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OWENSBORO'S NEW DOWNTOWN RIVERFRONT

City tax hike for capital investment
during depths of recession
kickstarts a billion dollar revival

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On the Cover

Owensboro's downtown riverfront has been undergoing a rebirth the past four years with the recapture of two and a half acres of land, and hundreds of millions of dollars in new construction, including the \$67 million Smothers Park and Promenade, foreground, a \$20 million Hampton Inn & Suites, left, and a \$47 million Owensboro Convention Center, center rear.

Charles Mahlinger photo

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Ed Lane

ASSOCIATE PUBLISHERS

Dick Kelly
Donna Hodsdon

SALES ASSOCIATE

Curtiss Smith

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Jeromie Kirk

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PERSPECTIVE

THE DECLARATION OF INDEPENDENCE

Special gift from our
Forefathers merits a
regular rereading

BY PAT FREIBERT

ON Independence Day a couple of weeks ago, did you read America's Declaration of Independence, or even think about the Declaration? Or did you celebrate our nation's birthday by hitting the sales without even thinking about the birth of this nation and the benefits we Americans have enjoyed the past 237 years?

The Declaration was adopted unanimously by the original 13 United States of America on July 4, 1776, and 56 patriots signed their names to the document – most at great peril to their safety. After all, they were separating from Great Britain, the greatest military power on earth.

First off, these forefathers set forth their beliefs and intent:

"When in the course of human events, it becomes necessary for one people to dissolve the political bands which have connected them with one another, and to assume among the powers of the earth, the separate and equal station to which the Laws of Nature and of Nature's God entitle them, a decent respect to the opinions of Mankind requires that they should declare the causes which impel them to separation.

"We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable Rights – that among these are Life, Liberty and the pursuit of Happiness – That to secure these rights, Governments are instituted among Men, deriving their just powers from the consent of the governed – That whenever any Form of Government becomes destructive of these ends, it is the Right of the People to alter or to abolish it, and to institute new government, laying its foundation on such principles and organizing its powers in such form, as to them shall seem most likely to effect their Safety and Happiness ... But when a long train of abuses and usurpation, pursuing invariably the same object evinces a design to reduce them under absolute Despotism, it is their right, it is their duty, to throw off such Government, and to provide new Guards for their security."

Next, these heroic forefathers set forth their litany of charges against the King of Great Britain and his acts of tyranny against the colonies. These 56 men concluded the Declaration by saying, "With a firm reliance on the protection of divine Providence, we mutually pledge to each other our Lives, our Fortunes and our sacred Honor."

These men, most self-educated, represented the authority of the good people of the Colonies. Some were farmers, others lawyers, yet others shopkeepers, fishermen and merchants. Even though most had little if any formal schooling, they wrote eloquently with sound reasoning and had excellent command of language. In all likelihood, most of today's citizens with high school and college educations could not equal the skills of the Declaration's writers.



Let's take a break for a few days from the sordid scandals of a too powerful federal government in Washington and contemplate instead what we have been given by our forefathers and subsequent generations of Americans. By their examples and with reliance on the power delegated to citizens in our Constitution, our Republic is capable of surviving and overcoming the rudimentary dishonesty of those we trusted to work for us, the people.

Let's have a great summer despite those who soiled our federal government. To allow those groups and individuals to defeat our American spirit is a waste of time, at least for now. And next year on the Fourth of July, be sure to read the Declaration of Independence beginning to end and then go shop the holiday sales. Both are important – we have an economy to resuscitate! ■



Pat Freibert is a former Kentucky state representative from Lexington. She can be reached at editorial@lanereport.com.



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Congratulations to Ford Motor Company on 100 years in the Commonwealth!

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LOUISVILLE

FAST LANE

A compilation of economic news from across Kentucky

LOUISVILLE: ELECTRONICS TRADE-IN COMPANY GAZELLE PLANS TO HIRE 438 FOR ORDER-PROCESSING FACILITY



Stock Free Images photo

Gazelle pays customers for their old electronics, such as cell phones, and then finds new owners for them or recycles them.

GAZELLE Inc., a Boston e-commerce company, is establishing a 37,500-s.f. processing center in Louisville's Jefferson Riverport area that will eventually bring 438 new jobs to the region.

Gazelle opened its doors in 2007 with an idea called "reCommerce," which led to the consumer electronics trade-in site, Gazelle.com. The company offers consumers the opportunity to earn cash for laptops, tablets, smartphones and other electronic devices and then sells the electronics through a variety of channels, including **Amazon.com** and **eBay**. Items that are not sold are recycled. Since its inception, Gazelle has accepted nearly 1.5 million items people no longer needed, paying out more than \$100 million.

Electronics bought by Gazelle will be shipped to the Louisville facility, where they will be unpacked, data-wiped, inspected for quality and repackaged for resale. The company hopes to have 100 employees at the Louisville site within the year and plans to fill proposed 438 jobs within 10 years. The average wage for the positions will be \$10.75 per hour, plus benefits.

Israel Ganot, co-founder and CEO of Gazelle, said being located close to the **UPS Worldport** hub was a primary factor in the company choosing the Louisville site.

To encourage the investment and job creation in Louisville, the Kentucky Economic Development Finance Authority preliminarily approved the company for tax incentives up to \$3 million through the Kentucky Business Investment program. The performance-based incentive allows a company to keep a portion of its investment over the term of the agreement through corporate income tax credits and wage assessments by meeting job and investment targets.

STATE: PACESETTER PROGRAM HONORS NINE COMPANIES FOR POSITIVE IMPACT ON KY'S ECONOMIC LANDSCAPE

THE Kentucky Small Business Development Center recently honored nine companies as members of the 2013 Kentucky Business Pacesetter Program, which recognizes businesses that are changing the economic landscape by introducing innovative products, increasing sales and/or production, boosting employment and serving the communities of the commonwealth. The businesses inducted into this year's sixth class of Pacesetters were:

- **NaugaNeedles LLC** (Louisville)
- **Artemis Electronics LLC** (Prospect)
- **Browns Valley Truck Equipment** (Utica)
- **Drug Testing Centers of America** (Paintsville)
- **Giovanni's Pizza** (Pikeville)
- **Great Northern Building Products LLC** (Louisville)
- **Lexington Contracting LLC** (Lexington)
- **Measure Consumer Perspectives** (Louisville)
- **Unique Granite and Marble** (Owensboro)

The companies were judged based on their intent and capacity to grow, based on two or more of the following categories: growth in number of employees, increase in sales and/or unit volume, innovativeness of the product or service, response to adversity, employee engagement and commitment, contribution to community-oriented projects and other criteria contributing to the business' success.

Dr. Medhi Yazdanpanah, CEO and founder of NaugaNeedles, was recognized as the SBDC's 2013 Small Business Person of the Year. While working on his electrical engineering doctorate, Yazdanpanah discovered the technology to produce nanoneedles, tiny needle-like rods that are a fraction of the thickness of a human hair. The miniature wires, which reflect light, conduct electricity and resist corrosion, can be used in biomedical applications, sensors, tools for semiconductor manufacturers and other applications. Yazdanpanah trademarked the product and formed his company, NaugaNeedles LLC, in 2007. NaugaNeedles' devices are now being used by more than 150 research groups around the world, and the company holds two U.S. patents and has seven patents pending.



HENDERSON: ACCURIDE WILL HIRE 30 IN EXPANSION OF STEEL WHEEL PRODUCTION

ACCURIDE Corp., a supplier of components to the North American commercial vehicle industry, is investing \$5.8 million to expand its steel wheel production facility in Henderson.

Accuride's customer base includes heavy-duty commercial truck and trailer original equipment manufacturers as well as the commercial vehicle aftermarket. The Henderson facility also is home to Accuride's wheel research and development center and the company's wheel product development and testing facilities.



The expansion will include a new state-of-the-art coating line, and the company expects to add 30 jobs over the next several years. The new line is expected to be operational by the end of this year.

"Henderson's range of steel wheels provides customers with several options to reduce vehicle weight, boost fuel economy, fight corrosion and achieve long-life performance," said Rick Dauch, Accuride president and CEO. "Thanks to its new paint line, Henderson will stand alone in the industry in its ability to formulate customized coating solutions and deliver them via its advanced new coatings process."

Accuride's Henderson facility was established in 1974 as part of what was then **Firestone Steel Products**. The 364,000-s.f. plant currently houses a staff of approximately 160.

The Kentucky Economic Development Finance Authority preliminarily approved the company for tax incentives up to \$600,000 through a performance-based incentive that allows a company to keep a portion of its investment over the term of the agreement through corporate income tax credits and wage assessments by meeting job and investment targets.

Submissions Welcome

To submit news and photographs for publication in Fast Lane, please mail information to: The Lane Report, 201 East Main Street, 14th Floor, Lexington, KY 40507-2003 or send via e-mail to editorial@lanereport.com.

Color photographs are preferred, either in standard form or digital. For digital photographs, a resolution of 300 dpi is required, formatted in either jpeg or tif.



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BUSINESS BRIEFS

CLAY COUNTY

■ **US Natural Gas Corp.** has acquired 17 producing oil and natural gas wells in Clay County. Though the wells are currently shut, the company says they have a history of production as recent as 2011, with records indicating an average of 20 to 25 barrels of oil per day. The company plans to purchase new pump jacks and above-ground completion components for all of the wells and anticipates seeing revenue from the production in the third quarter. Financial details of the acquisition were not released.

COVINGTON

■ **The Waddington Group Inc.**, a Covington-based manufacturer of upscale food-service tableware, has acquired **Par-Pak Ltd.**, a leading independent thermoformer of food service, bakery and produce packaging. Toronto-based Par-Pak is the second acquisition Waddington has completed since being acquired by **Olympus Partners**, a private equity firm, in October 2012. Waddington acquired Colorado-based **Eco-Products**, a leading supplier of environmentally friendly food-service products, in November 2012.

EASTERN KENTUCKY

■ **Arch Coal Inc.** plans to end coal production at two Letcher County mines and will scale back production at another mine in Perry County, according to a report from **WYMT-TV**. The move will affect more than 100 jobs. In addition to the jobs lost, local officials say that the cuts will reduce the amount of coal severance taxes the local governments can collect as well. Coal officials told WYMT that the region has lost nearly \$88 million in coal severance taxes within the last two years.

ELIZABETHTOWN

■ **The Cecilian Bank** has acquired a former **PNC Bank** building in downtown Elizabethtown with plans to use the 20,000-s.f. space as an operations center for customer support and e-banking departments. The bank, which has 12 banking locations throughout Hardin, Grayson, Breckinridge and Meade counties, plans to open the operations center in September.

ERLANGER

■ **Jacobs Automation** has opened a new 13,200-s.f. manufacturing facility in Erlanger. Jacobs specializes in automation technology for packaging, material handling and automated assembly and the company's patented **iTRAK** system provides independent control of multiple magnetically propelled movers on straight and curvilinear paths, resulting in reduced changeover times, lower maintenance requirements and lower energy consumption. The company plans to add 26 new jobs as a result of its expansion.



■ **DHL Express** held a ribbon-cutting ceremony on June 13 to unveil its newly expanded global hub at the **Cincinnati/Northern Kentucky International Airport**. The expansion includes a new 180,000-s.f. sorting facility specifically designed to accommodate larger express shipments, an expanded south ramp for additional wide-body aircraft, an employee and pilot building, and a facility-wide information technology upgrade. DHL Express has invested \$105 million over the past four years to enhance infrastructure and add state-of-the-art sorting capabilities to meet increasing demand. The company employs more than 2,000 people in Northern Kentucky.

■ **The Third Brigade Combat Team First Infantry Division** that is currently located at **Fort Knox** will be deactivated by fiscal year 2017 as a result of a massive restructuring of the **United States Army**. As a result, Fort Knox will lose some 3,300 troops, cutting the forces there by more than 40 percent by 2019. Gov. Steve Beshear noted that moving nearly 10,000 military employees and their dependents from the area will have a profound economic effect on both Fort Knox and the surrounding region. The Third Brigade soldiers will transfer to other units that are increasing their ranks. The restructuring, which Army Gen. Ray Ordierno identified as one of the largest organizational changes since World War II, is a result of the Budget Control Act of 2011.

FORT KNOX

■ **The Third Brigade Combat Team First Infantry Division** that is currently located at **Fort Knox** will be deactivated by fiscal year 2017 as a result of a massive restructuring of the **United States Army**. As a result, Fort Knox will lose some 3,300 troops, cutting the forces there by more than 40 percent by 2019. Gov. Steve Beshear noted that moving nearly 10,000 military employees and their dependents from the area will have a profound economic effect on both Fort Knox and the surrounding region. The Third Brigade soldiers will transfer to other units that are increasing their ranks. The restructuring, which Army Gen. Ray Ordierno identified as one of the largest organizational changes since World War II, is a result of the Budget Control Act of 2011.

STATE: GE APPLIANCE EXPANSION IS TOP 2012 U.S. PROJECT FOR JOB CREATION

GE Appliances' expansion in Louisville has been named as one of the top six projects in the nation for job creation in 2012 by *Area Development* magazine, a leading economic development trade publication.

The winners of the magazine's "Golden Shovel" awards were selected based on the fact that they created a large number of high-value-added manufacturing jobs in new or expanded facilities. GE's expansion represented a \$649.8 million investment and added 1,214 new jobs.

KENTUCKY'S TOP 10 ECONOMIC DEVELOPMENT PROJECTS FOR 2012

	COMPANY, CITY	NEW/ EXPANSION	JOB CREATION	INVESTMENT (MILLIONS)
1	GE Consumer & Industrial , Louisville	E	1,214	\$649.8
2	Westlake Vinyls Inc. , Calvert City	E	N/A	\$217.0
3	Metalsa Structural Products Inc. , Elizabethtown & Hopkinsville	E	389	\$104.5
4	Berry Plastics , Madisonville	E	420	\$96.0
5	Florida Tile Inc. , Lawrenceburg	E	123	\$77.5
6	L'Oreal USA , Florence	E	211	\$42.1
7	iHerb , Hebron	N	600	\$29.7
8	Bingham McCutchen LLP , Lexington	N	250	\$22.5
9	Amazon.com , Winchester	N	550	\$20.7
10	Nasty Gal , Shepherdsville	N	300	\$18.0

The award criteria was based on the number of new jobs to be created in relation to the state's population, the combined dollar amount of the investments, the number of new facilities and the diversity of industry represented. The four states achieving the highest weighted overall scores were awarded *Area Development's* 2013 Gold Shovels in four population categories. Runners up in each of the categories were awarded 2013 Silver Shovels.

GE's expansion helped catapult Kentucky into position to receive a "Silver Shovel" award in the 3 to 5 million population category. Kentucky's top 10 projects resulted in more than 4,000 jobs and nearly \$1.3 billion in investments.

SHEPHERDSVILLE: NEW CONSTRUCTION TO ADD 1.2M S.F. OF SPEC SPACE NEAR I-65

TWO construction projects are currently under construction in Shepherdsville that will provide more than 1.2 million s.f. of speculative space.

Main Street Realty Inc., a real estate development company owned by Humana co-founder David A. Jones, is constructing a new \$22 million spec building in Shepherdsville. The 600,000-s.f. facility will be situated on 41 acres in the Cedar Grove Business Park, located directly off Interstate 65 at exit 116 and is expected to be ready for occupancy by Nov. 1.

Nevada-based **Dermody Properties** has purchased 36 acres in Shepherdsville's Settlers Point Business Park, where it plans to begin development of a 624,000-s.f. speculative building. Dermody plans to break ground on the project this month and expects the structure to be complete by the fourth quarter of 2014. The building will be configurable to allow for up to four separate users.

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BUSINESS BRIEFS

FRANKLIN

■ **Focus Printing Solutions** has established a new manufacturing facility in Franklin that will create 10 new jobs. Focus produces product identification and bar coding for the automotive industry and labeling and nutrition information for the food industry.

HARDIN COUNTY

■ Beginning in 2016, **Hardin County Water District No. 2** will purchase a supplemental supply of drinking water from **Louisville Water Co.** to coincide with expected growth in the area. The Hardin County District will construct up to 11 miles of water main from its existing system in Elizabethtown to the Hardin-Bullitt County line and a pumping station to balance the flow and pressure. Louisville Water will install four miles of water main and a pumping station, which will also help improve service to existing Bullitt County customers. Hardin County will initially purchase a minimum of 60 million gallons of water per year, with that amount increasing to 365 million by 2021.

LEXINGTON

■ **NetGain Technologies** has acquired St. Louis-based **NCDTech**, a provider of managed IT services and business technology consulting. The acquisition represents NetGain's fourth expansion in the past three years. The company plans to retain NCDTech's current team.



■ **Rood and Riddle Equine Hospital** has acquired the **Saratoga Equine Veterinary Service** in Saratoga Springs, N.Y. Rood and Riddle said the strength of New York racing, the increasing number of clients opening New York divisions of their operations and the expansion of training in the Saratoga area made the acquisition a logical move for the company. Financial details of the acquisition were not disclosed.



UK photo

■ **UK HealthCare** has launched a \$30 million construction project that will add 64 more beds at **Chandler Hospital**. Completion of the eighth floor of the hospital's 12-story Pavilion A is targeted for the fall of 2014 and will address a critical need for more beds in the cardiovascular program, said Dr. Michael Karpf, UK's executive vice president for health affairs. Parts of Pavilion A have been opened since 2010, with the rest remaining undeveloped until funding

was available. Once fully completed, the 1.2 million-s.f. facility will include 512 private patient rooms.

■ **United Real Estate**, an urban-centric real estate and franchise operation company, has opened its first Kentucky franchise in Lexington. Bonnie Mays, a former executive with **Realty World Inc.** and owner of real estate company **Mays & Associates**, has purchased the Lexington franchise territory. United currently operates company-owned real estate brokerages in Dallas, Houston, Chicago, Philadelphia and Washington, D.C., and is currently being rolled out nationwide through a comprehensive franchise program.

