summer camp focused on STEM (science, technology, engineering and math) with lectures and hands-on work in the laboratory at the University of Louisville.

## UNIVERSITY OF LOUISVILLE HOLDS FIRST-EVER STEM CAMP FOR PROMISE ZONE STUDENTS

Thanks to the Kentucky Promise Zone and the Partners for Education at Berea College, almost 30 high school students from Promise Zone counties attended a free summer camp at the University of Louisville last July.

The camp focused on STEM (science, technology, engineering and math) lectures and hands-on work in the laboratory with a special emphasis on renewable energy.

This was the first-ever opportunity of its kind for students from the Promise Zone. They spent the week at the Conn Center for Renewable Energy Research within the J. B. Speed School of Engineering working alongside center research scientists and engineers.

Lectures were held each morning, and students completed lab exercises, including:

- Solar energy conversion to electricity and fuels;
- Physics and chemistry of advanced energy materials;
- Energy storage; and
- Water splitting for solar fuels.

“We strongly believe that inspiring kids into innovation and STEM fields can have a transformational effect on economic revitalization of the region in the long run,” said Dr. Mahendra Sunkara, director of the

Conn Center. “We also need an inspired next generation to be able to solve global challenges in energy and sustainability.”

Berea College’s Partners for Education chaperoned the students all week and provided transportation to and from the camp.

“We are thrilled to bring our expertise in out-of-classroom learning to this partnership,” said Sara White, director of programs, Partners for Education. “We’ve been working in

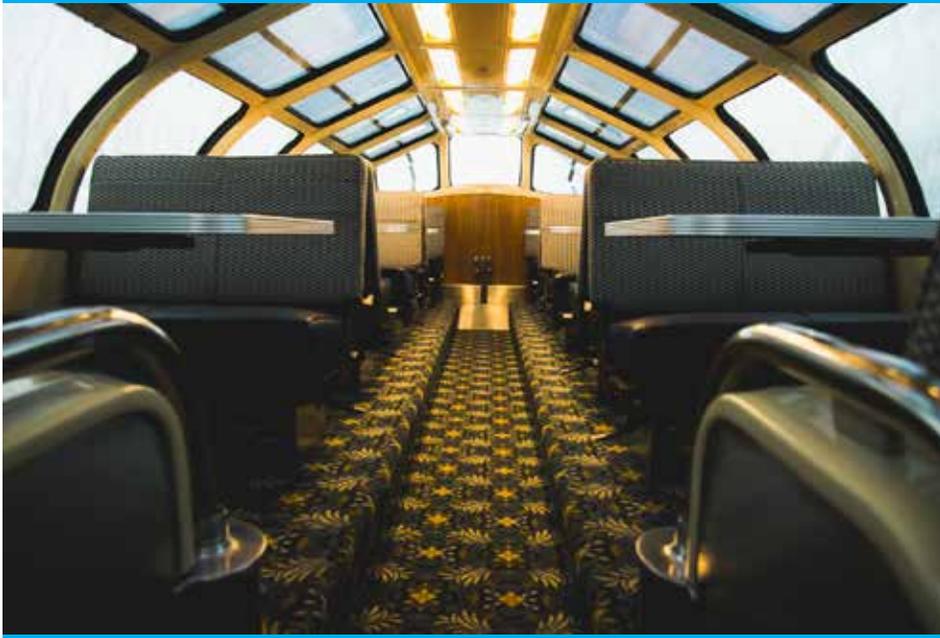
partnerships with regional schools and Berea College for more than 40 years to develop a holistic approach to education.”

KHIC also announced the camp will be held again this summer.

“The University of Louisville and Berea’s Partners for Education

generously provided this unprecedented opportunity for students in our region to learn from and work directly with top-notch scientists and engineers who are translating technology concepts into new products and, more importantly, jobs for Kentucky’s work force,” said Jerry Rickett, president and CEO of Kentucky Highlands Investment Corporation, which is coordinating and managing the federal Promise Zone. “These students come back to the region with valuable skills and advanced knowledge.”

These students come back to the region with valuable skills and advanced knowledge.



## Crossroads Railcar is repairing history - and soon may be making it

**It started as a side job in Indiana. Steven Richards used his woodworking and restoration skills to refurbish an old passenger railcar. He received so much work from private railcar owners that he quit his main job and began his company in 2012 after finding an ideal location that also allowed him to be closer to his family.**

That ideal location for Crossroads Railcar Services, Inc. is Stearns in McCreary County.

