

PILOT PROGRAM EXPANDS TO HELP PROVIDE SAFETY NET FOR WORKERS

Kentucky Highlands Community Development Corporation, a subsidiary of KHIC, has been selected to be one of only six pilot programs in the nation to help entry-level workers with barriers to employment.

The program is through the Office of Community Service, which is a familiar federal partner going back to the War on Poverty.

Its goal is to redefine the "American Safety Net" for our nation's most vulnerable populations by investing in social enterprises, which could be any organization -- for-profit or nonprofit -- that provides health or social services.

Kentucky Highlands already had a long history with strong partnerships with many such organizations, including American Health Management, which is featured separately in this newsletter.

KHDC agreed to invest in a social enterprise that would create 85 new jobs over five years and fill 75 percent of those jobs with people who are low income.

American Health Management and its subsidiary Horizon Health Care's plans for filling the unmet demand for non-medical,

in-home attendant care services in rural Kentucky fit perfectly. Further, KHDC agreed to develop new products that support those individuals filling those position modeled after the hardship loan program successfully implemented at Sensure two years ago.

The hardship loan established a fund and system to help entry-level workers who often struggle to maintain employment because issues such as a dead car battery or loss of child care could disrupt their ability to report to work.

Sensure employees could request financial assistance for these unexpected financial burdens.

"This loan program is reducing employee turnover by 10%, helping employees retain a paycheck, assisting businesses in reducing turnover, and benefiting families and communities by ensuring stable employment," said Jerry Rickett, president and CEO of KHIC. "Those are results that are worth repeating with other organizations."

During the second year of the Social Enterprise pilot program, KHDC plans to partner with Park Community Credit Union to duplicate the hardship loan at American Health Management.

EST TOOL & MACHINE USES 3D PRINTERS TO MAKE FACE SHIELDS FOR HEALTH-CARE WORKERS



EST Tool & Machine, a longtime client of Kentucky Highlands, is leveraging its unique manufacturing capabilities and technology to help fight the coronavirus pandemic.

This Rockcastle County company's 3D printers are being used to produce face shields, which are then donated to health-care workers. Teachers in Rockcastle County donated projector transparencies for the shields.

EST, a family-owned tool-and-die shop, has donated hundreds of face shields to local hospitals, sheriff's department, EMS and health departments to keep front-line workers safe.

There are no limitations in creating complex parts with 3D printing. It can create anything that is designed on a computer with no need for customized machinery.

"3D printers are special," said Brad Taylor, an engineer for EST Tool & Machine. "We can print face shields and toys in the same day without having to retool."

Taylor said EST can print about 300 face shields each day. Listening to the needs of local hospitals and health departments, the company plans to manufacture enough to provide a stockpile as needs may increase in the fall, and it will continue to make them as needed.

"Employees have been pretty proud that we're doing this to help," Taylor said. "They are picking up the slack with other projects so we can make this contribution to the community."

IN MEMORIAM : KHIC LOST TWO IMPORTANT LEADERS AND ADVOCATES.

Blake Enlow, president & CEO of Highlands Housing Corporation, passed away on July 23.

"Blake was an amazing person -- larger than life with a heart of gold. He never met a stranger," said Jerry Rickett, president and CEO of Kentucky Highlands Investment Corporation, a partner of Highlands Housing. "We lost not only a leader but a true friend."

Mr. Enlow was instrumental in overseeing the ROOTS initiative (Recycling Our Outdated Trailer Sites), which is redeveloping a site in Rockcastle County that had 21 outdated single-wide rental sites.

Former board member Ken Catron, who served from 2004 to 2018, passed away March 5. Mr. Catron was an



Blake Enlow

Army veteran and former mayor of Monticello. He also was president of the Monticello-Wayne County Chamber of Commerce and chairman of the Wayne County EZ Community.

When Monticello lost more than 600 sewing jobs, Mr. Catron led the effort to recruit new jobs. He helped land an additional 1,200 jobs.

"Ken provided strong leadership for community and economic development in Monticello, Wayne County and throughout the region," Rickett said. "He always understood that people must work together to get things done. That's one of the reasons he was so successful in industrial recruitment and job creation."



Ken Catron

MEETING NEEDS OF EMPLOYERS DURING UNPRECEDENTED CRISIS

You don't need me to tell you that it's been a rough several months – from a worldwide pandemic that shut down the economy to record-breaking floods and a windstorm that left tens of thousands without electricity and water.