■ Tapping into an increasing interest in vineyards and wineries, the **University of Kentucky** will begin offering courses this fall that enhance career opportunities for students interested in entering the industry. The courses will provide students the opportunity to develop skills they can use in both the production and the hospitality industries, be it a local winery or an international company. Beginning in spring 2014, two additional undergraduate horticulture courses will be taught that will focus on the technical aspects of viticulture, the science and production of grapes, and enology, the science of wine and winemaking.



Kentucky Dept. of Travel photo

WICKLIFFE: EXPORT FISHERY CREATES 50 JOBS, ADDRESSES KY'S CARP PROBLEM

A newly formed fishery has established operations in Wickliffe, creating 50 new jobs.

Two Rivers Fisheries Inc. plans to purchase Asian carp from local fishermen, process the meat and blast-freeze the product for shipment to Southeast Asia, where the fish are in demand. Bi-products from Asian carp processing can also be used to make fertilizer. The plant will have the ability to process and sell up to 10,000 pounds of Asian carp per day.

"After years in the international fish importing and exporting business, we have realized our dream of creating our own factory and greatly appreciate the support we have received, both on the local and state levels," said Two Rivers CEO Angie Yu. "Our hope is that this facility benefits Kentucky's waterways as well, removing Asian carp from the rivers and turning them into a positive resource."

According to the Kentucky Department of Fish and Wildlife, Asian carp are reproducing at alarming rates and threaten the ecology of many Kentucky waters. The fish are out-competing native fishes for forage and becoming overpopulated. Furthermore, because of their propensity to jump, silver carp can be harmful to recreational boaters.

Sen. Bob Leeper, of Paducah, called the formation of Two Rivers a "win-win" for the area. "It not only provides another market for a local resource, but helps address the dangers of this invasive species," Leeper said.



Asian Carp Regional Coordinating Committee photo
Due to their propensity for jumping, silver carp can be dangerous to recreational boaters.

STATE: KY LAUNCHES MAPPING TOOL TO STREAMLINE SITE-SELECTION PROCESS

THE Kentucky Cabinet for Economic Development has launched a new site-selection mapping tool to help companies streamline the process of finding a new business location.

"Our goal for developing **Select Kentucky** was to provide companies with a first-class experience when searching for and analyzing Kentucky properties and communities for economic development opportunities," said Cabinet for Economic Development Secretary Larry Hayes.

Using Geographic Information System (GIS) software, **Select Kentucky** brings together multiple search components into one system, providing centralized access to an extensive collection of detailed information and reports, including site and building inventory, existing Kentucky industry data and community demographics.

The tool also provides the ability to utilize a broad range of specific criteria, including proximity searches, drive time and measurement tools, customized industry and demographic layers and more, significantly reducing the time it takes to evaluate complex site selection criteria. Data can also be saved and shared through a number of platforms.

The site is also a helpful resource for real estate brokers, local economic development agencies and other state and local organizations, said the Cabinet's Business Development Commissioner Erik Dunnigan. "The data available through **Select Kentucky** not only can be used for evaluating locations, but can be used prospectively to identify opportunities that may not yet be on the radar."

To explore the new site, visit selectkentucky.com.

LEXINGTON/LOUISVILLE: UK TEAMING WITH GE FOR APPLIANCE DESIGN RESEARCH

THE University of Kentucky and GE Appliances have entered a master agreement to collaborate on research projects that could yield new inventions in the field of major appliances.

"Designing and manufacturing home appliances requires expertise in multiple branches of science and engineering," said Kevin Nolan, vice president of technology for Louisville-based GE Appliances. "The research agreement between GE Appliances and UK provides the framework for working together on challenging problems and helps us leverage the technical expertise at UK."

"This partnership will provide opportunities for our faculty, and the students they mentor, to work on projects with immediate, real-world applications in industry," said James W. Tracy, UK's vice president for research. "We have talented scientists working in a diverse array of disciplines – such as engineering, energy and lean systems manufacturing – whose expertise will be called upon as GE continually seeks to innovate its products and its processes. Both sides stand to reap great dividends from this relationship."

UK and GE will collaborate on projects to improve the functionality and durability of GE's appliances like extending the life of water-using products and continuing GE's efforts to improve water filtration technologies. In the near future, GE will work with UK's Institute for Sustainable Manufacturing to explore new manufacturing technologies and practices. The agreement specifies terms and conditions for the licensing and sharing of jointly developed intellectual property.



UK Vice President of Technology Kevin Nolan said the new UK/GE agreement will leverage the technical expertise UK has to offer. Looking on are (left to right) UK Vice President for Research James W. Taylor and UK President Dr. Eli Capilouto.

UK photo

BUSINESS BRIEFS

LEXINGTON

■ **DelCotto Law Group**, a Lexington specialty law firm, has expanded with the recent opening of new offices in Danville, Frankfort and Somerset. The firm handles individual and business debtor/creditor matters including financial disputes, restructurings and bankruptcy, as well as commercial litigation and dispute mediations. "Because we concentrate in just a few areas of practice, we feel like our services are needed and will be helpful to both individuals and businesses in these expanded areas within the eastern half of the state," said attorney Laura Day DelCotto. "We are often referred cases by local lawyers and accountants in these areas and want to be more convenient to both them and all the clients."



■ **Megabus**, a city-to-city express bus company, has started daily service to and from Lexington, offering fares priced as low as \$1. Megabus offers twice-daily departures to/from Lexington and Atlanta, Cincinnati, Chattanooga and

Knoxville, with connections to Columbus, Ohio; Erie, Penn.; and Buffalo, N.Y. The single-decker, Wi-Fi-enabled buses will depart from the Lextran Transit Station in downtown Lexington.

LOUISVILLE

■ **CafePress** has added 50 new jobs at its main production facility in Louisville to support the addition of a new customer service call center. The company, which specializes in customized products online using its proprietary print-on-demand services and e-commerce platform, previously outsourced its customer service functions. The new jobs bring CafePress' total employment to 370.



■ **SIDIS**, a privately held investment and management company that focuses on life sciences, has invested in Louisville-based **MobileMedTek**, taking a majority stake in the company. MobileMedTek integrates the latest in hardware, software and cloud-based computing to develop mobile medical technologies to improve patient care. MobileMedTek's first product, **ElectroTek**, is scheduled to be available in 2014. The investment further broadens SIDIS's presence in the commonwealth: SIDIS's portfolio includes the Covington-based companies of **biologic Corp.**, **Surgical Energetics** and **PHD Diagnostics**.



UofL photo

■ An 11.5 percent increase in applications for first-year students led the **University of Louisville** to stop accepting first-year applications for fall 2013 as of June 1. University officials said it was the earliest date that the university has cut off first-year applications but was necessary to

prevent the incoming class from getting too big. UofL officials say this year's incoming class will be its largest and most academically prepared, with an average ACT score above 25. Admissions Director Jenny Sawyer said numerous factors played a role in the increase in applications and student quality, including awareness of UofL's improving academic profile; better campus facilities and more students living on campus; and "spillover" interest related to the successes and national exposure of the university's athletic teams.

■ **Miller Transportation**, a Louisville motor coach company, has opened a new \$5 million facility in south Louisville, reports WHAS. The new 24,000-s.f. facility gives the company twice as much space as its previous building and will enable it to conduct driver training and vehicle maintenance on site. The company began in Louisville in 1937 with one bus and now operates a fleet of approximately 250 vehicles and employs more than 340 employees.

WINCHESTER: CATALENT ADDING 90 JOBS TO SUPPORT \$35 MILLION EXPANSION



Construction is now underway on a \$35 million project that will nearly double the size of Catalent Pharma Solutions' facility in Winchester.

The project will add 80,000 s.f. to the existing 100,000-s.f. facility, where the company produces a variety of over-the-counter and prescription drugs.

The New Jersey-based company opened its Winchester plant in 1992. Since then, the facility has launched more than 100 products for Catalent's pharmaceutical and consumer health customers. The plant currently employs more than 300 people and the company plans to add 90 new jobs to support the expanded operations.

Catalent expects the expansion project to be complete by October 2014.

CATALENT Pharma Solutions

held an official ground-breaking ceremony last month to launch construction on a \$35 million expansion of its Winchester plant.

BUSINESS BRIEFS

LOUISVILLE

■ **U.S. WorldMeds**, a Louisville-based pharmaceutical company, has launched a Phase III clinical trial that will complete the development program for lofexidine hydrochloride (Lofexidine) as a new therapeutic for the treatment of withdrawal symptoms associated with opiate detoxification. The trial was made possible by a three-year \$15 million grant from the **National Institute on Drug Abuse** designed to facilitate progress in Lofexidine's development toward the next stage in the **Food and Drug Administration** approval process. Lofexidine is approved in the United Kingdom as BritLofex® and has been used in successful detoxification of more than 200,000 opiate addicts. US WorldMeds acquired a license for Lofexidine from **Britannia Pharmaceuticals** in 2003.



■ A father and son team has chosen a downtown Louisville site on which to reopen its family's historic distilling company that dates back to the late 1800s. **Kentucky Peerless Distilling** began in Henderson, Ky., under the ownership of Henry Kraver and was even able to remain open during the Prohibition era by obtaining a federal license to provide whiskey for "medicinal purposes." The distillery closed shortly after Kraver died in 1938, but now his great-grandson, Corky Taylor, and his son Carson have reopened the distillery on Main Street

in Louisville. Initially, the company will bottle and sell its moonshine product as it works toward developing a 4-year old Peerless bourbon, and ultimately, a premium, small-batch bourbon to be branded "Henry Kraver." The privately financed operation is expected to generate five to 10 jobs within the first year.

MIDWAY

■ Louisville-based **Christian Care Communities** has broken ground on a \$13.5 million senior living community in Midway. **The Homeplace at Midway** will offer a continuum of care, ranging from assisted living to skilled nursing care and will be set up differently from traditional nursing/assisted living facilities: Residents will live in cottages that accommodate 12 people, with each having a private bedroom and bath but sharing the kitchen and living spaces – much as people do in a family environment – while still receiving the needed individual medical care. The Homeplace is expected to open in late 2014. The facility will generate 42 full-time professional and service jobs. Christian Care Communities also operates senior living facilities and programs in nine other Kentucky communities.

MONTICELLO

■ The state has awarded \$1.5 million to the **Monticello Municipal Water Treatment Plant** in Wayne County to help expand the plant's capacity, which will allow for more residential and industrial growth in the area. The plant, which was built more than 25 years ago and last upgraded in 2000, is reaching maximum production rates.

NEWPORT

■ **Ethos Laboratories** is establishing a pain management laboratory in Newport that will create 45 new jobs. A nationwide provider of laboratory services, Ethos specializes in the pain management market but also offers blood/serum and urinalysis testing and general chemistry testing. The company also dedicates substantial resources to its research and development efforts with diagnostic testing options for pain patients. Ethos has acquired a 30,000-s.f. space in Newport that was formerly owned by **Trauth Dairy**.

PADUCAH

■ Paducah-based **Triangle Enterprises**, a regional insulation, HVAC, sheet metal and scaffolding contractor, has acquired **Paducah Sheet Metal** for an undisclosed amount. The acquisition provides Triangle with an additional 29,000 s.f. of additional fabrication space plus a variety of equipment and will allow the company to offer carbon steel, stainless steel and exotic plate metal forming and rolling up to one inch in thickness. In addition to its main office, warehouse and fabrication facility in Paducah, Triangle operates satellite offices in Calvert City and Wickliffe, Ky., and Mt. Vernon, Ind.

PADUCAH: LAYOFFS START IN AUGUST AT PADUCAH GASEOUS DIFFUSION PLANT

UNABLE to reach a deal for the short-term extension of uranium enrichment at the **Paducah Gaseous Diffusion Plant**, the **United States Enrichment Corp.** (USEC) will begin laying off employees in August.

USEC officials said that despite the excellent performance of its workforce, high production costs due to the large power consumption of the plant and falling prices in the global nuclear fuel market have made it difficult to continue commercial enrichment at the plant.

Layoff notifications have been sent to all salaried employees and employees who are represented by the **United Steelworkers International Union, Local 550** – a total of approximately 1,030 workers. USEC expects that initial layoffs of about 160 employees will occur in August, with additional layoffs occurring in stages during the remainder of 2013 and/or 2014, depending on business needs to manage inventory, fulfill orders, meet regulatory requirements and transition the site back to the **U.S. Department of Energy** (DOE). (USEC leases the plant from the DOE.)

"We will continue to meet our customers' orders from our existing inventory, purchases from **Russia** under the historic Megatons to Megawatts program and our transitional supply contract with Russia that runs through 2022," said Roger Van Namen, USEC senior vice president and chief operating officer. "In addition, our work to commercialize the American Centrifuge technology continues through our research, development and demonstration program with DOE, which remains on schedule and within budget, as we remain on a path to deploy this critical technology. We will be working with DOE during the coming months and expect to reach agreement on how to best transition the site."

PADUCAH: CANADIAN CHEMICAL COMPANY INVESTS \$11.5M TO GROW OPERATIONS

MACCO Organiques, a Canadian chemical manufacturing company, is investing more than \$11.5 million to expand its operations into the Paducah area within the next two years.

The company will move into the Paducah Triple Rail Spec Building, bringing 40 new jobs to the area.

Macco Organiques manufactures chemicals used in dialysis treatment supplements, preservatives, beverages and airport runway de-icing – and is famous for its "dust-free" products. The Paducah plant will produce calcium chloride and magnesium chloride, two pharmaceutical-grade salts that the company is currently manufacturing in the **Czech Republic**.

Though moving the business to the United States will raise labor costs, the company said it will reduce transportation costs and shipping time.

The company hopes to begin production by mid-2014.



The Paducah Gaseous Diffusion Plant opened in 1952 as a government-owned, contractor-operated facility, producing enriched uranium to fuel military reactors and for use in nuclear weapons.



STATE: GOV. BESHEAR LEADS BUSINESS LEADERS ON CANADIAN TRADE MISSION

JOINED by nearly two dozen Kentucky companies and several trade partners, Gov. Steve Beshear led an international business trade mission to **Canada** last month in an effort to further increase commerce between the two trade partners.

Kentucky's business ties to Canada play a major role in the commonwealth's economy, with an estimated \$11 billion in bilateral trade between Canada and Kentucky. Canada is Kentucky's No. 1 trade destination, with \$7.3 billion in Kentucky products and services exported to Canada in 2012.

"Exporting is vital to our economic strength, and it's crucial that we continue to enhance those ties and create long-lasting and prosperous business relationships," said Beshear.

Dave Adkisson, president and chief executive officer of the **Kentucky Chamber of Commerce**, said the trade mission offered an outstanding opportunity for Kentucky businesses – even those that had never exported – to connect with potential partners in Canada and explore possibilities for selling their products to companies there.

The Kentucky delegation included more than 50 business leaders, representing more than 20 companies and 11 organizations from across the state.



Tourism Quebec photo

The Kentucky Export Initiative visited Montreal (above) and Toronto.

BUSINESS BRIEFS

PADUCAH

■ **Whitehall Industries** plans to open an aluminum extrusion manufacturing company inside the former **Tyler Mountain Water** plant in western McCracken County. The Michigan-based company produces aluminum automotive parts for companies including **General Motors, Webasto, Tesla** and **Magna**, among others. With its existing facilities in **Mexico** and Michigan reaching maximum capacity, company officials said they wanted to find a new site that would be located between the northern and southern automotive markets.

■ **Dippin' Dots**, the Paducah-based company known for its unique ice cream beads, has expanded into **Greece**. In mid-June, Dippin' Dots launched kiosks at **Allou! Fun Park** in Attica and **Star Beach Waterpark** in Crete, which together attract more than 3.4 million visitors annually. This month, the company will open a dedicated Dippin' Dots store in the Athens suburb of Glyfada. The company also has established partnerships with major events including the 2013 Beach Volleyball National Tournament and the Mad Music Awards, one of the largest summer events in Athens, attracting more than 10,000 people. The entry into Greece is part of the company's strategy to introduce the company's product to consumers across Europe and Asia. Dippin' Dots recently inked an exclusive distribution deal with **Wellness Hanshin** for the Japanese market.



RICHMOND

■ **Thunder Manufacturing USA Inc.** has opened a 30,000-s.f. facility in Richmond's Industrial Park South II, creating 45 new jobs. Thunder began in 1965 as a small tool and die shop and has since grown into one of the leading metal stamping companies in **Canada**. The Richmond plant, which represents a \$2.2 million investment, is the company's first manufacturing facility outside of Canada.



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FAST LANE

BUSINESS BRIEFS



Stockfreemages photo

RICHMOND

■ **Eastern Kentucky University** has launched a new online bachelor of science degree program in fire, arson and explosion investigation that the university says is the first of its kind in the nation. The program is designed especially for working professionals in the field who are seeking career advancement. EKU's on-campus fire, arson and explosion investigation

program has been in place for more than 30 years and has produced graduates who work in government positions and for manufacturers, engineering firms, insurance companies and private investigative companies nationwide.

WESTERN KENTUCKY

■ Work is underway on the construction of two bridges that will form a signature gateway to the **Lake Between the Lakes National Recreation Area (LBL)**. The new **Lagoon Bridge** will serve as an approach to a new four-lane bridge that will be built over **Kentucky Lake** to replace the 81-year-old **Eggners Ferry Bridge**, which experienced significant damage in 2012 when it was struck by a cargo ship. The Lagoon project is part of a larger project to build new bridges on both Kentucky Lake and **Lake Barkley**, each of which will have a 550-foot main span. Each will also have an 8-ft.-wide hike and bike path that will extend through LBL along the U.S. 68/KY80 corridor. Each bridge will cost an estimated \$165 million to build, with construction expected to take five to six years each. The entire U.S. 68 corridor reconstruction, including the bridges project, is expected to be complete by late 2017.