A U.S. Small Business Administration microloan with assistance from Kentucky Highlands and SKED got the company started there.

Crossroads offers custom restoration and repair services and custom-made products for passenger railcars used in the U.S. tourist, scenic, excursion and historic railroad markets. The company's reputation of quality and safety earns the company refurbishing and updating jobs from various rail lines across the country.

"Our location in McCreary County provides motivated high quality laborers at a reasonable cost," Owner Steven Richards said. "This allows Crossroads to

more effectively compete at a national level. Kentucky Highlands Innovation Center provides Crossroads world class professional consulting capability for all facets of the business spectrum. Regardless if it's legal, consulting, or production issues, the professionalism and advice has helped Crossroads grow in its industry."

With seven employees, Crossroads manufactures custom products and refurbishes railcars at its 25,000 square-foot indoor shop. Its mechanics and craftsmen also complete repairs at customer locations with an on-the-go mobile service truck.

Crossroads also is in the design stage to manufacture the first rail car exclusively built for the tourist industry. Richards said he believes these cars will be the first railroad passenger cars manufactured in Kentucky.

The Kentucky Innovation Network in London worked with Crossroads to help the company structure a convertible debt offering that will enable the company to work with an engineering firm to design the new cars Crossroads plans to begin building this summer.

This product line is expected to expand annual revenue sales and workforce in McCreary County.

## CUMBERLAND MACHINERY MOVERS AND INDUSTRIAL SERVICES NAMED BUSINESS OF THE YEAR



*Cumberland Machinery Movers President Susie Ping and General Manager David Bennett (right) receive a Business of the Year award from Seth Atwell, president of the Somerset Pulaski County Chamber.*

**A company that started with a dream and three pieces of equipment was named the Somerset Pulaski County Chamber of Commerce Business of the Year.**

Cumberland Machinery Movers and Industrial Services, which has two locations in Pulaski County and one in Garrard County, was named the winner in the 51-to-100-employee category.

The company has 61 full-time employees and provides rigging, industrial, fabrication and millwright services. Formed in November of 2004, CMM's primary customers today include Armstrong World Industries, Caterpillar, Cincinnati Industrial Auctions, Inoac Automotive, and Novelis Aluminum.

Steve Ping, a lifelong rigger, saw an opportunity to serve this area in a market that was not being served by the larger regional and national rigging companies. KHIC and SKED have helped with financing, including loans and lines of credit since 2008.

With two employees and limited equipment, Ping began building a reputation for providing a good service at a fair price to manufacturers in Kentucky and the surrounding states. In spring 2011, CMM acquired the Lancaster operations of a competitor (as well as its operations from another location in Somerset), which saved 50 jobs that would have otherwise been lost to business closure. The majority of the employees who work those jobs live in counties served by Kentucky Highlands.

Although Ping passed away in 2012, his wife, Priscilla, and CMM President David Bennett have carried on the traditions that make the company a family-friendly business and a continued success in its field.



Congressman Hal Rogers attended the job creation announcement, which highlighted hard-working employees in Southern and Eastern Kentucky as well as the partnership with SOAR.



The grant will provide money for an existing loan fund to enable Kentucky Highlands to invest in local entrepreneurs at both the start-up and expansion stages of companies.

## SOURCEHOV EXPANDS TO 650 WORKERS IN ROCKCASTLE COUNTY

In 2016, SourceHOV added 400 new jobs to Rockcastle County.

The company also built out a second National Archive and Records Administration facility there to make room for future growth.

SourceHOV now employs more than 650 people in the area. The workers provide technology services to large public and private organizations, such as electronic medical record management, to help improve the speed and quality of care given to patients.

Many of the workers are helping digitize records and reduce the nationwide backlog of veterans' claims.

Both Gov. Matt Bevin and Congressman Hal Rogers attended the job creation announcement, which highlighted hard-working employees in Southern and Eastern Kentucky as well as the partnership with SOAR.

Funding of the renovation of SourceHOV's new location was provided by PNC Bank, Kentucky Highlands Real Estate and Jackson Energy.

Dallas-based SourceHOV has been a part of the Mount Vernon community for more than 24 years and contributes more than \$11 million to the Commonwealth of Kentucky. The company is a subcontractor for CSRA, which was awarded a competitive federal contract from the Department of Veterans Affairs.