But Stronger Together has always been an informal motto of ours. The success of everything we do is dependent on partnerships and collaboration.

KHIC has a long history of being among the first organizations in the state and the country to access and implement rounds of regional, state, federal, and private community and economic development programs. Two important factors for all these funders are KHIC's financial strength and our track record to implement innovative programs. We are putting those assets to work for you when it's needed most.

We are leaving no stone unturned when it comes to supporting the economy, businesses and communities throughout our region – whether it is pursuing new programs and funding sources or changing existing programs to meet the needs of the day.

The economic need is vast, and Kentucky Highlands moved quickly to anticipate employers' needs and connect them with important resources to weather the storm. Throughout this newsletter you will see examples:

- KHIC's lending department customized short-term solutions with each borrower's request, and it has been awarded another \$1.25 million in microloans for small businesses.
- Innovation Center staff members immersed themselves in the details of the Small Business Administration's programs and the Payroll Protection Program to prepare both established clients and new contacts on accessing these resources.
- We worked with clients not familiar with an online presence and helped them utilize the Go-Daddy program to quickly build e-commerce websites.
- The Promise Zone partners expanded the net of those receiving technical assistance to include independent health-care providers, independent contractors and personal-care services.



- We are helping businesses finance energy-efficiency improvements to help businesses reduce utility costs to preserve operating cash.

Here's what a couple organizations have told us:

"Kentucky Highlands' moral support and willingness to walk me through funding options was invaluable to both Red Bird and my mental health," said Kari Collins, executive director of the nonprofits Red Bird Mission and Red Bird Clinic in Beverly, Ky. "We stand as the only employer for this corner of Clay, Leslie and Bell counties employing more than 90 staff who provide a wide range of essential community resources, a dental clinic and a pre-K through 12 school educating more than 200 students. The staff at KHIC helped me manage my options, and, God willing, keep our nearly 100-year-old organization afloat for many more years to come."

Keith Lakes is the founder and CEO of New Hope Counseling and Recovery, LLC, in London, Ky. He has long-term plans of opening a residential treatment center to address the opioid crisis.

"Providing substance abuse treatment is a full-time job," Lakes said. "Running a business is a full-time job. Doing both requires help. Kentucky Highlands was already providing us assistance with setting up our book-keeping systems when the world changed. Having a close, trusting relationship with the folks at Kentucky Highlands helped us at New Hope be proactive rather than reactive in filing for stimulus funding."

We will continue working alongside local, state and federal partners to fight for the future of our region.

Sincerely,

Gary Rickett
President and CEO

KHIC FUNDERS FISCAL 2019 TO 2020

- Appalachian Community Capital
- Appalachian Regional Commission
- Association for Enterprise Opportunities/GoDaddy
- Bank of America
- Goldman Sachs
- Governor's Office of Agricultural Policy
- Housing Assistance Council
- JP Morgan Chase Foundation
- Jackson Energy
- Kentucky Baptist Fellowship
- Local Initiative Support Corporation
- MacArthur Foundation
- Mary Reynolds Babcock Foundation
- Office of Community Services, US Department of Health and Human Services
- Opportunity Finance Network
- PNC Bank
- PNC Foundation
- United States Department of Agriculture – Rural Development
- US Department of Housing and Urban Development
- US Department of Treasury – CDFI Fund
- US Small Business Administration
- Wells Fargo Foundation

LENDING PARTNERS

- 1st Trust Bank
- Appalachian Community Federal Credit Union
- Cumberland Securities Bank
- First State Bank
- HEAD Corporation
- Mountain Association for Economic Development
- Southeast Kentucky Economic Development Corporation
- United Cumberland Bank

INVESTING IN OUR COMMUNITY FISCAL YEAR 2019





PROGRAM GIVES ENTREPRENEURS ACCESS TO NATIONAL EXPERTS TO GROW THEIR BUSINESSES

Entrepreneurs in rural areas typically face larger obstacles than their urban counterparts because funding, technical assistance and advising are scarce.

Several clients of KHIC's Innovation Center have been selected over the last eight years to overcome those hurdles through participation in the Goldman Sachs' 10,000 Small Businesses. It is a national program based at Babson College, which U.S. News and World Report has ranked as the top business school in entrepreneurship. In each class, 100-150 business owners complete specific curriculum and peer-to-peer learning to grow their businesses, increase revenues and create jobs.