BOWLING GREEN: CONSTRUCTION CRANKS UP NEW CORVETTE MOTORSPORTS PARK

AFTER more than five years of planning and fundraising, construction has officially begun on the **National Corvette Museum Motorsports Park (MSP)**.

The motorsports park will be built on 184 acres and will feature a two-mile west and 1.1-mile east circuit that can be combined in multiple configurations, ranging from the high-speed loop of 1.96 miles to the 3.15-mile technical course. The facility also will include an autocross/skid pad area, paddocks, control tower and classrooms.

The Corvette Racing/Pratt and Miller Team contributed to the layout of the track, which will include features from their favorite and most challenging track, the Le Mans circuit. Testing on the Le Mans track is not possible because the circuit is composed of public roads, making the MSP track a valuable resource to test the key features of the Le Mans circuit. The park will also provide many other functions, such as vehicle testing by engineers at the nearby Corvette Assembly Plant, teen driver training programs, emergency vehicle response training and corporate events. National and regional car and motorcycle clubs will be able to rent the track for their clubs' driving activities.

The target date for at least part of the facility to open is Labor Day weekend 2014, which coincides with the Corvette Museum's 20th anniversary.



VERSAILLES: WOODFORD RESERVE GROWS TO MEET INCREASED BOURBON DEMAND

BROWN-Forman Corp. is investing more than \$35 million to expand its **Woodford Reserve Distillery** to meet growing demand for the super-premium Woodford Reserve Kentucky Bourbon produced at the Versailles distillery.



Kentucky Distillers Association photo

The beauty of the Bluegrass region and the rich tradition of Kentucky bourbon continues to draw an increasing number of visitors to the Woodford Reserve Distillery each year.

The distillery expansion will include the addition of three new warehouses that will accommodate more than 165,000 barrels of bourbon; new stills; expansion of the existing bottling line; and improvements to increase general efficiency and productivity.

“Woodford Reserve experienced a record volume of nearly 250,000 nine-liter cases and grew net sales by 28 percent globally in fiscal 2013,” said Chris Morris, master distiller at Woodford Reserve. “We believe strong consumer interest in bourbon will continue and we’re expanding our production capacity in an effort to meet this demand.”

The project is expected to create 15 new jobs. The distillery currently employs a staff of 30 full-time workers.

BUSINESS BRIEFS

WILMORE

■ **Asbury University** will begin offering a master of business administration degree this fall that includes an added component and emphasis on social entrepreneurship and ethical leadership. Aside from a capstone project at the end of the 36-credit-hour program, the entire degree can be completed online.

WINCHESTER

■ **East Kentucky Power Cooperative** has completed the integration of its system into the **PJM Interconnection**, a regional transmission organization that operates an electric transmission system serving 13 states and the District of Columbia. EKPC said the benefits of integrating into PJM include increased access to competitively priced power; access to a much larger reserve power pool, which reduces the amount of EKPC's own capacity held in reserve; and improved reliability during peak periods, as well as long-term economic benefits resulting from EKPC's peak load diversity with PJM's.

■ **J&T Distributing** broke ground earlier this month on a \$3.6 million expansion of its plant in Winchester, where it manufactures firearm parts and accessories for firearm manufacturers, commercial markets and law enforcement. The expansion will add a third manufacturing facility in Winchester. The two current locations have a combined workforce of approximately 50 employees; the expansion is expected to add another 15 jobs.

STATE

■ Kentucky has made significant progress in its **high-school graduation rate** for students, according to data recently released by *Education Week*, a national publication that focuses on P-12 education. Kentucky's graduation rate increased from 63.7 percent in 2000 to 77.2 percent for the class of 2010 (the latest data available), an increase of 13.5 points and the third most improved among all states.

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INTERSTATE LANE

Business news from Indiana, Ohio, Tennessee and West Virginia

BUSINESS BRIEFS

INDIANA

■ **Shambaugh & Son**, one of the country's largest specialty contractors, is expanding its headquarter operations in Fort Wayne, creating up to 110 new jobs. Founded in 1927 and now a subsidiary of **EMCOR Group**, Shambaugh & Son is investing \$4.37 million to lease, expand and equip two facilities, and has already started hiring new engineers, pipefitters and metal-trades associates. Shambaugh currently employs 528 full-time employees in Fort Wayne.

■ **AES Corp.**, one of the world's largest power producers, is investing approximately \$1.2 million to align its U.S. operations support in Indianapolis. The company's 21 businesses across the country will transition to operate as one strategic business unit, which will be housed at the **Indianapolis Power & Light Co.**'s existing headquarters in downtown Indianapolis. The company plans to add up to 100 jobs by the end of 2014.

■ **Sunright America Inc.** is investing \$34.7 million to build and equip two additional facilities at its 33-acre campus in Columbus, Ind., where it currently operates a 322,000-s.f. plant that houses 130 employees. The new project will add 230,000 s.f. to accommodate additional manufacturing lines for the company's production of automotive nuts and bolts. Sunright is a tier one supplier for **Toyota**. Nearly all of the nuts used on American-built Toyotas are manufactured in Columbus. The expansion is expected to create up to 103 new jobs by 2016.

OHIO

■ **Assurant Specialty Property**, one of the Dayton-Springfield area's largest employers, plans to hire at least 200 new employees to support a new satellite office in northeast Dayton. The specialty insurance firm currently employs approximately 1,900 at its office in Springfield.



Delta Air Lines photo

Delta in 2008, when the airline acquired **Northwest Airlines**, which operated a hub there.

■ **MAA**, a Memphis real estate investment trust company that owns and operates apartment communities in 13 Sunbelt states, has entered into a definitive agreement to merge with Birmingham, Ala.-based **Colonial Properties Trust** in an \$8.6 billion transaction. The merger will create a portfolio with 85,000 multifamily units in 285 properties and represents the second-largest publicly traded REIT portfolio of owned apartments. The combined company will have its headquarters in Memphis.

■ **Team Technologies Inc.**, a leading manufacturer of dental, medical, cosmetic and industrial products, plans to add 200 new jobs at its manufacturing facility in Morristown, Tenn., as part of an \$11 million expansion. The new jobs are a result of the company's decision to bring jobs back to the U.S. that had previously been handled overseas.

■ Automotive supplier **Meiwa Industry** has selected a site in Lewisburg, Tenn., for its first U.S. plant. The Japan-based company produces lightweight, high-rigidity parts for companies such as **Nissan**, **Toyota** and **Honda**. The new plant will create 98 jobs.

WEST VIRGINIA

■ **Invenergy** has received approval from the West Virginia Public Service Commission to build 33 more wind turbines at its **Beech Ridge Energy** wind farm near Quinwood, W. Va., where the company currently operates 67 turbines. Invenergy is investing approximately \$115 million to build the 497-foot turbines and associated facilities, which are expected to be finished by the end of the year. Power collected from the turbines is delivered to the **Monongahela Power Co.**

TENNESSEE: GE & PHG ENERGY PROJECT PRODUCES ELECTRICITY FROM WASTE

GE Power & Water and **PHG Energy**, a Nashville-based alternative energy equipment company, are collaborating on a project to produce electricity from waste material by employing gasification technology to power GE's Clean Cycle heat-to-power generator.

The Clean Cycle heat-to-power generator is used worldwide to convert waste heat into electricity. The new system PHG Energy has developed starts with gasification of waste wood chips or other biomass to provide a clean-burning producer gas. That fuel is then combusted in a heating unit that supplies the organic rankine cycle with the thermal source it needs to operate efficiently, producing enough electricity to supply approximately 50 homes.

"This system integrates three proven technologies: GE's heat-to-power generator, PHG Energy's gasifier and a standard heat exchanger," said PHG Energy President Tom Stanzione. "The project is simple and elegant in its straightforward design, capable of operating on multiple and varied waste streams, and offers operating costs far below existing waste-to-energy generation systems in the marketplace."

The combined GE and PHGE project is being conducted in Gleason, Tenn., at a facility owned by **Boral Brick Corp.** Electricity produced with GE's heat-to-power generator unit is added to the grid through an agreement with the **Tennessee Valley Authority**.

Configuring such a system commercially is currently underway in Covington, Tenn., where the city has engaged PHG Energy to build a waste-to-energy facility using both wood waste and sewage sludge as its fuel sources. The new plant will provide electric power and simultaneously save the city hundreds of thousands of dollars annually in disposal costs and landfill fees.



PHG Energy integrated GE's heat-to-power technology (white unit in foreground) into an existing gasification system installed to provide producer gas for a brick kiln operation in Gleason, Tenn.

TENNESSEE: EASTMAN LAUNCHES \$1.6B EXPANSION, PLANS TO ADD 300 JOBS

EASTMAN Chemical Co. will invest \$1.6 billion in its Kingsport, Tenn., site over the next seven years as part of its Project Inspire initiative.

Eastman Chairman and CEO Jim Rogers said the project will allow the company to invest in new growth opportunities, safety and environmental projects, increased warehouse capacity, building renovations and expansion of its corporate campus.

Eastman is headquartered in Kingsport, Tenn., and has approximately 7,000 employees – more than half of its total number of employees worldwide – in Northeast Tennessee, making it the region's largest employer.

As part of the project, the **Northeast State Community College's** Regional Center for Advanced Manufacturing – a center for higher education and workforce development in downtown Kingsport – will also see expanded facilities, additional program development and increased workforce recruitment and educational outreach.

THE ROI ON A COLLEGE DEGREE

Which degrees and which jobs really pay off?

With increasing tuition rates and the cost of room and board, the cost of a college degree is rapidly rising. The chart below takes a look at how long it would take students to pay off their student loans if they chose careers based on their education.

Occupation	Minimum required years in college, graduate school and professional programs	Cost of degree (tuition, fees, room, board)	Median pay	Annual repayment (if 10 percent of salary goes to repaying school loans)	Years needed to repay education investment (assuming 6% student loan interest)
Advertising, marketing, promotions	4	\$52,596	\$107,950	\$10,795	5.83
Economist	4	\$52,596	\$91,860	\$9,186	7.08
Civil engineer	4	\$52,596	\$79,340	\$7,934	8.50
Political scientist	6	\$68,010	\$102,000	\$10,200	8.58
Pharmacist	7	\$92,421	\$116,670	\$11,667	10.83
Microbiologist	4	\$52,596	\$66,260	\$6,626	10.83
Physician: family or general practitioner	8	\$136,861	\$172,020	\$17,202	10.92
Accountant	4	\$52,596	\$63,550	\$6,355	11.50
Market research analyst	4	\$52,596	\$60,300	\$6,030	12.42
Lawyer	7	\$103,677	\$113,530	\$11,353	13.33
Dentist	8	\$139,298	\$149,310	\$14,931	13.75
Political science teacher: post-secondary	6	\$68,010	\$72,170	\$7,217	14.00
Public relations specialist	4	\$52,596	\$54,170	\$5,417	14.67
English language/literature teacher: post-secondary	6	\$68,010	\$60,040	\$6,004	19.08
Zoologist, wildlife biologist	6	\$68,010	\$57,710	\$5,771	20.58
Librarian	6	\$68,010	\$55,370	\$5,537	22.33
Teacher (full-time)	4	\$52,596	\$43,400	\$4,340	21.75
Veterinarian	8	\$114,268	\$84,460	\$8,446	27.92
News analyst, reporter, correspondent	4	\$52,596	\$37,090	\$3,709	31.83
Marriage and family therapist	6	\$68,010	\$46,670	\$4,667	34.67

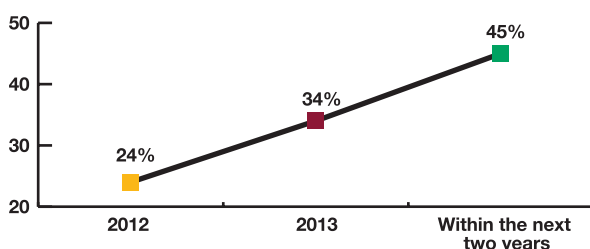
Sources: Bureau of Labor Statistics, National Center for Education Statistics, FinAid.org.

THE UNHEALTHY STATE OF HEALTHCARE

Increasing number of healthcare workers considering a career change

Heavy patient loads, smaller staffs and higher stress levels may be causing healthcare workers to check themselves out of their workplace. A recent poll asked 500 U.S. healthcare workers if they planned to look for a new job and compared the responses to the same question asked last year.

Percentage of healthcare workers who plan to look for a new job

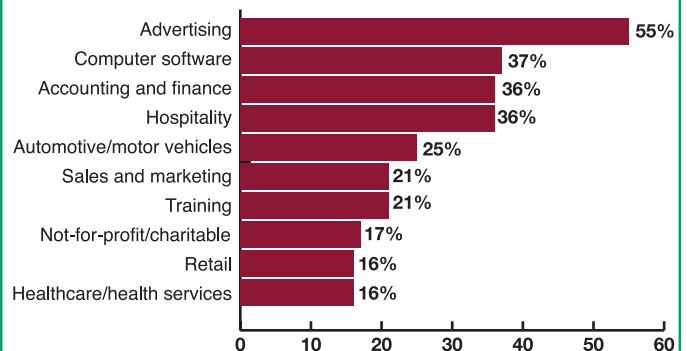


Sources: CareerBuilder.com

BREAKING INTO THE JOB MARKET

Industries that offer the best prospects for recent college grads

As another crop of recent college graduates enters the job market, the following chart outlines which industries show the most year-over-year growth for entry-level jobs:



Sources: CareerBuilder.com

CORPORATE MOVES

New leadership for Kentucky businesses

ARTS

■ **Ghislain d'Humières** has been named director of the Speed Art Museum in Louisville. He comes to the position from the University of Oklahoma, where he currently serves as director of the Fred Jones Jr. Museum of Art, and succeeds **Charles Venable**, who left last fall to become director of the Indianapolis Museum of Art.

BANKING

■ **Jennifer Stivers** has joined Paris-based Kentucky Bank as vice president and manager of the audit department.



Jennifer Stivers

■ **Kevin Simpson** has been named market director and senior trust officer of WealthSouth, the wealth management arm of Farmers National Bank of Danville.



Kevin Simpson

■ **Greg Lee** has been named senior lender and vice president for Community Trust Bank's Pikeville Market. **Steven Allen** has been promoted to vice president of the bank.



Greg Lee

■ **Matthew Joefreda** has joined Kentucky Bank in Lexington as vice president and commercial lender.



Matthew Joefreda

■ **Chris Girdler** has joined Citizens National Bank in Somerset as vice president of business development and commercial lending. Girdler is a state senator representing the 15th Senatorial District, which encompasses Adair, Casey, Pulaski and Russell counties.



Chris Girdler

ECONOMIC DEVELOPMENT

■ **Becky Escue** has been named director of the Grayson County Chamber of Commerce.

EDUCATION

■ **Ken Bothof** has been named director of athletics at Northern Kentucky University.



Ken Bothof

■ The Kentucky Community and Technical College System has named **Danine Alderete-Tomlin** as executive director of the Automotive Manufacturing Technical Education Collaborative. AMTEC is a National Science Foundation-funded National Center for Excellence in Advanced Automotive Manufacturing collaboration of community and technical colleges and industry partners from across the United States.

■ **Nick Brake** has been named superintendent of Owensboro Public Schools. Brake, who previously served as president and chief executive officer of the Greater Owensboro Economic Development Corp., succeeds **Larry D. Vick**, who is retiring from the position.

■ **Verna Lowe** has been selected as the dean of the College of Education at Eastern Kentucky University.



Verna Lowe

■ **Sheryl Voigts** has joined Asbury University as the school's new registrar.

■ **Rob Clayton** has been named as the new superintendent of Warren County Public Schools.

EQUINE

■ **Amy Gregory** has been named director of communications at Keeneland.

GOVERNMENT

■ **Dr. John Langefeld** has joined the Kentucky Department for Medicaid Services as chief medical officer.

■ **Thomas Zawacki** has been appointed as the new secretary of the Kentucky Education and Workforce Development Cabinet. He succeeds **Joseph U. Meyer**, who has retired.

FOOD/SPIRITS/HOSPITALITY

■ **Cindy Mouser** has joined Heaven Hill Distilleries Inc. as director of supply chain.



Cindy Mouser

HEALTHCARE

■ **Neil Napier** has been named as the new administrator of the Paul Patton Eastern Kentucky Veterans Center in Hazard.

■ **Dr. Lu Cai** has been appointed to lead the University of Louisville Department of Pediatrics Kosair Children's Hospital Research Institute.

■ **Jennifer Mueller** has joined MESA Medical Group in Lexington as marketing director.

INSURANCE

■ **Mike Arnold** has been named president and chief executive officer for the Louisville-based independent insurance agency of Van Zandt, Emrich & Cary. **Rudy Schlich** has been named chief operating officer. Former CEO **Paul Franz** will continue to serve as the company's chairman of the board.

■ Kentucky Employers Mutual Insurance has announced the following promotions: **Randy Garland** – vice president of information technology and chief information officer; **Jenny Whitis** – vice president of human resources; **Paul Dillon** – director of special investigations; and **W. Kevin Ickes Jr.** – director of legal services.



Randy Garland



Jenny Whitis



Paul Dillon

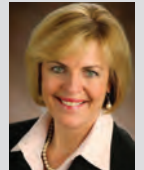


W. Kevin Ickes Jr.

DEPARTURES

■ **Randy J. Dunn** has resigned as president of Murray State University and has been named president of Youngstown State University in Ohio.

■ **Mary Pat Regan**, president of AT&T Kentucky for the past four years, has been promoted to assistant vice president of national regulatory AT&T services. Regan's new position is based in Chicago.



Mary Pat Regan

■ **Jiro Hashimoto** has retired as Kentucky's economic development representative in Japan after 28 years of service.

■ **R. Owen Williams** will step down as president of Transylvania University after the 2013-14 academic year.