It was named 2016 Business of the Year by the Rockcastle County Chamber of Commerce.

## KHIC awarded \$1.25 million POWER grant for loans, financial literacy

Kentucky Highlands has been awarded a \$1.25 million grant from the Appalachian Regional Commission through its POWER (Partnerships for Opportunity and Workforce and Economic Revitalization) Initiative to help diversify the economy in coal-impacted communities.

The grant will provide money for an existing loan fund to enable Kentucky Highlands to invest in local entrepreneurs at both the start-up and expansion stages of companies.

"The Kentucky Highlands ARC Revolving Loan Fund is very important to businesses in the project area, which is the reason it continually stays deployed," said Jerry Rickett, president and CEO of Kentucky Highlands. "It is a resource that has focused on local entrepreneurs, and it has been flexible at the start-up and expansion stages for a company. The fund also has an excellent history of leveraging additional funding. Importantly, the fund has experienced no losses to date, in large part because of KHIC's close relationships with the borrowers."

Since the revolving loan fund was created in 2005, it has made almost \$2.8 million in loans, resulting in a 286 percent turnover from its initial capitalization of \$975,000.

The fund has made 33 separate loans to 26 different borrowers, who have created more than 1,000 jobs that are still in place. In addition, the fund has leveraged \$22 million in other financing for the projects.

An additional benefit is that the revolving loan fund will help local businesses throughout the region to finance their technology needs to take advantage of the KentuckyWired information highway. KHIC will work with The Center for Rural Development to introduce and finance borrowers who are potential users to the KentuckyWired system to help ensure the network has sufficient private sector clients to become self-sustaining.

---

"The fund also has an excellent history of leveraging additional funding."

---

In addition, the grant will help the Appalachian Community Federal Credit Union expand its portfolio of financial literacy services to KHIC's service territory. Specifically, the credit union programs will increase financial knowledge, security and wellness through the provision of credit builder loans, debt

consolidation loans, payday alternative loans, affordable auto loans and mortgage loans.

"The financial literacy services we provide in KHIC's service area are vital to individuals and families because so many live on limited means," ACFCU CEO Ron Scott said. "We provide an array of fair lending options as we help households improve their budgeting ability so that as families learn to make their money go further, they are also able to transition to more advantageous, non-predatory credit options. This stair-step approach can improve peoples' lives in very important ways, such as allowing them to afford much more reliable vehicles in an area where many people have long commutes."

# LISC NAMES KENTUCKY HIGHLANDS CEO TO NATIONAL BOARD

## The Local Initiatives Support Corporation (LISC) elected Jerry Rickett, president and CEO of Kentucky Highlands Investment Corporation, to its board of directors.

Rickett has joined LISC's 25-member board of foundation presidents, senior corporate executives and community development officials who oversee the national nonprofit's \$1 billion in annual investments to revitalize low-income communities.

"We are thrilled to be able to tap into Jerry's deep experience and clear-eyed perspective about what works to lift up rural communities—especially in places largely overlooked by the private market," said Michael Rubinger, then-president and CEO of LISC.

"He has helped build a model of community development that pushes traditional boundaries and tests new ideas. KHIC not only creates opportunity in

Appalachia, but it also informs the work of other nonprofits grappling with some of the same challenges in their communities."

LISC is a national nonprofit that equips struggling communities with the capital, program strategy and know-how to become places where people can thrive. Since 1980, LISC has raised and invested more than \$16 billion to build or rehab 348,000 affordable homes and apartments and develop 56 million square feet of retail, community and educational space.

"We have to be willing to think outside the box if we want to create the kind of economic opportunity that so many of our communities need," Rickett said. "Over the years, LISC has helped KHIC do that, and I am excited to join a board that is bringing both capital and innovation to efforts that offer families the chance to build a better future."



Promise Zone Program Coordinator Sandi Curd recently served as a nonprofit expert on a national panel.

## Improving communication, coordination with federal officials

### Kentucky Highlands Promise Zone Program Coordinator Sandi Curd recently served as a nonprofit expert on a national panel.

The training, called Delivering Outcomes with Communities, is designed to help federal employees strengthen their programs by learning from the challenges and successes of other agencies. Ultimately, the goal is to help federal government employees implement a more collaborative, customized approach when working with communities across the country.

Curd was in Washington, D.C., to speak to representatives from agencies such

as USDA, HUD and FEMA about how they can partner with local officials to concentrate federal resources in high-need areas and tailor solutions based on the unique challenges of individual communities.