Kristin Smith, owner and executive chef of the Wrigley Tap Room & Eatery in Corbin, praised the program for providing invaluable support, which is so important to small business owners who often feel alone.

"I would love to see more people from Eastern Kentucky go through this program," said Smith, a native of Whitley County who has two master's degrees but not in business. "A lot of entrepreneurs don't have a business degree. For start-ups, this is the best opportunity to launch your business. It will take you so far past your dreams than you could ever imagine."

"You constantly work on your business in the program. A professor told me 'stop working in your business and start working on your business.' Once I took that step, I never looked back."

Smith, who is working to expand to value-added products and catering, received the "Downtown Revitalization Award" at the first-ever Mountain Women Mean Business Conference in Harlan, Ky. At the event, her efforts were praised: "We all love to eat Kristin's food, but this award is actually about how the Wrigley has transformed Downtown

Corbin, and the entire constellation of women farmers and chefs that she has brought up in the process."

She also has received acclaim in a Forbes.com interview with Top Chef finalist Sarah Bradley.

Patrick O'Bryan, CEO and majority owner of Kentuckiana Alarms, is in the program this year. O'Bryan grew up in London, Ky. Working for Fortune 500 companies and managing sales teams in 20 states, he lived in Cincinnati but traveled Monday through Friday. He wanted to move back home when his daughter was born and create jobs here so people wouldn't have to move away like he did.

O'Bryan has expanded the company his father-in-law started, including the launch of a do-it-yourself security system. The business has 1,000 clients in Eastern and Western Kentucky as well as some in Tennessee.

Kentucky Highlands invested in the company via the Appalachian Micro Equity Fund. (KHIC is a 50 percent owner in the fund.)

The coronavirus pandemic altered the program, but it gave participants access to national experts and resources at a time of unprecedented economic insecurity.

"Goldman Sachs paused the planned curriculum to bring in financial specialists," O'Bryan said. "They became a partner with us and provided assistance about resources that would be available and helped us find solutions. Advisers who were originally helping us with growth plans then helped us survive. I didn't feel like I was in a vacuum with no information. They helped provide the capacity to develop emergency planning and encouraged us to develop relationships with banks and ask for lines of credit before we needed it, so it was a very smooth transition to the disaster planning."



USDA GRANT/LOAN PROGRAM HELPED FINANCE ENERGY EFFICIENCIES

When Cumberland Machinery Movers & Industrial Services, which provides industrial rigging, machinery moving and millwright services, bought old distillery property near Camp Nelson, an energy audit recommended \$80,000 in upgrades.

That's when KHIC, a longtime partner in CMM's growth to 55 full-time employees, suggested and originated a USDA-guaranteed REAP (Rural Energy for America Program) grant and loan.

REAP provides financial assistance to purchase and install renewable energy systems and energy-efficient improvements in rural areas. Grant funds also are available to assist agricultural producers and rural small businesses by conducting and promoting energy audits and renewable energy development assistance.

CMM, which has two locations in Pulaski County and one in Garrard County, was able to use REAP grant and loan funds cover 75 percent of the improvements. It replaced the exterior doors and windows with new energy-efficient versions, changed the lighting to LED fixtures, and installed two Cambridge Engineering Manufactured Propane Blow-Thru Space Heaters to replace 12 infrared Radiant Propane Tube Heaters and two huge ceiling fans to circulate the new heat application.

"We are so grateful to have gotten an opportunity to utilize this grant to help fund our project," said David Bennett, corporate secretary and general manager for CMM. "The grant and loan allowed our budget to do these upgrades, which made an unbelievable difference in quality of lighting, which improves safety as well as productivity and just a boost in morale. The new windows and doors not only upgraded the appearance of our building, but it made an unbelievable difference in the energy cost. The new heaters and large fans caused our shop to be more consistently heated with a huge saving in energy costs. Had we not received this grant money it would have been a hard decision to do upgrades as quickly as we did. The USDA has truly been a difference maker for our company."

Projected annual energy savings of almost \$16,000 is more than 30 percent of the company's total energy cost.