■ **Alice Simpson** will retire at the end of July as president and chief executive officer of LifeSkills Inc., a Bowling Green organization that provides services to those with developmental and behavioral issues.

LEGAL

■ **Masten Childers III** and **Philip C. Lawson** have joined the Lexington office of McBrayer, McGinnis, Leslie & Kirkland PLLC.



Masten Childers



Philip Lawson

■ Former U.S. Congressman **Ben Chandler** has joined the Lexington law firm of Morgan & Pottinger PSC as of counsel. Chandler will work out of the firm's Lexington and Louisville offices, counseling clients experiencing both civil and criminal legal issues arising from government regulation and will also provide crisis management and general legal consulting services.



Ben Chandler

TRANSPORTATION

■ Florence-based Southern Air has named **Fred L. deLeeuw** as executive vice president and chief financial officer.

OTHER

■ **Tom Underwood** has joined The Rotunda Group as a partner. The Louisville-based business advocacy firm specializes in government relations and business development.



Tom Underwood

■ **Vernon Reynolds** has been named vice president of U.S. sales for Lexington-based Birtley Industrial Equipment.

ON THE BOARDS

Kentuckians named to organizational leadership roles

AMERICAN BAR ASSOCIATION

■ **Mark A. Loyd**, a partner in the law firm of Bingham Greenebaum Doll LLP, has been reappointed as co-chair of the American Bar Association/Institute for Professionals in Taxation Advanced Property Tax Seminar Committee. He has also been elected to serve as co-chair of the Institute for Professionals in Taxation Basic State Income Tax School Committee, starting in 2014.

AMERICAN RED CROSS – BLUEGRASS CHAPTER

■ The Bluegrass Chapter of the American Red Cross has elected new board members and officers for the 2014 fiscal year: Chair – **Charley Stivers**, retired CPA; Vice Chair – **Cheryl Norton**, Kentucky American Water Co.; Treasurer – **Herb Miller**, Columbia Gas of Kentucky; Secretary – **Amber Philpott**, WKYT. Newly elected board members include: **Monica Braun**, Stoll Keenon Ogden; **Kristin Clark**, Kentucky Farm Bureau; **Nick Comer**, East Kentucky Power Cooperative; **Andrea Elder**, LBX Corp.; **Marlene Helm**, Midway College; **Dr. Artie Henderson**, Lexington Clinic; **Doneen Hobbs**, Bingham McCutchen; **Art Salomon**, Salomon Co.; and **Don Tharpe**, nonprofit manager. Re-elected to the board were: **Tucker Ballinger**, Republic Bank; **Gary Burchfield**, Software Information Systems; **Victoria Carling**, American Founders Bank; **Ralph Coldiron**, Energy Insurance; **Ray Daniels**, Lexidan Food (dba Waffle House); **Susan Dean**, US Bank; **John Gardner**, Wells Fargo Advisors; **Chris Gilligan**, Xerox; **John Gohmann**, PNC Bank; **Debbie Haaker**, Crowe Horwath; **Shirley Hawkins**, Bluegrass Small Business Development Center; **Dr. Jack Jansen**, Pathology and Cytology Associates; **Virginia Lawson**, Virginia Lawson and Associates; **Laura Mays**, Stites & Harbison; **Jennifer Miloszewski**, Blue and Co.; **Reg Morris**, Lexmark International (retired); **Stephanie Nallia**, Morgan Stanley Smith Barney; **Kathy Plomin**, former United Way president and independent development contractor; **Will Puckett**, Fifth Third Bank; **Ed Receski**, Frost Brown Todd; **John Ruffin**, ARM Management; **Jamie Schrader**, Schrader Commercial Properties; **Dent Smith**, Saint Joseph Hospital; and **Carolyn Wheeler**, Bluegrass Sotheby's International Realty.

THE BANK OF KENTUCKY FINANCIAL CORP.

■ **James C. Votruba**, president emeritus and professor educational leadership at Northern Kentucky University, has joined the board of directors of The Bank of Kentucky Financial Corp.



James Votruba

CITIZENS UNION BANK

■ **Steve Higdon** and **Gary Stewart** have joined the board of directors of Shelbyville-based Citizens Union Bank. Higdon is vice president of global communications for Louis-



Steve Higdon



Gary Stewart

ville-based Papa John's International Inc. Stewart, a CPA, is a retired partner with Crowe Horwath LLP and Eskew and Gresham PSC.

FARMERS BANK & CAPITAL TRUST CO.

■ **Marvin E. (Gene) Strong** has been named chairman of the board of Farmers Bank & Capital Trust Co. Dr. **Charles P. Bradshaw** has been elected a director of the Frankfort-based bank. Strong is a former secretary of the Kentucky Economic Development Cabinet and is currently partnered with a domestic and international business consulting firm. Bradshaw is a Frankfort dentist specializing in general dentistry.



Gene Strong

KEEP LEXINGTON BEAUTIFUL COMMISSION

■ **Jim Pendergest**, general manager of the Thoroughbred Center, has been elected chair of the Keep Lexington Beautiful Commission, a 13-member group that focuses on litter prevention, beautification and community improvement. Lt. **Christopher Schnelle**, of the Lexington Division of Police, was selected as vice chair. **Patricia Knight**, of the Lexington Convention and Visitors Bureau and outgoing chair of the KLB, was elected secretary-treasurer.

KENTON COUNTY AIRPORT BOARD

■ **James Huff** and **Larry Savage** have been elected to serve a second term as chair and vice chair, respectively, of the Kenton County Airport Board. Huff, of Huff Realty, has served on the board since 2006. Savage, regional chief executive officer of Humana Inc., has served on the board since 2010. **John Mocker** has been appointed to finish out the term of Savage, who has been the board's Boone County representative. Mocker is vice president and partner of LB Industries of Covington. **Paul McElhinney**, president and chief executive officer of GE Aviation Services, has been reappointed to the board.

KENTUCKY ASSOCIATION OF SCHOOL SUPERINTENDENTS

■ **Jim Flynn** has been elected president of the Kentucky Association of School Superintendents. Flynn is superintendent of the Simpson County Public Schools.

KENTUCKY BAR ASSOCIATION

■ The Kentucky Bar Association has elected its board of governors for the 2013 year: President – **Thomas L. Rouse**, Erlanger; President-Elect – **William E. Johnson**, Frankfort; Vice President – **Douglass Farnsley**, Louisville; Immediate Past President – **W. Douglas Myers**, Hopkinsville; Young Lawyers Division Chairman – **Carl N. Frazier**, Lexington. The following bar governors elected from the Supreme Court Districts (SCD) will serve a two-year term ending June 30, 2015: 1st SCD – **Michael M. Pitman**, Murray; 2nd SCD – **John David Meyer**, Owensboro; 3rd SCD – **Howard O. Mann**, Corbin; 4th SCD – **Amy D. Cubbage**, Louisville; 5th SCD – **William R. Garmer**, Lexington; 6th SCD – **J. Stephen Smith**, Ft. Mitchell; and 7th SCD – **Earl M. "Mickey" McGuire**, Prestonsburg. Bar governors currently serving terms ending June 30,

2014 include: 1st SCD – **Jonathan Freed**, Paducah; 2nd SCD – **Thomas N. Kerrick**, Bowling Green; 3rd SCD – **M. Gail Wilson**, Jamestown; 4th SCD – **Douglas C. Ballantine**, Louisville; 5th SCD – **Anita M. Britton**, Lexington; 6th SCD – **David V. Kramer**, Crestview Hills; and 7th SCD – **Bobby Rowe**, Prestonsburg.

KENTUCKY CENTER FOR THE ARTS

■ **J. David Grissom** and **Harold C. Butler** have been named to the board of directors of the Kentucky Center for the Arts in Louisville. Grissom, a Louisville resident, works in investment management at Mayfair Capital. Butler, also of Louisville, is chief operating officer at the law firm of Stites & Harbison.

KENTUCKY COMMISSION ON MILITARY AFFAIRS

■ Maj. Gen. **Terry L. Tucker** has been named vice chairman of the Kentucky Commission on Military Affairs. Tucker, of Elizabethtown, is a former commander of Fort Knox.

KENTUCKY INDUSTRIAL HEMP COMMISSION

■ **Brian Furnish** has been elected chairman of the Kentucky Industrial Hemp Commission. Furnish is a farmer in Harrison County.

KENTUCKY SPORTS AUTHORITY

■ **Fred E. Games** has been named to serve on the Kentucky Sports Authority. Games, of Bowling Green, is a minister at Reformed University Fellowship.

LEXINGTON-FAYETTE COUNTY BOARD OF HEALTH

■ **Scott White**, an attorney with Morgan & Pottinger P.S.C., has been elected chair of the Lexington-Fayette County Board of Health for 2013-2014. Lexington pediatrician Dr. John P. Riley has been elected vice chair of the board. Other board members include Dr. **Gary Wallace**, Dr. **Jackie Matar**, Dr. **Nat Sandler**, **Kacy Allen-Bryant**, Dr. **Pamela Stein**, Dr. **Robert Lynch**, **Jason Lee**, **Chris Ford**, **Beth Mills** and **Sandy Cannon**.

LOUISVILLE SPORTS COMMISSION

■ The Louisville Sports Commission has announced the election of officers for its board of directors for the upcoming fiscal year: Chair – **Michael Moll**, PNC Bank; Vice Chair – **Wendy Wagoner**, LG&E/KU; Secretary – **Tandy Patrick**, Bingham Greenebaum Doll LLP; Treasurer – **Amber Halloran**, Louisville Water Co.; Past Chairman – **John Hamilton**, Alliance Cost Containment. Newly elected board members include: **Stacie Grossfeld**, M.D., Orthopaedic Specialists PLLC / Baptist Sports Medicine, and **James N. Reddish**, Greater Louisville Inc. Re-elected to board are: **Joe Ackerman**, Blue and Co.; **Michael Berry**, Kentucky Derby Festival; **Clay Campbell**, Triangle Talent; **Jeff Ellison**, The Heuser Clinic; **Wayne Estopinal**, TEG Architects; **David Gatti**, McDonalds/Gatti & Young LLC; **Tom O'Hearn**, Gloria Properties Ltd. LLC; **Rick Redman**, Hillerich & Bradsby; **Mike Seebert**, Remax Properties East; **Marty Storch**, Louisville Metro Parks Department; and **Bob Webb**, Frost Brown Todd LLC.



Michael Moll

LANE ONE-ON-ONE

Kentucky's leaders express their opinions



James R. Comer

James R. Comer was sworn in as Kentucky's commissioner of agriculture in 2012, coming to the position with an extensive amount of personal experience in the areas of business and agriculture. Comer, who holds a degree in agriculture from Western Kentucky University, is the founder and owner of James Comer Jr. Farms, a 950-acre beef cattle, timber and hay farming operation in Monroe County. He also co-owns Comer Land and Cattle Co., a family farming operation that he operates with his father and brother. Comer has been active in community affairs as well, serving as a director of South Central Bank for 12 years and as president of the Monroe County Chamber of Commerce in 1999-2000. Comer was elected to the Kentucky House of Representatives in 2000 and during his tenure there, was named Guardian of Small Business and Kentucky Jaycees Outstanding Young Kentuckian.

'KENTUCKY'S 2013 FARM CASH RECEIPTS SHOULD BE A RECORD-BREAKING NUMBER'

Agriculture Commissioner James Comer discusses a broad range of issues facing the state's growing agribusiness economy

BY ED LANE

Ed Lane: You have been commissioner of the Kentucky Department of Agriculture for 18 months. What have been the top issues you have had to address?

James Comer: The first issue was a cloud of suspicion over the commissioner of agriculture's office created by negative articles about the previous administration. The KDA had to quickly add credibility to its ongoing operations. There were very well-documented cases of phantom employees. There was no transparency whatsoever in the office, and a complete breakdown in communications between the department's different divisions. The KDA had to recruit all new management and become operationally efficient because the agricultural department had budget cuts just like every other part of state government. Some programs, like the fuel lab, were supposed to be profitable when actually they were hemorrhaging money. The KDA has saved hundreds of thousands of dollars operationally. By going to our website and clicking on the transparency link, you can see what I spent on travel last month or what the department spent on paper clips.

During the last 18 months, the KDA has tried to take the Kentucky Proud brand to the next level by promoting individual vendors. Before, everybody knew what Kentucky Proud was. You had the

face of Kentucky Proud – The Unforgettables or whatever. But now people are able to identify a Kentucky Proud beef producer, jelly and jam producer, or salsa maker. The KDA is reinventing the Kentucky Proud program with a focus on increasing sales by adding value to the crops produced by family farmers.

EL: How would you describe the general health of Kentucky's agricultural markets?

JC: Very good. Farm cash receipts continue to increase. Kentucky's farms had around \$5 billion in sales in 2012 despite the horrible drought last year that had a huge impact on farm gate cash receipts. If there's no drought and no collapse in commodity prices this year, I believe you'll see sales for 2013 significantly increase. Farm cash receipts should be a record-breaking number. Farm producers also have an opportunity to open up new markets with the "buy local" movement in Louisville and one beginning in Lexington.

One of the KDA's goals is to increase rural economic development. Kentucky should have more food processors and companies that manufacture farm products in the state. People want an opportunity to really grow agriculture in the state over the next decade. The KDA is really

working closely with producers and retailers in trying to achieve that goal.

EL: What's a recent example of how the KDA is assisting in adding value to Kentucky farm products?

JC: The KDA is working with The Weekly Juicery (theweeklyjuicery.com) in Lexington, which makes cold-pressed fruit and vegetable drinks. The Health Department came in and shut the business down because it said the juices "had to be pasteurized." The KDA interpreted the laws in a different way and successfully got the government off The Juicery's back. I believe that very soon the owner is going to invest in a significantly expanded processing facility in Lexington.

The KDA has referred 10 farmers that are in the Kentucky Proud "Homegrown by Heroes" initiative (military veterans who are farmers) to The Juicery's owner, who is buying everything the growers can produce locally: beets, carrots, lettuce, tomatoes. The Juicery cannot buy pineapples and oranges from Kentucky, but everything that can be sourced locally from Kentucky farmers is used in the products. Produce is being shipped from all over the state and The Weekly Juicery is processing it.

EL: What is the current demand for ethanol and is it a competitively priced commodity?

JC: It is. The biofuels industry is something I don't talk about a lot because it's so subsidized. Most biofuel plants are financially viable only if they get subsidies or grants and if there are federal mandates. Ethanol is a little different, because it is still cheaper than petroleum-based fuels. Putting 10- or 15-percent ethanol in a gasoline mix will increase the refiners' profit margin, because the price of ethanol today is somewhere around a dollar a gallon cheaper than gasoline.

A lot of ethanol plants in the U.S. have shut down because the federal government didn't renew the mandates. The ethanol plant operated by Commonwealth Agri-energy in Hopkinsville is the only ethanol plant in Kentucky and the most profitable ethanol plant in the United States. [There are] 1,500 farmers in Kentucky, and a bunch in Tennessee, who are members of the Hopkinsville Elevator Co-op, which supplies corn to that ethanol plant. A lot of people want to grow products like hemp, sugar beets or sorghum to make ethanol, but I don't see how these new materials will make it in the current environment without massive federal grants, state tax incentives, subsidies and mandates by Congress.

Continued on page 22

THEY'RE ALWAYS THERE
ON CALL FOR PEOPLE LIKE
ME. THEY HELP SO MANY
PEOPLE EVERY DAY.

-Trent Waggoner
Trauma Patient

When Trent arrived at the University of Louisville Hospital Trauma Center with his legs crushed, the trauma team acted immediately to save his life. As the only adult Level I Trauma Center in Louisville and one of just two in Kentucky, preparedness and teamwork are the keys to providing the specialized care that trauma victims require. It is the mission of the trauma team - including orthopedic surgeons, neurosurgeons, trauma surgeons, nurses and others - to not only save lives, but to give trauma victims like Trent the best quality of life possible.

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LANE ONE-ON-ONE

Continued from page 20

EL: The Affordable Care Act (commonly known as Obamacare) will be fully implemented effective January 2014. What impact will this new healthcare law have on Kentucky's farmers and agribusinesses?

JC: The increased cost of healthcare will have a negative effect on agriculture as well as every other industry in the state. Having been a state legislator for six terms, I don't think Kentucky can afford the Medicaid system as it is today. When you add a quarter of a million more people to the program, even though they say the federal government is going to pay for Medicaid the first year or so, I don't know how the program is going to be able to handle that many more people and process the claims for the providers. I believe Medicaid will have to take money from every part of state government, whether it's the KDA or public education, because there will be so many more people on Medicaid. Every source of funding for state programs will be challenged because of the Affordable Care Act.

EL: Wineries and vineyards are a growing component of the state's economy. What is your outlook for the future growth of this market and are any changes in state legislation needed to help boost the wine industry's strong growth trend?

JC: I don't think new legislation is needed. The wine industry is really evolving in Kentucky. Kentucky winemakers have learned a lot about grape production by trial and error over the last 10 years. Wine grapes weren't grown in Kentucky before, so a lot of people were shooting from the hip in determining what varieties of grapes to plant. We now know which varieties grow best on which soils in Kentucky, and some wineries are really going to the next level.

The way the wine business in Kentucky is trending, it will have either high-end wineries – like Jean Farris Winery and Bistro in Lexington, or Elk Creek Vineyards in Owenton – or wineries that produce more specialty, less-expensive wines like strawberry or blackberry wines. It's hard to profit in the middle. A winemaker has either got to have a premium product or a specialty, niche and less-costly product.

EL: The Kentucky Bourbon Trail tour has been very successful. What do you forecast for its future growth? Also, what benefits does it have to the agricultural community?