"Through our strong partnerships and cooperation, the Promise Zone is helping the region attract investment that is focused on creating sustainable economic stability and opportunity," Curd said. "We have strong private and public partnerships – including at the federal level – so it was a great opportunity to help people learn through the successes we have built as a region through the federal Promise Zone initiative."

Building partnerships is an area

where the Kentucky Highlands Promise Zone has excelled. In three years, it has attracted more than 80 partners -- ranging from the private sector to local governments to nonprofit organizations.

The training gave participants an opportunity to hear from a diverse group of leaders and practitioners of community-based work. Participants learned from the experiences and best practices of veterans in the field—and each other—to improve their own community engagements.

It was organized by the Partnership for Public Service, a nonprofit, nonpartisan organization that strives for a more effective government for the American people.



## 23 loans made to farmers in SOAR region

*More than 40 loans have been made through a low-interest loan fund for small farmers in the 54-county SOAR region of Eastern and Southern Kentucky.*

**One farmer is beginning a business to sell organic compost in bulk. Another returned to the family farm after living in Nashville. From a 20-year-old producer to a more seasoned farmer, 23 people all received assistance through KHIC's SOAR Small Production Loan Fund last year.**

The fund helps small producers move into commercial production with an overall goal of developing a strong local food system that will result in profits for the growers and nutritional food for families in the region.

KHIC and Grow Appalachia created this low-interest loan fund two years ago for small farmers in the 54-county SOAR region of Eastern and Southern Kentucky. More than 40 loans have made to date through the first \$200,000 grant in May 2015 and the second in June 2016 from the Kentucky Agricultural Development Fund (tobacco settlement funds) and the Governor's Office of Agricultural Policy.

"The SOAR Small Production Loan Program has been very beneficial for producers in Eastern and Southern Kentucky," said Warren Beeler, executive director of the Governor's Office of Agriculture Policy. "Because of this program, producers have access to funding that allows them to expand and diversify their operation, thus increasing their net farm income. The Kentucky Agricultural Development Board is proud to have provided funding to Kentucky Highlands Investment Corporation to

continue the SOAR Small Production Loan program."

To date, 45 loans for \$323,000 has been invested. Here are just a few examples of the 23 loans made this year:

- Griffith Family Farm is located on 200-acres in Johnson County on land that was part of an original land grant that has been farmed by the family for seven generations. The family produces vegetables, hay, eggs and other products that they sell from the farm and at a family open-air market in downtown Paintsville. Their products are both Kentucky Proud and Appalachia Proud certified. The \$7,500 SOAR Production Loan will be used for a greenhouse for starter plants, for site improvements and to extend water and electric lines to the greenhouse.
- Sheryl and Seth Long are residents of Letcher County have begun to produce maple syrup on their 50-acre farm outside Whitesburg and decided to increase their maple syrup production so it can become a commercial venture. The Longs have 102 taps in place and plan to grow to 500 taps over the next two years. The \$7,500 SOAR Farm Loan will be used to purchase an evaporator and other equipment necessary for commercial maple syrup production.
- David Walker has developed an expanding apple butter business called Walker's Apple Butter from his 42-acre farm in the Hardy community of Pike County. Because the apple butter is

made at his home, it must be sold direct-to-the consumer at farmer's markets, festivals and similar events. To expand the business, Walker needs to produce the apple butter in a commercial kitchen so he can sell his product through retail outlets, gift shops and on-line. Walker will use the \$7,500 SOAR Farm Loan to build a commercial kitchen on his farm.

KHIC has been supporting former tobacco farmers in southeastern Kentucky through loan funds for 20 years. These funds, available to farmers moving from tobacco production, were initially capitalized by KHIC with \$800,000.

Since their creation, the funds have revolved three times, having made 318 loans totaling more than \$2.2 million. In addition, the Production Loan Fund was enhanced in 2002 with a \$158,750 investment by a Kentucky Agricultural Development Fund award. The KADF proceeds have turned over several times, having invested \$651,400.

"KHIC agriculture funds have been very active in supporting former tobacco farmers for longer than anyone else in the state and have helped hundreds of small farmers in Eastern Kentucky find an alternative crop when their tobacco production quota vanished," said Jerry Rickett, president and CEO of KHIC. "This project further enhances and expands KHIC's support of growers into the entire SOAR area."