"Reducing energy costs gives businesses like Cumberland Machinery Movers & Industrial Services more capital to invest back into jobs and growth," State Director, USDA Rural Development Kentucky Hilda Legg said. "While CMM will see benefits in the form of reduced energy costs by almost \$16,000, that improved bottom line will also help the surrounding community in the long term. And when our rural communities thrive, all of Kentucky thrives. Rural Development has multiple programs to help businesses reduce costs, and I really hope more businesses will look into and take advantage of those programs."

SAVING THE FOREST, THANKS TO THE TREES



Kentucky is known for its coal, its bourbon and its horses. Yet few understand the robust economic impact that the forest industry has on the Commonwealth—more than \$13.5 billion total economic contributions to the state.

As one of the largest hardwood manufacturers in Appalachia, BPM Lumber, with base operations in London, produces

more than 50 million board feet of lumber annually and is involved in the management of more than 200,000 acres of Kentucky timberlands.

Since the Great Recession of 2008, China has become a significant market for hardwood lumber. Yet this alliance was heavily impacted when President Trump imposed tariffs on Chinese imports in 2019, which incited retaliatory tariffs.

To offer relief, BPM's longtime lead banker, Hugh Mitchell, President and CEO of 1st Trust Bank, introduced BPM to KHIC. It brought to the table a rural development financing opportunity from a USDA-sponsored Business & Industry Guaranteed Loan Program.

"It was such a pleasure dealing with Kentucky Highlands," said Hugh Mitchell, President and CEO 1st Trust Bank. "Edgar Davis, Mark Bolinger and the KHIC staff were extremely professional, knowledgeable and easy to work with. This was a very complex USDA loan. A lot of pieces had to come together, and Kentucky Highlands made that process seamless."

"To be a resource-based lender, you

really have to have a deep understanding of the industry and the economic landscape," explained John Foley, President & CEO BPM Lumber. "This team had a working knowledge of the complexities of resource-based manufacturing, which was key to securing the funding. The outcome ensured that Eastern Kentucky jobs were safe, and BPM and our industry remained a strong contributor to Kentucky's economy."

Thanks to the financing generated by this partnership, BPM was able to retain jobs in Eastern Kentucky so it could keep operations flowing.

"I'm proud of our strong partnership with Kentucky Highlands and even more so by how much rural Kentucky has benefited. Rural Development's mission is to increase rural prosperity, and that depends on getting and keeping jobs in our rural communities," said Hilda Legg, State Director of USDA Rural Development Kentucky. "Eastern Kentucky's job market has been decimated by the dismantling of the coal industry, so being able to help BPM Lumber keep over 220 direct and 400 indirect jobs is a tremendous outcome."

ENTREPRENEURS IN THE MAKING

Business-minded students from throughout the Commonwealth put their skills and ideas to work during The Center for Rural Development's 2019 Entrepreneurial Leadership Institute (ELI). There were 25 high school students from 19 Kentucky counties who attended ELI, which is designed as a summer youth leadership program for aspiring student entrepreneurs at The Center in Somerset.

ELI is an intensive weeklong program focused on developing creativity, teamwork business and leadership skills. Students work together in business teams to develop a written business concept for a new business venture or product idea. Innovative ideas ranged from environmentally friendly hunting products to medically focused social media networks.

Shelton Ansley, assistant director of Kentucky Highlands Innovation Center taught the curriculum for this year's program and helped students prepare to present their business plans before a panel of judges at the ELI Business Concept Challenge Competition.



"The students definitely grew in knowledge and understanding of what it takes to begin with a concept and navigate the challenges that come with discovering how to turn that idea into a reality," Ansley said. "But more importantly, they gained confidence by working in teams, answering difficult questions and presenting their work to area business leaders who challenged them along the way. They developed ideas that were exciting and could have a real impact upon some of the issues we have in our region. Having the opportunity to teach them during the week was a highlight of my summer."

Each of the five ELI business teams presented their business ventures or product ideas to a panel of judges acting as potential business investors on the final day of the program at the

ELI Business Concept Challenge Competition.

"Econiton" was the winning idea. With the theme of "Protecting the Environment, One Shot at a Time," it would create a biodegradable shotgun shell with the same effectiveness of traditional ammunition, but was environmentally friendly, less expensive and wouldn't leave plastic shells on the ground.

Each member of the winning team received a \$16,000 Provost scholarship offer from Eastern Kentucky University.