JC: The Bourbon Trail has a lot of benefits, like increasing tourism in Kentucky and boosting bourbon sales. The KDA is also working on having a wine and equine trail, similar to the Bourbon Trail, whose success has been unbelievable. If you could incor-



Congressman Thomas Massie, R-Ky., left, Kentucky Agriculture Commissioner James Comer and Congressman John Yarmuth, D-Ky., listen as U.S. Sen. Rand Paul, R-Ky., testifies before the state Senate Agriculture Committee on Feb. 11 this year in support of industrial hemp production in Kentucky.

porate an equine trail with wineries, visitors could see the great horse farms in Kentucky and then stop at a local winery to sample its products. I don't think the state is quite ready for a stand-alone wine trail, since Kentucky is still building its reputation for quality and unique wines. By incorporating the Thoroughbred and wine industries, however, Kentucky could have a marketable area of agri-tourism benefitting farmers. Many high-end wineries also serve local, Kentucky Proud foods.

EL: Show horse events at the Kentucky Horse Park (driving, riding, jumping, etc.) are attracting more people to visit for the competitive events and to invest in horse farms near the park.

JC: The value of farm land is going to continue to go up, even if you take the Kentucky Horse Park out. Corn, soybeans, tobacco, cattle – all commodities – are at record highs. Any time the price of crops increases – and horses are a cash crop, just like soybeans and tobacco – you're going to have record land prices. So I anticipate the price of Kentucky farm land is going to continue to increase.

The KDA is brainstorming on a program to match absentee land owners with college graduates who want to be farmers. The most expensive part of farming is land. Land prices are almost to the point where a farmer starting out can't afford to buy land, invest in equipment and put out a crop, cattle or horses.

A lot of people want to own land but don't want to farm. Others want to farm but don't care if they own the land or not. We're working on trying to connect beginning, young farmers with absentee land owners so they can have land to farm. That initial program would be in Central Kentucky, but we're still brainstorming. Well-known farmer and Lexington community leader Frank Penn suggested this concept. He gives me lots of great ideas.

EL: Kentucky ranks fifth in the nation as a beef producing state. With a herd of 1.1 million and 38,000 cattle producers, what does Kentucky need to help grow this important segment of the state's agricultural economy?

JC: The Kentucky beef industry wants to get bigger. That's the industry from which I come. If there were more beef processors

in Kentucky, that would help the industry. If you look in *The Wall Street Journal* at what's called "fed cattle prices," you will find the market price for feeder cattle in Iowa and Nebraska and in the grain belt is at least 10 percent more per pound than Kentucky cattle, even though Kentucky genetics are better. The reason for this is the buyer is factoring in the transportation cost to ship Kentucky cattle to where the processors are located.

If we could recruit a major beef processor, Kentucky's million cows would be worth 10 percent more. The average cow is worth about \$1,000 right now, so a 10 percent increase would be a significant boost to the net worth of all the farms in the state and the cash flow in the state (\$100 increase x 1 million cows = \$100 million). There's only one beef processing facility east of the Mississippi River and it's in Pennsylvania.

One good thing is Kentucky has a lot of micro-processors around the state. If you're a small farmer, you can take your cattle to a processor located close to your farm. For a very minimal fee, a farmer could process a calf and sell \$3,500 worth of beef – sirloin, hamburger meat, filet, T-bone – instead of selling the calf for \$1,200.

EL: What is the status of Kentucky's tobacco market?

JC: It's very good. Worldwide, demand for tobacco is increasing around 3 percent a year, even though it's decreasing in the United States. Tobacco production in Kentucky is as high as it's ever been. It doesn't seem like it because you don't see a little half-acre tobacco patch over here and over there. Now, instead of every farmer growing a small amount of tobacco, you've got a lot of farmers growing 500 to 700 hundred acres of tobacco.

EL: How is the KDA's farm-to-school food program performing?

JC: The KDA works with schools to buy as much locally grown food as possible. The

KDA identifies farmers in each school district that grow watermelons, cucumbers, lettuce or tomatoes. We have some money from the U.S. Department of Agriculture, and we try to get the door open for that producer and work with the school system, even if we have to provide a small incentive to the school system. Buying locally creates a lot of paperwork, but our staff works with the food service directors in each school district to get as much locally grown food as possible into the schools.

EL: What needs to be done to legalize the growth of hemp in Kentucky as a new cash crop?

JC: All we need to do is amend the controlled substances act on the federal level, and hemp will be grown in Kentucky. The state has the regulatory framework now, since we passed Kentucky Senate Bill 50. Two weeks ago, Amendment 208 to the federal farm bill, allowing research universities to grow industrial hemp, passed the U.S. House of Representatives by a vote of 225-to-200. It wasn't even legal for research universities to grow hemp, so that amendment would allow the University of Kentucky, Kentucky State, Murray State or whoever to have research plots of industrial hemp. That's a good step, because once legislators see hemp is not a drug and illegal drugs can't be grown with it, then it'll be a legal product and we'll never talk about the issue again. The amendment passed, but the farm bill failed. Congress will have to pass it sooner or later, however, because food stamps, crop insurance, etc., are part of the farm bill.

EL: Any updates on farmers' markets?

JC: Yes, I visited three markets yesterday. They were doing exceptionally well. When the KDA started putting farmers' markets around the state, I, like most farmers was somewhat negatively thinking that they would work in Louisville, Lexington, Nicholasville, places like that, but probably wouldn't work in Beattyville, Booneville or Tompkinsville. But I was wrong; they're very popular. Most of the vendors that go to the farmers markets sell out at the end of every day. There is a huge demand for locally grown produce, and Kentucky has more farmers participating in the farmers' markets this year than it has ever had. Farmers' markets are open all around the state.

There are 104 counties with farmers' markets. Kentucky has developed the infrastructure for them. Farmers are growing produce and are selling what they grow. The KDA needs to put certified kitchens in or near farmers markets. That would be a good investment for coal severance funds. Fresh tomatoes must be sold within a one-week window, but if you can them – or take

cucumbers and make pickles – you can keep them for a year.

We want the farmers to produce more. They're afraid to produce more because they think, "I can't sell it all and it'll spoil." But if you spend a day in the certified kitchen and can it, you preserve it for years.

EL: Is there a possibility of getting some type of state incentives to help recruit a beef processing facility or other value-added food processors to Kentucky?

JC: Value-added food processors would qualify for economic development under existing programs. My criticism of the Economic Development Cabinet is I don't think it has targeted agriculture. It's focused on automotive manufacturing, high tech and the big companies. If you look at traditional manufacturing incentives announced in your local paper, these companies are going to Franklin, Bowling Green, Elizabethtown – towns on the interstate exits, towns with universities, towns with a skilled workforce. When you look on the map, that leaves off towns like Cynthiana, Booneville, Beattyville, Tompkinsville and Greensburg. These counties have a lot of agriculture, and that's where food processors and canneries are needed and could be successful. There's a demand for them.

EL: How great is the potential for food processing in Kentucky?

JC: Kentucky is not processing a significant amount of food now. There are more processors than ever and we've recruited more over the last 18 months, but we're not even scratching the surface. If Kentucky processed just 20 percent of the food eaten in the state, you would have a significant economic impact on rural communities. It would create jobs in counties like Jackson (13,443 pop.), Owsley (4,820 pop.) and Lee (7,817 pop.). No one ever comes to those counties from economic development, ever. They're completely forgotten. They're shrinking and desperately want something. Whether a farmer is growing food, hemp, animals or whatever, the only way it's going to be profitable is if they don't have to transport it very far. Kentucky should have processing locations all over the state – pickle processing, cabbage processing, juiceries, etc.

EL: Is the KDA finding any significant fraud at the gas pump?

JC: KDA inspectors find a lot of issues at gas pumps. In some instances, the retailer is getting cheated – giving more than a gallon of gas for the price per gallon. The majority of the time, the consumer is getting cheated, but we're finding more occasions where the retailer is getting shorted. When we inspect a pump, around 18 percent of

the time there's a problem. Same with weight scales and barcode scanners – the failure rate is between 15 and 20 percent. Retailers want us to come in and provide that service.

I talk to a lot of conservative groups around the state that say government should not do that. I think the state should regulate and inspect the fuel pumps because that's for consumer protection and the retailers want us there. We also inspect amusement rides, and operators want the KDA inspecting those rides. They don't want anybody to get hurt. Most people want some type of regulatory service from a government agency.

EL: What budgeting issues does the Department of Agriculture currently have to deal with?

JC: During my first session, I felt the KDA was being singled out. There was language in the budget bill that passed the House Appropriations Committee my first session as agriculture commissioner in 2012 that allowed every government agency to use restricted funds except the KDA. I thought perhaps the fact that I'm the only Republican in a Cabinet position was the reason the KDA was singled out, but fortunately we had enough friends in the house – Republican and Democrat – who filed a floor amendment to the budget bill that allowed our agency to be treated like all the others. We were not asking for more money, we're just asking to be treated like every other government agency.

If Kentucky ever had leadership in the executive branch that was serious about tax reform, the KDA could be self-sufficient. The General Assembly could allow us to charge fees for the services we provide. For example, the KDA regulates and inspects every scale and scanner and there are 2 million of those devices in the state. If the KDA charged \$5 per device, that would be \$10 million in revenue for services provided.

We need a tax reform plan that makes Kentucky more business-friendly and grows with the economy. The tax reform plan that Lt. Gov. Jerry Abramson presented was just about getting more revenue to get government going. I think the goal should be an elastic tax system that makes Kentucky competitive with Tennessee and Indiana. The goal should be to tax consumption and not productivity. I appreciate that Lt. Gov. Abramson tried to take a stand and do something – I'm all about that – but I don't believe the goal was right. ■



Ed Lane (edlane@lanereport.com) is chief executive of Lane Consultants, Inc. and publisher of The Lane Report.



Army's Cuts Hit Fort Knox Harder

Fort Campbell will 'reinvest' most personnel from brigade combat team it is losing

BY SHANNON CLINTON

INACTIVATION of two U.S. Army brigade combat teams in Kentucky, a move announced June 25 in Washington, will significantly impact the military community of Fort Knox but much less so at Fort Campbell.

With 3,500 soldiers each, Fort Knox's 3rd Brigade Combat Team, 1st Infantry Division and Fort Campbell's 4th Brigade Combat Team, 101st Airborne Division are among 12 brigade combat teams in the U.S. Army that have been identified for inactivation by 2017.

The Army is reducing and reorganizing active component forces by 80,000 to a total 490,000 as required by the Budget Control Act of 2011. The num-

ber of brigade combat teams (BCTs) across the Army is being cut from 45 to 32, with one not yet identified, according to a Fort Knox-issued press release.

The way force restructuring is slated to occur and the impacts will be vastly different for each post. About 2,700 of Fort Campbell's 4th BCT's 3,500 positions will be "reinvested" in the remaining three BCTs on post, with a net loss of about 320 positions, according to the report "Fort Campbell Structure/Stationing Impacts." Compared to 2012 levels of 29,200 soldiers, Fort Campbell will retain about 28,900 troops after the inactivation, which is still higher than its pre-Sept. 11, 2001, force of 22,900 personnel.

Members of the Fort Knox 3rd Brigade Combat Team, 1st Infantry Division return from a yearlong deployment to Afghanistan in this Dec. 31, 2011, photo provided by Fort Knox. The brigade combat team is among 12 in the U.S. Army that have been identified for inactivation by 2017. Fort Campbell also is affected.

With nearly 30,000 military personnel on post, the net loss is about 1 percent, said Hopkinsville Mayor Dan Kemp.

The changes won't significantly impact the area, said Carter Hendricks, president and CEO of the Christian County Chamber of Commerce, and local officials are breathing sighs of relief. Fort Campbell's economic impact on the region is estimated at \$4.6 billion in payroll, contracts and services, and if the post had lost its brigade entirely – equivalent to 20 percent of its in-strength – the negative economic impact would've approached \$1 billion, Hendricks said.

"This is really a positive for our region, but we also empathize with our friends in the Fort Knox region," Hendricks said. "Obviously this announcement had a very different impact on them."

At smaller Fort Knox, the 3rd BCT, known as "The Duke Brigade," will be inactivated, and troops and their families will pull out of the area.



Carter Hendricks, President/CEO, Christian County Chamber of Commerce

Fort Knox's military population is approximately 14,000, but the post's total population is more than 75,000 when civilian workers and families are counted. Fort Knox is a certified Kentucky city, covering 109,054 acres in three Kentucky counties.



Kentucky Gov.
Steve Beshear

In a written statement issued the day of the announcement, Kentucky Gov. Steve Beshear said that he was “deeply disappointed” by the news at Fort Knox.

“We are surprised by the Army’s decision to inactivate this well-positioned brigade, particularly because the Department of Defense has invested more than \$500 million in military construction to support the brigade and provide quality of life for soldiers and families since locating the brigade here in 2009,” Beshear said.

Military spending \$15 billion in 2011

The economic impact of the state’s military posts is significant. The military spent about \$15.3 billion in Kentucky in 2011, according to a 2012 study by the Kentucky Commission on Military Affairs (KCMA). The bulk of the spending was on payroll and veterans’ retirement and benefit activ-



Fort Knox photo

ity at Fort Campbell and Fort Knox and related to large healthcare-related contracts with Louisville’s Humana Inc.

A separate administrative body of state government, the KCMA serves as a link between Kentucky officials and military entities and is tasked with promoting and supporting a military presence in the commonwealth.

Military spending in Kentucky has tripled in the 15 years since the commission’s founding, its report notes, point-

ing out also that of employers that could relocate outside of Kentucky, the military is the largest. It has 58,000 active-duty personnel and civilian employees, and nearly 14,000 Reserve and National Guard personnel.

The commission’s executive director and chair Col. (Ret.) Dave Thompson said while he empathizes with the Army’s budgetary considerations, he was disappointed by the announcement, chiefly as it relates to Fort Knox,

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A soldier from the 101st Combat Aviation Brigade returns home to Fort Campbell in March after being deployed to Afghanistan. He was greeted by Major General James C. McConville, commanding general of the 101st Airborne Division.

which he said is a “considerable asset” for the Department of Defense and the Army for housing, training and deploying a brigade combat team.

Fort Knox’s brigade may pull out as early as next summer, Thompson said, and the economic impact would start to manifest. The post’s military population is approximately 14,000, but add in families and civilian workers, and the population increases to about 75,000. There is bound to be economic pain when 3,500 troops and their families – an estimated 10,000 people – are taken off post, Thompson said.

An estimated \$10 to \$16 million will be lost annually in tax revenues, according to estimates Thompson has heard, along with more than \$404 million in



Brad Richardson,
President/CEO,
Hardin County
Chamber of
Commerce

sales in the Hardin and Meade county areas adjacent to the post.

Brad Richardson, president/CEO of the Hardin County Chamber of Commerce, said he has heard estimates that as much as \$150 million in payroll will be removed from the area with the BCT’s departure.

Future BRAC moves might help

However, the area still will retain some significant positives, he said. With Base Realignment and Closure (BRAC) changes in the past six years, personal



Fort Campbell photo

income in Hardin County has risen more than \$1 billion, he said. The U.S. Army Human Resources Command and the 3,000 new military civilian jobs it brought – at pay rates 20 to 25 percent higher than the rest of Hardin County – will remain at Fort Knox.

Meanwhile, the BRAC commission is looking to the future, Thompson said. It will assist the Department of Defense and work with the state’s congressional delegation to achieve greater efficiencies in existing missions on post and help attract new ones, he said.

“There’s plenty of infrastructure and capability that’s relevant and updated and technologically ready for use by even more considerable missions, so we see the future as bright for Fort Knox,” Thompson said, “but no doubt this was a tough blow, especially in a time of war and with the brigade deployed to Afghanistan.”

Maj. Gen. (Ret.) Bill Barron is executive director of the CORE Committee for Fort Knox, which began in 1990 and is comprised of about 30 local military retirees, business leaders and elected officials who work to protect current missions at Fort Knox and promote bringing new missions to the installation.



Maj. Gen. Bill Barron (Ret.),
Executive
Director,
CORE
Committee for
Fort Knox

Barron was “surprised” by the announcement, he said.

Original reports were that the Army would cut only eight BCTs, he said, and Fort Knox was thought to be safe from cuts. However, as that number rose to 12 or 13 BCTs, concerns mounted.

During BRAC activities in recent years, two barracks with about 1,400 units total were built on post for single soldiers, with the remaining soldiers living in existing family housing units or off post, Barron said. Those facilities and other improvements, including \$251 million the state invested in education, transportation and utilities improvements, could make Fort Knox more attractive to decision-makers for future missions, he said.

“They’ll be sitting here ready to hand to somebody new to keep and that’s a pretty good deal,” he said. “I think probably a lot of installations won’t be able to offer that.”

The Army’s operations are never static and he believes the community will continue to be able to weather new changes as they come, Barron said.

“Fort Knox will continue to grow,” he said. “We just need to overcome these budgetary bumps. That is just part of the Army.” ■

Shannon Clinton is a correspondent for The Lane Report. She can be reached at editorial@lanereport.com.



Fort Knox photo

The Fort Knox 3rd Brigade Combat Team, 1st Infantry Division soldiers perform a 21-cannon salute May 27 during a Memorial Day ceremony. The brigade combat team at Fort Knox is among 12 in the U.S. Army that have been identified for inactivation by 2017.



THE BULLYING PULPIT

When 'public servants' become 'public masters'

BY THOMAS SOWELL

WE have truly entered the world of "Alice in Wonderland" when the CEO of a company that pays \$16 million a day in taxes is hauled up before a congressional subcommittee to be denounced on nationwide television for not paying more.

Apple CEO Tim Cook was reproached for contributing to "a worrisome federal deficit," according to Sen. Carl Levin – one of the big-spending liberals in Congress who has had a lot more to do with creating that deficit than any private citizen has.

Because of "gimmicks" used by businesses to reduce their taxes, Levin said, "children across the country won't get early education from Head Start. Needy seniors will go without meals. Fighter jets sit idle on tarmacs because our military lacks the funding to keep pilots trained."

The federal government already has ample powers to punish people who have broken the tax laws. It does not need additional powers to bully people who haven't.

What is a tax "loophole"? It is a provision in the law that allows an individual or an organization to pay less taxes than they would be required to pay otherwise. Since Congress puts these provisions in the law, it is a little much when members of Congress denounce people who use those provisions to reduce their taxes.

If such provisions are bad, then members of Congress should blame themselves and repeal the provisions. Yet words like "gimmicks" and "loopholes" suggest that people are doing something wrong when they don't pay any more taxes than the law requires.

Are people who are buying a home, who deduct the interest they pay on their mortgages when filing their tax returns, using a "gimmick" or a "loophole"? Or are only other people's deductions to be depicted as somehow wrong, while our own are OK?

Supreme Court Justice Oliver Wendell Holmes pointed out long ago that "the very meaning of a line in the law is that you intentionally may go as close to it as you can if you do not pass it."

If the line in tax laws was drawn in the wrong place, Congress can always draw it somewhere else. But if you buy the argument used by people like Levin, then a state trooper can pull you over on a highway for driving 64 miles per hour in a 65 mile per hour zone, because you are driving too close to the line.

The real danger to us all is when government not only exercises the powers that we have voted to give it, but exercises additional powers that we have never voted to give it. That is when "public servants" become public masters. That is when government itself has stepped over the line.

Government's power to bully people who have broken no law is dangerous to all of us. When Attorney General Eric Holder's Justice Department started keeping track of phone calls going to Fox News Channel reporter James Rosen (and his parents), that was firing a shot across the bow of Fox News – and of any other reporters or networks that dared to criticize the Obama administration.

When the Internal Revenue Service started demanding to know who was donating to conservative organizations that had applied for tax-exempt status, what purpose could that have other than to intimidate people who might otherwise donate to organizations that oppose this administration's political agenda?

The government's power to bully has been used to extract billions of dollars from banks, based on threats to file lawsuits that would automatically cause regulatory agencies to suspend banks' rights to make various ordinary business decisions, until such indefinite time as those lawsuits end. Shakedown artists inside and outside of government have played this lucrative game.

Someone once said, "any government that is powerful enough to protect citizens against predators is also powerful enough to become a predator itself." And dictatorial in the process.

No American government can take away all our freedoms at one time. But a slow and steady erosion of freedom can accomplish the same thing on the installment plan. We have already gone too far down that road. F.A. Hayek called it "the road to serfdom."

How far we continue down that road depends on whether we keep our eye on the ball – freedom – or allow ourselves to be distracted by predatory demagogues like Carl Levin. ■



Thomas Sowell is a senior fellow at the Hoover Institution, Stanford University



Gov. Steve Beshear, flanked by company and local officials, announces that global cosmetics and hair care manufacturer L'Oréal USA will expand its operations in Northern Kentucky, investing \$42 million and adding 211 jobs.

Big Investment in Small Towns

Kentucky finding success with foreign firms that like the strong bonds they forge in rural communities

BY MARK GREEN

KENTUCKY officials last year shifted their economic development focus to foreign direct investment (FDI), especially from automotive manufacturing. They're getting some traction, too, despite limited resources and strong competition by focusing on companies they believe fit the commonwealth's conservative, small town business culture.

Recently, that has often meant family-owned German auto sector suppliers whose roots are in Bavaria. The Japanese continue investing here, too. A wave of foreign manufacturers seeking dependable markets and growth is washing ashore in the United States, whose economy remains the most stable in the world.

Foreign companies made 30 percent of the investments that Kentucky officials announced in 2011 and 35 percent

in 2012, according to state Cabinet for Economic Development statistics. They were responsible for 23 percent and 24 percent of the state's job growth the past two years, respectively, with 2013 looking just as good.

"It's trending the same, and we're having a better year this year on all projects," said Eric Dunnagin, commissioner of the Department for Business Development in the Cabinet for Economic Development. "There's no reason to think it wouldn't continue to be that way. The reality now is that we live in a global economy."

And global investors have rediscovered the United States, according to a late-June *Wall Street Journal* article. For the first time



Eric Dunnagin, Commissioner, Department for Business Development

since 2001, the United States ranks No. 1 in the annual K.T. Kearney FDI Confidence Index survey on expected investment spending worldwide.

These foreign prospects have many suitors, but Kentucky officials are winning projects and even referring to the current environment as a perfect storm of elements coming together globally in their favor.

After focusing from 2008 through 2010 on preserving existing Kentucky operations and jobs during the especially deep recession – beefing up incentive programs to help companies invest to make themselves more competitive – Gov. Steve Beshear directed Cabinet for Economic Development officials to make foreign direct investment a top priority. Beshear has played an active role to help close deals.

"I'm proud of the extraordinary success we have had in Kentucky in attracting new foreign direct investment to the commonwealth," Beshear said in a statement to *The Lane Report*. "Nearly 35 percent of all capital investment and almost 20 percent of new jobs announced last year were a result of foreign-owned enterprises. We have seen steady growth in FDI in my administration, and we have worked hard to market Kentucky's strengths across the world. I have personally traveled to Taiwan, Japan, India, Germany, France and Canada to promote trade; our CED team has visited still other countries."

Beshear and Economic Development Secretary Larry Hayes have been to India three times. It resulted in a \$180 million investment commitment by UFlex Ltd., which now has a specialty packaging materials manufacturing facility in operation in Elizabethtown. UFlex executives have arranged meetings for state and local officials to talk with dozens of other Indian business prospects.



Larry Hayes, Secretary, Cabinet for Economic Development

Governor's visits impress foreign prospects
Mark Manning, president of Murray-Calloway Economic Development Corp., hosted a pair of new investment announcements by German companies late last year and early this year.

"There's no doubt that having the governor meeting with companies has been very helpful," Manning said. "That's an important thing in Germany. They really are impressed knowing that

Nifco America Corp. officials, along with Gov. Steve Beshear, cut the ribbon on the Japanese company's expanded operations in Shelbyville. The automotive supplier has invested more than \$4.3 million to purchase new, state-of-the-art injection molding equipment and has spent \$3 million to add 73,000 s.f. to its existing 115,000-square-foot facility, creating 100 new jobs.



the chief executive of the state is interested in them.”

Most recently, Kentucky's announcements have not been blockbusters, but economic development officials are very pleased nonetheless. They expect most of the facilities coming into the state to grow individually and together to create a cluster that will sustain itself and attract more members.

German and Japanese companies tend to be conservative, said Dunnagin. They like to begin small, establish themselves in a market, then grow step by step rather than making big investment bets right off the bat.

“The typical German small to medium size company, a thousand to 10,000 workers, those companies are most often located, and very comfortably located, in smaller communities” back at home, Hayes said. “They have a high degree of local ownership, oftentimes a family ownership that has a large position in that company. They are very rooted in place. The great advantage is – I’ve heard this from two of our companies now – they say if we choose Kentucky to locate our plant, we will grow at that place. They are not going to build another plant in another state.

“They want to grow, and that’s their culture. You see in these smaller (German) towns these companies that have grown to be very large in a smaller community. So that portends good things I think for Kentucky,” Hayes said.

The German prospects like to have a strong bond with local officials, he said, because they believe they will get help in

dealing with problems that inevitably occur and believe such personal relationships are best built in smaller communities.

“For once, not being a big metropolitan area is an advantage,” said Manning in Murray. “We’re trying to take all the advantage we can.”

Several of his peers in the far western Purchase region of Kentucky are in economic development negotiations with other European firms, he said, and more investment announcements are very likely there in the near future.

425 foreign firms employ 80,000

Kentucky is home currently to about 425 foreign-owned companies from 30 nations, employing more than 80,000 people, according to the Cabinet for Economic Development. There are 156 Japanese-owned companies employing 37,000-plus and 178 European-owned companies that employ more than 26,000 in Kentucky. The state has nearly 100 more foreign-owned operations in 2013 than it did in 2003.

Employment growth among foreign-owned firms is 12 percent the past three years compared to 6 percent for all companies, according to the Cabinet for Economic Development.

In April, Toyota announced plans to move production of the Lexus ES 350 from Japan to TMMK in Georgetown, a \$531 million investment that comes with 750 new jobs. Next month, four-cylinder engine production is scheduled to surge there after a \$30 million upgrade announced a year ago that also brings 80 jobs.

General Motors and Ford are U.S. corporations, but they’ve made major Kentucky auto sector investments that explain why foreign suppliers are drawn to the U.S. market. GM has begun production of the 2014 Corvette in Bowling Green after a \$130 million upgrade and expansion; a follow-on GM investment of \$3.5 million and 20 jobs also moved Corvette engine production to Kentucky, something state officials had been pursuing for years. Ford is following up a \$600 million investment that brought the addition of two new shifts and some 3,000 jobs at its Louisville Assembly Plant last year with a similar \$600 million upgrade at its Kentucky Truck Plant.



Left: Rep. Ryan Quarles, left, Sen. Robert Stivers, Sen. Damon Thayer and U.S. Rep. Andy Barr attended an April news conference at Toyota Motor Manufacturing Kentucky in Georgetown, where it officially was announced that the plant will begin manufacturing the Lexus ES beginning in 2015. It will be the first time the luxury model will be produced outside of Japan.

Above: Former Gov. Martha Layne Collins, who helped recruit Toyota to Kentucky in the 1980s, is interviewed by a reporter from WKYT after the company announced that the Georgetown Toyota plant will manufacture the Lexus ES.

ECONOMIC DEVELOPMENT



Gov. Steve Beshear announces that German automotive supplier iwis is investing \$12.5 million to open its first U.S. manufacturing operation in Murray. Employees at the facility will manufacture timing drive systems for engines, and the operation will start at the end of 2013 and will ramp up production in 2014.

Since January 2010, more than 200 domestic and foreign motor-vehicle-related projects have been announced in Kentucky, representing more than 14,400 new jobs and nearly \$3.5 billion in new investment, more than one-third of all new investment announced. Kentucky produced more than 1 million light vehicles in 2012, its most in five years, ranking the state fourth in vehicles made. So far in 2013, Kentucky ranks third in light vehicle production – on a per capita basis, the state ranks first.

For the past generation, U.S. auto and truck production has been shifting from

Michigan, Ohio and the upper Midwest to states in the South such as Alabama, Mississippi, South Carolina and Tennessee but also including Kentucky. Manufacturers use the efficient just-in-time supply chain model to provide components just before final assembly. The commonwealth is now at the center of today's "auto alley," within day's-drive access to plants operated by BMW, Chrysler, Ford, GM, Honda, Hyundai, Mercedes, Toyota, Volkswagen and others.

"We're positioned in the middle of the corridor now," Dunnagin said. "A lot of the European investors, the Japanese investors,

they're looking at where are market opportunities? Where can we distribute products and get the best coverage from a diversity standpoint? That's what we're selling: Kentucky's location to do that."

Location, location, location and workforce
Logistics assets are elements of the "perfect storm" state officials like to cite. Currency weakness and fluctuations in Europe and Japan are pushing manufacturers here. So is a U.S. car market that is recovering faster and looking stronger long-term than others. Additionally, Japan's March 2011 earthquake and tsunami broke some global supply chains and boosted the value of Kentucky's geography.

The state's workforce skills and experience are assets in pursuing foreign automotive sector direct investment. Workforce issues have only grown in significance as the auto industry becomes more efficient since the 2009-10 recession,



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Hayes said. That's the case even at Ford's rebuilt Louisville Assembly Plant, which now has 1,000 reprogrammable robots that give it the capability to build up to six different models at once and to shift production from one vehicle to another in only a few weeks.

"Some of the volatility in the automobile industry is leaving," he said. "A major focus of the governor and Cabinet is to grow that automobile industry (in Kentucky) but to grow it in a way that we are the automobile industry of the future."

Hence the strategy of attracting conservative companies who want to establish a relationship with local officials and grow in place long term, which is what state and local officials believe they are accomplishing in Murray and Calloway County.

German timing chain maker iwis (pronounced EE-vis and written in lowercase letters), which has a new contract with GM and supplies most of the original equipment manufacturers, announced last November it is investing \$12.5 and bringing 75 new, full-time jobs and more than \$12.5 million in investment to Murray. Managing Director Johannes Winklhofer, whose great-grandfather founded the company in 1916, told the *Murray Ledger & Times* he hopes to be in operation by August at a 119,000-s.f. former Webasto facility.

In January, Kemmerich USA said it will invest \$12.2 million and establish not only a manufacturing operation but its U.S. headquarters in Calloway County with 120 full-time jobs.

Manning, who has 25 years experience in economic development, said courting investment today is nearly the reverse of the process he saw originally, in which companies would decide where they needed to locate and approach a community.

"Now they will begin a search and communities will come to them," Manning said. "The process is that the company will eliminate locations until they get to the last two, and then it's down to the art of the deal."

Both finalists are likely to have "the necessary ingredients to make money," which are geography, an appropriate site or an existing building, labor, infrastructure and good transportation. "Then it will be about who can be the most responsive and put together the best deal."

It takes a year to make an announcement

Thomas Bergen, CEO of Kemmerich, told the *Ledger & Times* that Kemmerich began its site selection process in January 2012 by issuing its requirements. More than 120 communities responded and 23 were invited in March to send representatives to Atlanta for a sort of "beauty contest." Gov. Beshear visited



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Our Man in Japan Bows Out

KENTUCKY'S longest-tenure and most successful foreign direct investment recruiter has retired after 28 years on the job in Japan. Jiro Hashimoto had a key role in bringing 150 companies and 38,000 jobs to the state.

Hashimoto's trophy case projects are Toyota Motor Corp., the \$280 billion automaker whose North American headquarter and largest North American plant are in Kentucky, and Hitachi Automotive Systems Americas, a subsidiary of the \$144 billion Japanese multinational with U.S. headquarters and two plants in Kentucky.

"Jiro Hashimoto has been a tireless advocate for all Kentuckians, and we owe him a debt of gratitude for his decades of service to the commonwealth," said Gov. Steve Beshear. "His efforts have been crucial in securing thousands of jobs for Kentuckians and billions of dollars in investment from Japanese companies. His representation helped build the tremendous relationship that exists between Japan and Kentucky, and for that, we will always be grateful."



Jiro Hashimoto

In 1983, Hashimoto left a 19-year career with Sumitomo, a large Japanese trading company, to begin recruiting businesses to Kentucky. Gov. John Y. Brown Jr. established the state's first economic development office in Japan, with Hashimoto as the first employee.

The Japanese considered Kentucky an agricultural state when he started in 1983, Hashimoto said.

"Not any longer; the state is seen as a leading auto state among Japanese businesses," he said by email, adding Kentucky's incentives and its "excellent website" are key tools. "The commonwealth's performance-based incentives are very competitive, the workforce is very skilled, business costs are among the lowest in the U.S., and Kentucky's logistics industry is very helpful to any business, especially because of the state's central location within a 34-state distribution area."

The 72-year-old Tokyo native left at the end of June after working with the administrations of seven governors. In 2010 he was inducted into the Kentucky Association for Economic Development Hall of Fame.

The state maintains two international economic

development offices – one in Tokyo and the other in Hamburg, Germany. Offices in Mexico City and Beijing that focused on export market development were closed in the past two years.

There are 155 Japanese-owned facilities in the commonwealth – other states have more but Kentucky on a per capita basis ranks behind only Hawaii in Japanese investment. Germany ranks second with approximately 60 German-owned facilities across the state.

"Kentucky has a lot going for it, with our strategic location, low cost of business and tremendous workforce. But for Japan, a country that puts such a high value on relationships, it's imperative to have a personal connection. Jiro has provided that critical relationship in an exemplary way throughout his career, spanning three decades," said Cabinet for Economic Development Secretary Larry Hayes. "We will miss him greatly and are thankful he will be involved in the transition."

The Cabinet for Economic Development has begun the search for a new representative to oversee Kentucky's ongoing economic development efforts in Asia.

"We have accomplished a great deal over these many years, and I am proud of the benefits that this partnership has brought to Kentucky and to Japan," Hashimoto said.

Kentucky-Japan economic relationship highlights include:

- 1974 – Mazak starts its U.S. machine tool operation in Florence.
- 1983 (April 19) – Kentucky's economic office in Japan opens.
- 1984 (December) – Topy Industries announces its wheel plant in Frankfort.
- 1985 (January) – Hitachi establishes Hitachi Automotive Products in Harrodsburg.
- 1985 (December) – Toyota Motor announces its first U.S. manufacturing plant in Georgetown.
- 1987 – Japan America Society of Kentucky formed.
- 1996 – Sumikin Bussan/Kentucky Steel Center in Berea becomes the 100th Japanese-owned company in Kentucky.
- 2005 – Kentucky participates in the World Expo in Aichi, Japan, and hosts "Kentucky Week" in May at the U.S. Pavilion.
- 2013 – Kentucky's Japan office marks its 30th anniversary.

Additionally, in exchange for fulfilling investment and hiring commitments, the Kentucky Economic Development Finance Authority approved iwis for \$2.5 million in tax forgiveness incentives and Kemmerich for \$3 million in incentives.

The site selection process for iwis also took about a year and began with help from the German American Chamber of Commerce, Winklhofer told the Murray newspaper. The company looked at sites in Ohio, Michigan, Indiana, Iowa, Illinois, South Carolina, Ten-



Birtley, Kentucky's first Chinese-owned manufacturer, celebrates the grand opening of its new 67,500-s.f. facility at Blue Grass Business Park in Lexington.

nessee and Kentucky and contacted all the governors. Winklhofer said Beshear convinced company representatives to locate in Murray when he visited them during a summer 2012 trip to Europe.

Beshear traveled to France also on the trip, which led to L'Oreal announcing a \$42 million expansion in Boone County, adding 200 new jobs.

Since bringing one of its global hubs back to Hebron at the Cincinnati-Northern Kentucky International Airport in 2009, German-based air freight shipper DHL Express has become virtually a FDI recruiting partner for the state. DHL has expanded three times already and would benefit if other businesses that ship to or from the U.S. market from abroad located facilities near its global hub at CVG.