ELI was presented by The Center for Rural Development in partnership with Kentucky Highlands Investment Corporation and Eastern Kentucky University.



AMERICAN HEALTH MANAGEMENT THRIVES IN SERVING OTHERS

It started 22 years ago with a calling to help the elderly stay in their homes as long as possible and a sketch drawn on a napkin placed on the hood of a pick-up truck.

That was the start of American Health Management, which opened its first Horizon Adult Day Center in Clinton County, hometown of President and CEO Kelly W. Upchurch.

Today, American Health Management, which owns Horizon Adult Day and Horizon Home Care, is the largest provider of its kind in Kentucky. By the end of the year, it will serve 2,200 patients per day in 89 counties through its 14 adult day centers and its home care with approximately 375 employees.

The average client is 72 years old and has more than one chronic illness or health condition.

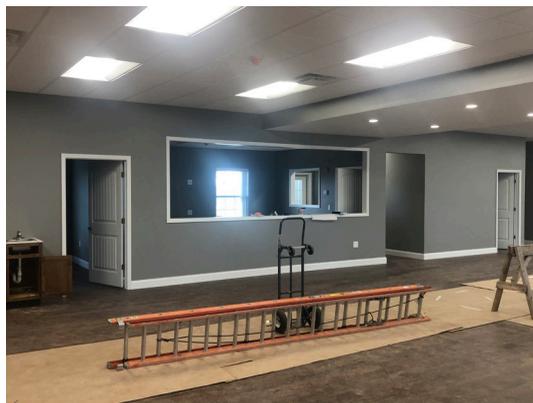
“The need continues to increase with aging baby boomers who’ve worked all their lives and are seeking access to long-term care but want to remain in their home as long as possible,” Upchurch said. “We serve a crucial role in health-care delivery. There is a gap for folks who don’t require 24-hour nursing care but need some assistance to remain in their home and community.”

The dream and vision have grown, but Upchurch hasn’t forgotten his hometown. In addition to having his regional office in Albany, he is building a \$1.5 million new

adult day facility where it all began.

The new design, which Upchurch said is reflection of about 20 rounds of improvements over the years, will create a facility that enhances care and safety.

The center will be large enough to increase clients by more than 60 percent. It also will include outdoor space with a



panoramic view of Albany and technical solutions, such as outlets every six feet so clients who need oxygen concentrators can enjoy the outdoors.

There will be a no-barrier shower to allow clients in wheelchairs to be rolled in

rather than lifted. A dedicated crafts room will stimulate creativity and work on motor skills. There also will be a separate area for personal care, such as hair and nails, as well as quiet room visible from the nurses’ station for patients who don’t feel well or need time away from others.

Kentucky Highlands has provided American Health Management with a variety of loans over the span of the company’s existence, including funding from USDA and the Office of Community Services.

“KHIC was willing to step up and walk alongside me when no one else would,” Upchurch said. “It’s a rare thing to have this kind of investment in underserved, remote areas of the state. Without their extra assistance, we would never be able to serve the number of people we serve.”

JOEY CARTER JOINS LENDING TEAM AT KHIC

Joey Carter, the newest employee at Kentucky Highlands, is an investment analyst and works with the microloan programs, among other things. Carter graduated from South Laurel High School in 1995 and then obtained his associate degree in business technology management at Somerset Community College.



He also has a state insurance license in property, casualty, life and health. Carter was previously employed with State Farm for 12 years.

Before that he worked at First Financial Credit as well as Cumberland Valley National Bank.

Carter has been married to his wife, Abby, for 15 years. They have three children -- Alexis, Ethan and Carlee. He coaches youth sports and announces basketball games at East Bernstadt School, where his children attend. Joey and his family attend The Creek Church.

KRISTI KITZMILLER JOINS ACCOUNTING TEAM

She graduated from Laurel County High School and The University of the Cumberland. Previously, Kitzmiller worked as store manager at Brookhaven Christian books for 20 years and has helped there with bookkeeping, account management and ordering, as well as the day to day management of the bookstore.



She was also minister of music at Living Hope Church for 19 years and now helps lead worship and directs the youth praise team at First Baptist London.

Kitzmiller has been married to her husband, Greg, for 21 years. They have two children, Maggie, 15, and Miles, 8.