"We partner with the Northern Kentucky Chamber of Commerce and Tri-ED Corp. to leverage DHL's global coverage, network and capabilities through our CVG hub facility to attract new companies to the local area," said Travis Cobb, vice president for DHL Express Americas Hubs, Gateways and Network Control. "We are also in regular discussions with our customers and local businesses to ensure we are providing all of the international services they require in support of importing/exporting their goods and products to the local Kentucky region."

The state welcomes whatever FDI help it can get because Kentucky has only two foreign offices while other states have multiples. July 1 marked the second anniversary of Kentucky's reopened European office. It is based in Hamburg, Germany, and headed by Finn Weisse, a German whose wife is from Kentucky. ■

Mark Green is editorial director of The Lane Report. He can be reached at markgreen@lanereport.com.

Kemmerich GmbH officials while on a trip to Europe in July 2012.

"We chose Murray after a lengthy search throughout the United States," Bergen told the *Ledger & Times*. "Three key factors were important to us: cost of production, workforce and logistics. We see that Murray offers lower costs of production, a highly flexible and qualified workforce and a favorable location. Our new plant will be strategically positioned to supply General Motors and Ford in the Midwest, as well as Mercedes, BMW and Volkswagen in the South."



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Charles Mahlinger photo

Owensboro's New Downtown Riverfront

City tax hike for capital investment during depths of recession kickstarts a billion dollar revival

BY DEBRA GIBSON ISAACS

OWENSBORO Mayor Ron Payne is normally exuberant, but today he is nearly levitating with excitement, the smile on his face brighter than his yellow-striped necktie. Less than 24 hours earlier he and 20 other community movers and shakers had returned from Denver, where the National Civil League on June 16 named Owensboro an All American City for 2013, one of only 10 towns nationwide to earn the coveted honor.



Ron Payne,
Mayor,
Owensboro

The award – which Payne calls the Nobel Prize for cities – is testimony to the massive change taking place in Kentucky's fourth-largest city. Investments there in the past five years have generated an estimated economic impact of more than \$1 billion – much of that in the depth of the nation's worst recession since the Great Depression.

Some of the investments are complete:

- \$424.5 million for the 447-bed Owensboro Health Regional Hospital and medical campus that opened June 1.
- \$85 million to extend Owensboro's bypass highway.
- \$2.1 million for an 8,500-s.f. regional airport terminal expansion.

Owensboro's public-private redevelopment of its downtown riverfront, begun in 2009 in the depths of the recession with a kickstart from a city insurance tax hike, has garnered national notice in The New York Times and The Wall Street Journal.

- \$31 million in municipal utility projects, including significant drainage improvements.
- \$21.5 million (\$8.7 million public and \$13.1 million private) in neighborhood redevelopment near downtown.

That's a solid list for a city of 57,600, but there's plenty more additional capital investment underway:

- \$229 million in public-private partnership investment in the downtown



Debra Gibson Isaacs photo

The six-acre Smothers Park and Promenade on the Owensboro downtown riverfront includes a large children's playground.

All-American Cities

The National Civil League named its 10 All-American Cities for 2013 in Denver on June 16.

- **Owensboro, Ky.**
- Birmingham, Ala.
- Peoria, Ill.
- Dunn, N.C.
- Montrose, Colo.
- Garner, N.C.
- Norfolk, Va.
- Downey, Calif.
- Thomasville, N.C.
- Dubuque, Iowa

riverfront district, including revenue from a special local tax.

- \$47.4 million for a convention center slated to open late this year.

- \$20 million for a Hampton Inn & Suites that opens this year also next door to the convention center.

- \$15.5 million for a Holiday Inn about to begin construction on the other side of the convention center.

- Second Street is being transformed into Owensboro's version of famed Beale Street in Memphis, Tenn., with sidewalk extensions that invite people to stroll the street and eat outdoors.

- The Glover Cary Bridge across the Ohio River near the downtown riverfront is being repainted after a \$3 million rehab in 2011.

Leaders in the city and Daviess County, population 97,234, are pushing for development of a limited-access north-south highway corridor along a route including Owensboro between I-65 in Nashville and I-196 in western Michigan; if that vision is fulfilled, it would become Interstate 67.

Additionally, fundraising is almost complete for renovation of a city office building that will become the International Bluegrass Music Center – the city will providing the building and \$3 million if the center can raise \$7 million. This project is a key element of plans to make Owensboro a magnet for bluegrass music as Nashville, 125 miles south, is for country music.

There is new growth also outside the riverfront district – which, like many traditional downtowns, had declined after a beltway mall opened in the 1970s – such as the a state-of-the-art medical center. Additionally, US Bank Home Mortgage has invested \$30 million and added 1,982 jobs since 2009, and Metalsa Structural Products added 240 jobs with a \$12.5 million in investment. (See chart on page 37 for a complete list.)

Taken together, the investments represent a move from “the Dark Ages to the Renaissance” for the city, Payne boasts.

A politically risky start

Little of this would have been possible without a huge political gamble. One of the first items on Mayor Payne's agenda when he took office in January 2009 was a doubling of the local tax on insurance premiums from 4 to 8 percent to generate \$80 million for downtown investment. The 7-to-2 approval vote by city commissioners and the Daviess County Fiscal Court came just one month after Payne took office. Like any proposed tax increase, it was hotly debated, controversial and unpopular – among the seven yes votes, two were defeated and three did not seek re-election in 2010 – at least until others began to see for themselves what Payne and his fellow newly elected commissioners envisioned.

The commitment of tax dollars, however, was a powerful statement and prompted the private sector to get on board.

Payne and key leaders understood intuitively that the river, which gave Owensboro its past, could also provide it a brighter future. They could imagine what is now Smothers Park and Promenade: a nearly six-acre oasis that fronts the river and includes a sprawling playground, a veterans memorial, promenades, three fountains with water shows every 15 minutes, a cascad-

Debra Gibson Isaacs photo



The Glover Cary Bridge, now being painted after a \$3 million rehab in 2011, is visible through the windows of the new Owensboro Convention Center.

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The \$47 million Owensboro Convention Center overlooking the Ohio River is scheduled to open later this year with a 44,000-s.f. exhibition hall and 48,000 s.f. of ballroom and meeting space. It is designed by Trahan Architects of New Orleans.

ing waterfall, and seating where residents and visitors can enjoy the powerful Ohio River and its traffic.

Adjoining one end of this attractive new asset is RiverPark Center, Owensboro's performing arts center. On the other side are the new 169,000-s.f. convention center, two hotels and businesses. A \$40 million riverbank stabilization project, now complete, was designed to stop erosion of Smothers Park and recapture two-and-one-half acres of land that river currents had scoured away in the past.

A few blocks over, more businesses are moving into downtown. With a capital investment of \$4.2 million and the creation of 25 new jobs, First Security Bank settled in a newly remodeled building. Fifth Third Bank now has an office downtown. Boardwalk Pipeline Partners, a natural gas transmission system operator between the Gulf Coast and the Northeast, built a \$12 million, 60,000-s.f. building downtown for its headquarters.

As is the trend, many of the renovated historic buildings downtown will have business tenants on the lower level and residential housing above. Boutique shops such as Bella Ragazza, the CupCakery, and C-ing Polkadots are a good fit for this popular urban mix approach to revitalizing downtowns, acknowledgment that for downtowns to truly flourish they need people living

there as well as businesses with workers there on weekdays.

Although it was years in coming, once started, the reinvention of Owensboro has been occurring at a dizzying pace.

"I was elected along with some forward-thinking commissioners," Payne recalled. "The city had been planning and planning and planning, but nothing was going forward. We joked that we needed the new library just to hold all the studies that had been done. We had been studied to death. It was time to move."

Daviess County Judge-Executive Al Mattingly is on the executive committee of the Greater Owensboro Economic Development Corp. board of directors and has put county funds into projects including the convention center.

Engaging citizens

Leaders of the city's economic development agency, The Greater Owensboro Economic Development Corp. (EDC), agreed. They were poised to move, having already brought in experts in citizen engagement who queried residents about their priorities in multiple public forums. The response was clear: Downtown renovation was the top priority to local residents. The EDC brought in urban planners who, using the citizen input, developed the downtown master plan Payne and his leaders were eager to implement when they took office the following year.

An artists rendering of the \$20 million Hampton Inn & Suites the Malcolm Bryant Corp. is building adjoining the new Owensboro Convention Center.



Al Mattingly, Judge-Executive, Daviess County



Malcolm Bryant Corp. photo



Former tobacco warehouses downtown were redeveloped into a business and research center in 2011.

Staff photo

“Only with that level of citizen engagement could you do something as bold – some said foolhardy at the time – as to raise taxes to pay for these projects right at the onset of the Great Recession,” said Madison Silvert, who became interim president of the Greater Owensboro EDC on July 1.



Debra Gibson Isaacs photo

Mayor Ron Payne used the approximately \$113,000 he would have been paid for his first term in office to commission a bronze buffalo sculpture he donated to the Owensboro Museum of Fine Arts. Buffalo frequented the area before Owensboro's settlement.

Nick Brake, who had headed economic development since 2006, left to become school superintendent for the Owensboro Public Schools.

“Not only was there not a recall to get people out of office, but the mayor just ran again unopposed,” Silvert said. “You can’t do that without the citizens of the community behind you. We found that the more citizen engagement we had, the more successful we were.”

Another decision had already been made that also set the stage for swift action and growth.

“In 2006, there was a concerted effort on the part of our board to change the way we do economic development,” he said. “We moved away from industrial-only recruitment and began a more holistic strategy concentrated on talent, innovation and place.”

Quality of place, said Silvert, is the trump card in attracting business. The downtown riverfront makeover has brought Owensboro feature article coverage in *The New York Times*, *The Wall Street Journal* and elsewhere.

“Frankly, when it comes to business start-ups and attracting new business,

Economic Impact Tops \$1 Billion

Significant capital investments made in Owensboro since 2009, in alphabetical order (not all inclusive)

- **Airport Terminal Expansion:** \$2.1 million
- **Boardwalk Pipeline Partners headquarters:** \$12 million
- **Bypass Highway Extension:** \$85 million
- **Downtown Streetscape:** \$9.3 million
- **Fetta Specialty Pizza & Spirits:** \$1 million
- **First Security Bank:** \$4 million
- **Glenmore Distillery:** \$18.75 million
- **Hampton Inn & Suites hotel:** \$20 million
- **International Bluegrass Music Center:** \$10 million
- **Mechanicsville:** \$8 million
- **Menard's retail location:** \$3.9 million
- **National Guard:** \$13 million
- **New condos downtown (two sets):** \$10 million
- **Owensboro Convention Center:** \$47.4 million
- **Owensboro Municipal Utilities projects:** \$31 million
- **Owensboro Regional Health System medical center and office:** \$424.5 million
- **Smothers Park and Promenade:** \$67 million
- **Southtown Boulevard:** \$13.8 million
- **Storm water projects:** \$17.3 million
- **Swedish Match:** \$5.9 million
- **Unilever:** \$49 million
- **US Bank Phase I, II and III:** \$15.6 million

quality of place is so important,” Silvert said. “Economic incentives are so similar state to state and community to community. All things being equal, a CEO looking at locating somewhere is ultimately going to ask if this is a community he or she wants to live in.”

But Owensboro wasn't taking advantage of its natural assets, Silvert said.

“I don't know that we have reinvented Owensboro as much as we have started

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Among downtown Owensboro's multiple construction projects is a \$3 million, 16,000-s.f. retail and residential building at Second and St. Ann streets called Court Place.

Debra Gibson Isaacs photo



Madison Silvert, Interim President, Greater Owensboro Economic Development Council

understanding the need to be the best Owensboro we can be," he said. "A lot of these things were already here – the fact that we are on the river, our downtown, our storied history of great businesses such as WaxWorks, our legacy of small business development. We started paying attention to what we had, taking time to cultivate who we are and make it better.

Owensboro is great in so many ways, but we can be so much greater."

Greater in other ways

The city is already richer in important ways such as jobs. The Daviess County unemployment was 6.7 percent in May, sixth lowest in the commonwealth, whose overall rate is 8.1 percent.

Since 2008, major economic development projects qualifying for incentives under the Kentucky Economic Development Finance Authority have added 2,885 jobs by 26 companies, according to Silvert. Additionally, these companies already have or are investing \$220.6 million.

The investments show up in other ways. Silvert said payroll employment

in Owensboro is well above pre-recession levels, outpacing Kentucky and the nation. Owensboro's unemployment rate is the lowest in the St. Louis Federal Reserve Region for Kentucky. Finally, housing prices, which did not take a hard hit in Owensboro during the recession, are already 8 percent above pre-recession levels, outpacing other Kentucky MSAs.

The River City goes high tech

Owensboro is not putting all its economic eggs in one basket anymore either. The riverfront and downtown will remain crucial, but leaders recognize that they need a variety of businesses from a variety of economic sectors.

The Owensboro EDC created an Emerging Ventures Center for Innovation, a local seed capital fund, and a business accelerator with research to support development of high-technology company growth. Owensboro and the entire northwest Kentucky region have become a center for plant biotechnology and renewable energy, attracting 13 new high-tech startups and more than \$2 million in venture capital to Owensboro in the past two years.

What's next?

With the recent redevelopment surge, it might be tempting to simply coast for a while.

Amy Jackson, president and CEO of the Greater Owensboro Chamber of Commerce, has other thoughts.

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Debra Gibson Isaacs photo

Mayor Ron Payne and the Owensboro downtown riverfront in the background.



Amy Jackson,
President/
CEO, Greater
Owensboro
Chamber of
Commerce

"We are doing an open survey to see what people have on their mind and what funding efforts should be," Jackson said. "We are holding three open forums in July and August to build the priorities. We will reveal them on September 10 at our annual red, white and blue picnic."

That will come just a couple of months after Mayor Payne

Malcolm Bryant is a Downtown Dreamer

BACK in 1987, when many of the buildings in downtown Owensboro were boarded shut, Malcolm Bryant was a partner in Colby's Restaurant, then as now located on West Third Street, and then as now thriving.

"We always knew downtown was our front door of our living room," Bryant said when asked why he invested downtown when others were heading to the suburbs. "Our downtown never lacked interest from the community as was true in other communities. I knew it was just a matter of time before people realized downtown was our historical soul and returned."

Bryant could now say "I told you so," if only he had the time.

President of the 33-year-old Malcolm Bryant Corp., the developer is too busy overseeing construction of a new \$20 million Hampton Inn & Suites on the waterfront, which sits adjacent to the city's new convention center. Both buildings are scheduled to open in late 2013. The new hotel – now about 60 percent complete – will be the first new-build LEED certified hotel in Kentucky and will be totally geothermal. It will include eco-friendly features such as car charging stations and cold-water washing as well as amenities such as a full-service steak and seafood restaurant, boutique, and indoor and outdoor swimming pools.

Bryant also owns about 1 million s.f. of office and multiuse space in downtown Owensboro – mostly bank and professional office buildings, most boasting Bryant's trademark of blending historic treasure with modern-day charm.

"I am an entrepreneur at heart," Bryant said. "Downtown, I find the creativity that is so exiting for a private developer and ultimately exciting for the community as well. I certainly can't take credit for turning downtown around, but I did stick with it."



Malcolm
Bryant

holds a celebration on July 1 during which the fountains at Smothers Park will shoot 60 feet into the air, their maximum, which seems appropriate for a mayor who wants nothing short of the maximum for his city. As a cross-stitched plaque on the mayor's wall

says: "The one who says it can't be done should never interrupt the one doing it." ■

Debra Gibson Isaacs is a correspondent for The Lane Report. She can be reached at editorial@lanereport.com.

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Coal, Electricity, EPA and Your Wallet

Power utilities and industry alike try to assess rising environmental regulation compliance costs

BY FRANK GOAD

KENTUCKY electric utilities are spending billions of dollars to comply with federal environmental strictures regarding coal use but say they remain committed to coal-fired power generation for the long term.

Coal regulations are adding to costs for Louisville Gas & Electric, the largest state electric utility, said Chris Whelan, vice president for communication.

LG&E is making one of the largest investments in the company's history, upgrading coal-fired plants to make them more environmental friendly.

Kentucky Power Co. opted to close its 40-year-old Big Sandy coal-fired plant near Louisa and seek electricity from West Virginia after objections to the pass-along costs for 173,000 Eastern Kentucky customers of upgrading that facility and operating it long enough to generate a payback.

LG&E and KU's E.W. Brown Plant in Harrodsburg utilizes three generations of electricity-producing processes – a hydroelectric plant, three fossil-fueled generating units and seven combustion turbines. The three coal-fired generators can produce 749 megawatts of electricity, more than one-fifth of KU's total capacity. An average of 1.5 million tons of coal is burned annually at E.W. Brown Station.

Power costs for consumers across the state have yet to be determined, but they are going to increase.

LG&E is spending \$1.4 billion to upgrade scrubbers and add a bag-house system for particulate matter at its Mills Creek plant. It is spending another \$896 million to upgrade baghouse particulate-matter systems and emission controls at all of its coal-fired units at Ghent and E.W. Brown.

The utility has closed coal-fired power generation at its Cane Run, Green River and Tyrone plants, and it is building a 640-megawatt natural gas-fired power plant at Cane Run. When



*Chris Whelan,
Vice President
for Communication,
LG&E*

the new gas unit at Cane Run is factored in, LG&E investment tops \$3 billion, Whelan said.

These are big changes for a state and industry that has relied on plentiful coal resources to produce electricity at rates among the lowest in the nation. LG&E recently created a new vice president of natural gas operations, putting Lonnie Bellar into that job.

In spite of a distinct shift toward natural gas, however, LG&E officials say coal remains key to its plans for as far into the future as it can see. Bringing the new gas-fired Cane Run plant online will decrease coal's percentage of all company power generation only from 95 percent to 90 percent.