PROGRAM GIVES SMALL BUSINESSES UNPRECEDENTED ACCESS TO DIGITAL MARKETING RESOURCES

KENTUCKY HIGHLANDS INVESTMENT CORPORATION RECEIVED A GRANT FROM GODADDY AND THE ASSOCIATION FOR ENTERPRISE TO TRAIN BUSINESS OWNERS IN DIGITAL MARKETING CONTENT.

This is the first large-scale national rollout of the program, which gives microbusiness owners in underserved communities the tools, skills and mentorship needed to build a successful digital presence.

Participants have access to custom online workshops created by GoDaddy and support from GoDaddy coaches in group and webinar settings. Topics include branding your domain name, creating the right content, building a website, search engine optimization, social media and e-commerce.

They also have access to mentoring and networking, including an opportunity to interact with leaders such as GoDaddy's chief technology officer on calls and webinars.

After going through the program, these businesses qualify for some free products for two years and then a significant discount after that.

KHIC has worked with almost 50 businesses and entrepreneurs in the region, including:

- Capitol Bicycle Company: The custom built bicycle manufacturer based in London will use the new website to grow the company, which is adding a line of bicycle components manufactured using innovative processes including 3D printing.
- Coal Country Candles: Hindman native Randy Gabbard's custom candles are sold in a number of Eastern Kentucky specialty shops, but the new website will increase the success of his online store.
- Moonlight Meat Processing: Anne Bays, who transitioned from a career in construction to that of a farmer, opened the doors to her meat processing business in 2017.

After the program ends, staff members continue to work with them on other business needs they have as they grow.



HOUSING PARTNER BUILDS 200TH HOME

Highlands Housing Corporation, a partner of KHIC, built its 200th home this year. That means 200 families have achieved the dream of homeownership and are living in a safe, energy-efficient house. Not only that, but those homes add an estimated \$124,000 to the local tax base annually.

The Vaughn family – Billy, Pansy and their two sons – moved into a new house last July. Highlands Housing served as the general contractor for the Cooperative Baptist Fellowship's Extreme Build in McCreary County. With the help of more than 150 volunteers and a \$10,500 down payment from Appalachian Community Federal Credit Union, the Vaughns moved from a public housing apartment to a new home.

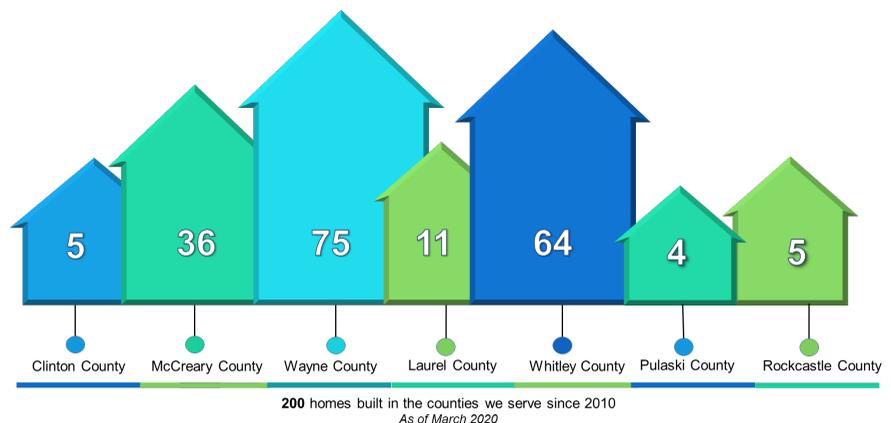
"We never owned our own home," said Pansy Vaughn, who is a certified nursing assistant at a nursing home. "We couldn't afford the outrageous payments. No one would help us until now. Thank God. He sent us a way and a good crew to work with us. It's a big change for us and has been wonderful."

Her older son is interested in going to trade school to become a construction manager. He was involved every step of the way on this project and learned a lot of new techniques.

The house includes a CORE, which is a completely finished kitchen, bathroom and laundry room that was built at Stardust Cruisers in Monticello.

Other housing highlights include:

- 50 percent completion of the ROOTS initiative (Recycling Our Outdated Trailer Sites), which is replacing dilapidated manufactured housing units with homes that appreciate in value. The newest homeowner will be a woman who is disabled and currently lives in an apartment where she cannot access the bathroom and is confined to one room. Her new home will provide a safe environment and is being outfitted with wheelchair-compatible fixtures and appliances. The effort is primarily funded by the JP Morgan Chase Pro Neighborhoods Program and the Rural Local Initiative Support Corporation.
- An eight-unit complex with affordable rent has been built in Middlesboro.
- A \$250,000 Rural Community Development Initiatives grant from the USDA allowed Highlands Housing to create a train-the-trainer program so a larger number of people will be able to teach a financial literacy program that will help put more people on the path to homeownership.





MOTHER-DAUGHTER DUO TAKING ORGANIC FARMING TO NEXT LEVEL

In a family accustomed to using medicinal herbs and making soap, it was a natural way to reduce the symptoms of dermatitis and ease issues with sensitive skin. Then it expanded to gifts for family and friends. Now, it is a family business.

Positive Attraction Soaps in Lee County has online sales for dozens of products and is in retail locations around the Red River Gorge area as well as Lexington and Louisville.

Through a SOAR Small Loan Production Fund, the mother-daughter team of Vickie and Sarah Crabtree hope to expand as a wholesaler for retail stores, a supplier of ingredients and a teacher to show others how to create their own organic products.

“It’s important to me to make a quality product that is affordable and provide nice things for people in my community,” Sarah Crabtree said.

The Crabtrees started Positive Attraction Soaps in 2013 as an organic botanical farm. In addition to the soap company, Vickie Crabtree works as an occupational therapist in Lee County and daughter Sarah works as a registered nurse in the ER at the hospital in Mount Sterling.

The company produces a wide variety of soaps, bath products, lotions and scrubs. They also grow organic vegetables and herbs. The vegetables are sold to a number of restaurants in the region, and the herbs are processed into several of the products of Positive Attraction Soaps.



With the \$4,000 SOAR Farm Loan, Positive Attraction Soaps is investing in professional labeling. Sarah Crabtree said packaging is extremely important in this market and will help the company transition to a larger operation. It worked with a graphic designer to rebrand the company last year and used Turner Labels to print new, quality oil/water-proof labels. The company also is working to strengthen its on-line presence.

KHIC and Grow Appalachia created the SOAR Small Loan Production Fund is made possible through the Kentucky Agricultural Development Fund (tobacco settlement funds) and the Governor’s Office of Agricultural Policy (GOAP).

From \$950,000 in capitalization from GOAP, the fund has made 181 loans for almost \$1.3 million in four years. More than \$400,000 in principal repayments have been made.

NEW LOAN FUND WILL HELP REDUCE BUSINESS UNCERTAINTY, IMPROVE ENERGY EFFICIENCY

Knowing that businesses face multiple uncertainties as never before, KHIC continues to look for new ways to help reduce that uncertainty.

A new \$50,000 revolving loan fund will help companies increase energy efficiency and reduce utility costs, which, in turn, will preserve operating cash.

The fund has been established through a grant from the Opportunity Finance Network, which is the national association of community development financial institutions such as KHIC.

Two to three projects will be financed, and other available funding, such as the USDA’s Rural Development Rural Energy for America Program (REAP), will be targeted as well. Small businesses will

be able to use the funding for energy-efficiency improvements and retrofits so they can reduce operating costs and remain competitive.

Kentucky’s current low energy prices help make small businesses competitive, but margins remain slim for many smaller businesses like small grocers serving low-income populations or contract manufacturers that hire low-income people.

Business owners also are more concerned for the environment than before and understand that adopting energy-efficiency measures will help the environment and their bottom line.

“Reduced utility expenses save cash, which translates to greater resiliency for contingencies and growth,” KHIC President and CEO Jerry Rickett said.

“Business owners in KHIC’s service area are seeking ways to cut costs, improve efficiencies, become more resilient, and be better stewards to improve their sustainability. They realize that their business’ long-term outlook depends largely on their ability to use resources efficiently and the image they have in the community. The more stable their business, the better they can serve low-income people and communities. Improving energy efficiency to reduce uncertainty is one part of the solution.”

KHIC’s target market for the new loan fund is businesses with significant energy demands due to cooling (grocers), industrial processes (welding, machining, compressors, plastic injection molders), heating (greenhouses, large volume buildings) and lighting.

KHIC AWARDED \$1.25 MILLION FOR SMALL BUSINESS LOANS

Kentucky Highlands Investment Corporation was awarded another round of funding in the amount of \$1.25 million from the Small Business Administration to make loans up to \$50,000 to eligible businesses in our service area.

“Our Micro Enterprise Loan Fund was created to address the needs of small business start-ups and expansion projects,” said Jerry Rickett, president and CEO of KHIC. “This additional investment for our service area couldn’t come at a better time. In addition to the financing the client receives, our technical assistance and support help each client maximize their opportunity for success.”

Support includes providing counseling, mentoring, and training — from helping improve business plans to connecting companies with accountants once they are in business.

Loans and technical assistance are limited to only those operating in KHIC’s 22-county service area of Bell, Clay, Clinton, Cumberland, Estill, Harlan, Jackson, Knox, Laurel, Lee, Leslie, Letcher, Lincoln, Madison, McCreary, Owsley, Perry, Pulaski, Rockcastle, Russell, Wayne and Whitley.

Businesses engaged in gambling, speculative lending or investing, pyramid sales, or floor planning are not eligible for the program. Businesses must also meet the size standards set for “small businesses” established by the Small Business Administration.

Other minimum requirements:

- Applicant must be of legal age to enter into contracts (currently 18+ in the state of Kentucky)
- Business must be located in the KHIC Service Area defined above
- Eligible business types: Industrial, Service, Commercial
- Applicant’s personal credit rating will be factored into the loan decision
- Applicant must be the business owner or a senior partner in the business

To receive more personalized information, fill out the form at <http://www.khic.org/information-form/>.



YOUNG ENTREPRENEURS HEAD TO HOMETOWN OF WHITESBURG FOR NEXT ROUND OF REVITALIZATION

Josh and Whitney Howard hope they are part of a new trend – Eastern Kentucky natives who return to their hometowns not just to work but to invest in and revitalize the downtowns where they grew up. They are using a microloan program from Kentucky Highlands Investment Corporation to finance their latest project in Whitesburg, which will be patterned after successful redevelopment in Pineville and Harlan, where they have rehabbed several buildings and converted them to condos, apartments, office and retail space, a bed and breakfast, a laundromat, and a tavern. In addition, they working to open four locations of a bar/restaurant called Butcher’s Pub and franchise it.

Altogether, they have created about 65 jobs and renovated 12 buildings. The Kentucky Highlands Micro Enterprise Loan Fund has closed five loans over an eight-year period with the couple.

“The Howards are a great example of why the microloan fund was created,” said Jerry Rickett, president and CEO of KHIC. “We want to help homegrown entrepreneurs invest in their communities to create jobs and add to the tax base and quality of life of the communities in Eastern Kentucky.”

Josh, a native of Pineville, and Whitney, who is from Letcher County, are attorneys who are expanding their law practice. The Howards are renovating a stone building on Main Street across from the Letcher County Courthouse. The building, which was built in 1914, had been vacant for at least 20 years and was extremely dilapidated. Josh Howard said he thinks the only reason the building is still standing is because the walls were constructed with thick stone that was cut out of the top of Pine Mountain.



“We are here because it is Whitney’s hometown,” Josh Howard said. “Our goal is to be in small towns. There is unlimited potential in Pineville, Harlan, Williamsburg and Whitesburg. We hope our investment in Whitesburg will inspire others. It shows that life is coming back to the city. The mayor has been very proactive, and there is unlimited potential.”

The building will contain the law office on the first floor and apartments on the second floor.

Josh Howard credits the microloan program for the success in Pineville and Harlan as well as the Butcher’s Pub concept, which is open in Pineville and will open in Williamsburg and London.

“The microloan process is different from traditional loans where you go through a loan officer and the board makes a decision,” Howard said. “They don’t always see your

vision. With a microloan, you go through a business plan, do research. That’s what has helped me. A lot of businesses come and go. They probably don’t have a business plan. We have the personal and national data to back up

our plan. Businesses would be a lot more successful if they followed that model.”

The Micro Enterprise Loan Fund was created at Kentucky Highlands Investment Corporation to address the needs of small business start-ups and expansion projects. Using funds from USDA and SBA, KHIC can make loans of up to \$50,000 to small businesses. In addition to the financing, each client receives the added service of technical assistance.

Visit www.khic.org/micro-enterprise-loans/ for additional information, or call Joey Carter at 606-864-5175 to inquire.