However, Kentucky's coal industry is definitely feeling heat from the U.S. Environmental Protection Agency, which has been reluctant to issue mining permits – and that was before President Obama made another major environmental policy speech last month indicating he wants even less coal use.



*Lonnie Bellar,
Vice President
for Natural
Gas Operations,
LG&E*

Natural gas is plentiful and cheap

Over the years, production costs to physically mine have decreased because of better and better heavy machinery for use underground and because of cheaper methods such as surface mining. But costs for everything else have increased, especially complying with EPA regulation.

Meanwhile, in the past five years marketplace pressure has built from cheap U.S. natural gas. Prices have fallen due to advances in drilling and shale gas production using hydraulic fracturing (or “fracking”) that have created abundant supplies as far into the future as industry watchers can project.

In June 2013, natural gas prices were as low as \$3.72 per million BTU in June, which makes it cheaper than Appalachian coal by energy yield. The U.S. Energy Information Agency (EIA) reports natural gas imports are at their lowest levels since 1997, prices are back to 1999 levels, and some businesses and industries that have long used coal have converted to natural gas to reduce input costs and the complications of EPA regulation compliance.

Nevertheless, U.S. coal production has remained relatively stable since 1990, affirming its importance to industry. While coal exports have risen slightly over the last decade, imports have decreased. Coal detractors say the best, lowest-sulfur-content Appalachian coal – which has a cleaner emission profile – is gone because the older mines are largely depleted. Detractors argue the region's remaining best deposits are thinner, less productive and simply harder to mine. They point to increased demand for coal in places like Illinois and out west in Wyoming's Powder River Basin.

Probably the most significant battle lines drawn at EPA regard regulations covering the by-products of burning coal, gas and other carbon-based fossil fuels. Carbon dioxide emissions are considered the main contributor to global climate change. The EIA reported coal and natural gas produced almost identical amounts of carbon dioxide emissions last year and in the first quarter of this year ... but that's where the similarity ends and the anger over EPA regulations begins.

There is no doubt that EPA regulation compliance by power-generating companies has a price tag, but how much is it, and how much is passed on to businesses? The answers vary depending on whom you ask, and on which side of the debate they stand.

One side claims penalizing coal harms our economy and kills jobs. The other argues not cleaning up coal residues cripples people's health and the environment because of the heavy metals (e.g., mercury) and poisons (e.g., arsenic) that are in coal ash and that are released through the smokestacks – or released in the water used in scrubbers.

All agree that no matter the outcome, everyone's costs will rise.

Coal's supporters say that the increased regulation will have devastating effects on the U.S. economy and especially in Kentucky. A consulting group, National Economic Research Associates, said that seven of the EPA's proposed regulations would cost the electric utility sector roughly \$200 billion in compliance costs, and destroy at least 544,000 jobs annually.

The debate grew louder recently, stoked by a speech given by President Obama on June 25 at Georgetown Univer-



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ENERGY MANAGEMENT

sity. He announced he was directing his administration to launch the first-ever federal regulations on heat-trapping gases emitted by new and existing power plants "... to put an end to the limitless dumping of carbon pollution." That puts the crosshairs directly on Kentucky's power plants, 95 percent of which use coal.

Utility companies, coal mines and other industry associations loudly decried that proposed new federal mandate as unnecessary, onerous and "job killing"; environmental groups praised the action and countered by saying it will create more jobs than it kills. Natural-gas producers are smiling because they supply a cleaner alternative to coal, to which power

all the regulations upgrades. On the low end, the EPA estimates compliance costs range from \$36 billion to \$111.2 billion. Industry estimates range from \$63.2 billion to \$138.2 billion.

Those are big numbers, but they do not include capital expenditures that are four or five times higher. EPA estimates for capital expenditures needed to fulfill all six regulations range from \$174.6 billion to \$539.3 billion. Industry estimates that capital costs will be from \$404.5 billion to \$884.5 billion.

Another complicating factor is that over half of the nation's power generating capacity comes from plants that are outdated and some need substantial

upgrades. All these costs must be passed down to the 173,000-plus customers it serves. Simple math means that each customer would have to pay more than \$5,700 for the billion-dollar scrubber upgrade alone. After being challenged, Kentucky Power Co. withdrew the application to upgrade the plant.

That's only one example, and around 92 percent of Kentucky's power plants run on coal.

Across the country, plans by utility companies to build or modify aging coal-fired plants are being put on hold or scrapped altogether. Given that there are more than 100 coal-fired plants built between 1920 and 1949, and over 730 built between 1950 and 1969, many plants are at a crossroads and their operators are under intense scrutiny from environmental watchdog groups and often their industrial customers.

For instance – and perhaps oddly – the Big Sandy upgrade was opposed by an industry group called the Kentucky Industrial Utilities Customers that represented major Eastern Kentucky employers, including AK Steel, Air Products and Chemicals and Marathon Petroleum. They opposed prolonging the coal plant's life and submitted expert testimony urging the Kentucky Public Service Commission to reject Kentucky Power Co.'s proposal because of its impact on ratepayers. The huge amounts of electricity they use meant they'd be paying a big share of the \$940 million scrubbers upgrade.

In 2011, KPC's parent company, American Electric Power, stated that the burden of meeting many federal pollution standards would likely cause it to close many coal-fired plants in favor of other options, including natural gas. Consumers and advocate groups protested KPC's plans to raise rates 30 percent to cover the scrubber's costs. This sort of resistance is occurring across the country as other utilities seek ways to provide clean power.

A variety of conflicting agendas are meeting head-on. The resolution will impact the estimated 73,000 people employed directly or indirectly by Kentucky's coal industry plus the many tens of thousands more who work for power-hungry industries drawn to a state with low electricity rates due to its coal resources.

Natural gas is now presenting itself as an alternative to coal, but LG&E's Bellar notes that there is regulatory uncertainty for gas also. Environmental concerns about fracking, whose widespread usage is still new, could yield future EPA restrictions that would change the landscape again. ■



Coal supporters say increased regulation will have devastating effects on the U.S. economy and especially in Kentucky.

producers can adapt many current plants. Natural gas is benefitting from new production technologies and higher domestic production rates that started a slight downward price trend.

Cleaner air cost estimates vary – a lot

The EPA air quality regulation to which most industries must comply is the National Emissions Standards for Hazardous Air Pollutants (NESHAP). There are over 125 specifically named industries ranging from Aerospace to dry cleaning to wool fiberglass manufacturing, and they all use electricity and they all serve our country's needs. The trickle-down expenses from the utility companies' race to comply with EPA regulations will add new costs for them.

Last December, the National Association of Manufacturers passed along estimates of the annual compliance cost for

repair work. Nearly three-quarters of coal-fired power-generation capacity, contributing 46 percent of the U.S. electricity supply, is at least 30 years old and uses outdated, inefficient technology. Some plants need to be retired immediately, and within 20 years nearly all of them will need to be replaced.

How much is too much?

So, how much does this cost the average business? The numbers vary widely, but those using the most electricity will foot the biggest portion, and everyone will find compliance costs in their utility bills sooner or later.

In one instance, the Big Sandy generating plant near Louisa, Ky., owned by Kentucky Power Co. (KPC), was slated to get new scrubbers to remove ash and other particulate from the 80-90 railroad cars of coal it burns daily. The upgrades would cost nearly \$1 billion, which would take 15 to 30 years of operation to pay off. However, because the Big Sandy plant dates to 1963, keeping it running would require repairs and other

Frank Goad is a correspondent for The Lane Report. He can be reached at editorial@lanereport.com.



TAX REFORM IS THE IRS FIX

Code complexity is the root of the agency's institutional unfairness

BY LAWRENCE KUDLOW

A PART from criminal prosecution, the best way to strip the power of politics and corruption from the IRS is to initiate broad-based, pro-growth tax reform and simplification. It's the complexity of the tax code that nurtures the corruptness of the IRS.

There's a buzz in Washington about this possibility, where both Democrats and Republicans are interested in reform. We need a simpler and flatter tax code. We need to get rid of the crony-capitalist insider deductions and exemptions, which have given the IRS so much power. These deductions and exemptions are *precisely* what nurtured the political corruption that led to a major scandal.

Some conservatives – like my great pal Jim Pethokoukis – don't believe tax reform can be done. Old habits die hard, he believes. And the budget numbers from a pure flat tax never add up.

Well, Pethokoukis may be right in his concerns. But that's no reason to give up the fight.

I'm going to argue for a modified flat tax in the personal code, and a single-rate flat tax – or a sales tax net of investment – for large and small businesses. Here's a quick example of the need for this reform.

The Wall Street Journal editorial page recently ran a tax-exempt IRS primer surrounding the 501(c), which un-

believably covers 28 categories of organizations. The 501(c)3s include charities, the (c)4s cover social-welfare groups, the (c)6s include business groups and the (c)5s cover labor unions.

That's a gigantic mess. And I say scrap the whole thing – take the IRS's power away.

If people want to give to political campaigns, fine. Give as much as you want to whomever. But post it on the Internet for all to see right away. No secret donors. No tax deductions. And no IRS interpretations.

I don't know how many other examples of tax-exempt craziness there are in the IRS code. The *Journal* itself says, "The tax code would be cleaner, and our politics fairer, if no one enjoyed any tax-exempt advantages." Right on. That's where the simplicity comes from.

And then let's put a limit on numerous other tax deductions. Trillions of revenue dollars are lost from mortgages, charitable contributions, healthcare, and state and local spending deductions. We don't need them.

But to make the tax-reform transition easier and promote economic growth, let's go the way of Reagan in 1986 and slam down the marginal tax rates.

For example, we have six brackets today: 10, 15, 25, 28, 33 and 40 percent. How about two brackets? One at 10 percent would have a high-income thresh-

old, and one at 28 percent would take over from there.

And you know what happens because of these lower tax rates? The remaining deductions become far less valuable, even unnecessary. And the low tax rates spur economic growth by providing new incentives to work, save and invest. Housing and charitable deductions went through the roof during the prosperity years that followed the 1986 reform.

Really, why should Warren Buffett enjoy a \$15 billion tax-free charitable loophole merely by donating his fortune to the Bill Gates Foundation? And why should the tax code stimulate a proliferation of nonprofits when the economy actually needs the encouragement of profitable job-creating startups and companies?

Middle-income folks would benefit enormously from a flatter approach. Right now, a middle earner pays roughly a 15 percent payroll tax and a 28 percent income tax. That's a 43 percent tax rate, which is actually higher than the 40 percent top rate. This is wrong. At a 10 percent income tax, the total burden for a middle-income family would drop to 25 percent. That's a major tax cut and a great increase in take-home pay.

Lower rates, fewer brackets and a major cutback in cronyist deductions and exemptions won't end the IRS. But these measures surely will cut back on its arrogant power to make political judgments. That's the point of the exercise.

Budget cuts also will be necessary to make the deficit numbers work. That's as it should be. But dynamic scoring will show a burst of economic activity that will reduce the short-term cost of tax-rate reduction, while increasing the long-run growth of the American economy.

Coming out of this deep recession, we need 4 to 5 percent growth over the next 10 years, not 2 percent. Tax incentives are not the only instrument, but taxes change behavior. Taxes matter.

Of course, Team Obama wants to limit tax deductions, raise taxes on the wealthy and then spend the revenues. They think the IRS problem is just a few bad apples. They're completely wrong.

The institutional corruption of the IRS has been enabled and encouraged by one of the craziest tax codes in the world. Tax reform can solve this. Now is the time. ■



Lawrence Kudlow is CEO of Kudlow & Co., an economic and investment research firm in New York City.

THE LANE LIST

KENTUCKY'S NEW AND EXPANDING INDUSTRIES

Ranked by total investment from June 1, 2012 to May 31, 2013

From June 1, 2012, to May 31, 2013, companies made 355 economic development announcements in Kentucky, a total investment of \$4.055 billion, according to the Kentucky Cabinet for Economic Development. More than 2,400 jobs were saved and nearly 15,000 jobs were created. By comparison, from May 2011 to May 2012, \$2.4 billion in economic development projects were announced.

FACILITY	WHAT IT DOES	COUNTY/CITY	INVESTMENT	INITIAL JOBS	JOBS TOTAL	JOBS RETAINED
AT&T Kentucky	Headquarters, customer call center	Jefferson/Louisville	\$800,000,000			
GE Consumer & Industrial	Manufacturing major household appliances: dryers, washers, refrigerators, dishwashers and heat pump water heaters	Jefferson/Louisville	\$649,800,000	1,214	1,214	
Toyota Motor Manufacturing Kentucky	Manufacture Avalon, Avalon-hybrid, Camry, Camry-hybrid, Lexus (beginning in 2015), Venza; auto components	Scott/Georgetown	\$531,000,000	750	750	
Westlake Vinyls Inc.	Commodity chemicals	Marshall/Calvert City	\$217,000,000			
Berry Plastics	Manufacturer of plastic closures	Hopkins/Madisonville	\$96,000,000	420	420	
Florida Tile Inc.	Produce ceramic and porcelain tile. Import and distribute ceramic, porcelain and stone	Anderson/Lawrenceburg	\$77,557,000	63	123	
US Fuel Corp.	Coal to liquid fuel	Muhlenberg/Central City	\$76,000,000	50	50	
Metalsa Structural Products Inc.	Stamping/forming, hydro forming and assembly of the Ford F-150, Lincoln Navigator, Ford Expedition frames, stampings for Toyota frame components	Hardin/Elizabethtown	\$72,211,466	245	245	
Kobe Aluminum Automotive Products LLC	Aluminum forging plant	Warren/Bowling Green	\$66,000,000	100	100	
ZF Steering Systems LLC	Steering gears for car and light truck market	Boone/Florence	\$59,200,000	192	192	
Newly Weds Foods Inc.	Cracker and bread crumbs, batter mixes and other food products	Boone/Erlanger	\$57,200,000	115	115	
Pilkington North America	Produces glass for the automotive industry	Woodford/Versailles	\$55,259,000	56	56	
Jif Plant	Peanut butter processing	Fayette/Lexington	\$43,700,000			279
Mark West Energy Appalachia LLC	Natural gas processing and hydrocarbon extracting	Floyd/Langley	\$42,500,000			



Bryan Schroeder, Lindsay Wanalista and Michael Bahm, production employees at GE Appliance Park in Louisville, work on the new GE frontload line. In June 2012, the company announced plans to invest \$650 million in its Louisville plant and create more than 1,200 jobs.



Chairman Jay Zimmerman speaks at the company's grand opening celebration in Lexington. The global law firm invested \$22.5 million in its global services center in Central Kentucky.



J.M. Smucker is investing more than \$43 million in upgrades to its Lexington facility, home of the famous Jif Peanut Butter brand. The investment will allow the company to retain 279 jobs.



Gov. Steve Beshear joined company and local officials at Kobe Aluminum Automotive Products in Bowling Green to break ground in May on the company's second expansion in recent months. Kobe Aluminum is investing \$66 million to add an 87,000-s.f. building to its plant, resulting in 100 new, full-time jobs.



Mazak Corp. is investing \$29 million in its North American manufacturing plant in Florence. The expansion allows for increased production and support of new and additional Mazak machine models in Kentucky. The Florence-based company sells its "mother machines" to the manufacturing sector, which uses them to create parts that are assembled into final products.



Domtar Paper Co. is upgrading and adding equipment at its Hawesville facility, retaining 452 jobs and investing up to \$20 million. Above, an employee works on a pulp machine at Domtar's mill in Hawesville.

FACILITY	WHAT IT DOES	COUNTY/CITY	INVESTMENT	INITIAL JOBS	JOBS TOTAL	JOBS RETAINED
L'Oreal USA	Manufacturer of hair and skin care products	Kenton/Florence	\$42,100,000	211	211	
Toyota Boshoku Kentucky LLC	Automotive interior parts manufacturing – headliners, silencer material	Marion/Lebanon	\$37,008,175	38	46	
McLane Foodservice	Food/paper product distribution	Boone/Hebron	\$34,250,000	48	48	
Metalsa Structural Products Inc.	Automobile frames	Christian/Hopkinsville	\$32,328,903	144	144	
Carbide Industries LLC	Manufacture calcium carbide and related products and co-products	Jefferson/Louisville	\$30,000,000	9	9	122
iHerb	Distribution of health food	Boone/Hebron	\$29,789,360	100	600	
Mazak Corp.	Machine tools; administration, personnel, receiving	Kenton/Florence	\$29,000,000	75	75	
Hill's Pet Nutrition Inc.	Pet food (canine and feline)	Warren/Bowling Green	\$25,000,000			150
Gibbs Die Casting Corp.	Aluminum and magnesium die castings, headquarters	Henderson/Henderson	\$22,832,700	133	160	
Bingham McCutchen LLP	Law firm global services center	Fayette/Lexington	\$22,589,098	118	250	
Alpla Inc.	Plastics blow molding operation	Warren/Bowling Green	\$22,423,567	72	72	
Hitcents.com Inc.	Solutions in web design, software programming/development, technology support and more	Warren/Bowling Green	\$22,000,000			
Osram Sylvania	Manufacturer and assembly of tungsten halogen lamps and LED lamps	Clark/Winchester	\$21,000,000			
Domtar Paper Co. LLC	Fine paper and mills bleach pulp	Hancock/Hawesville	\$20,000,000			452
NHK Spring Precision of America Inc.	Precision springs for the automotive industry	Jefferson/Louisville	\$19,164,359	50		
Nasty Gal	Distribution and call center for clothing	Bullitt/Shepherdsville	\$18,000,000	80	300	
ZF Boge Elastmetall LLC	Rubber and metal bushings	Boone/Hebron	\$17,980,000	20	60	
NCS Healthcare of KY / Omnicare	Pharmaceutical repackaging center	Barren/Glasgow	\$15,700,000	34	42	
US Bank Home Mortgage	Mortgage processing	Daviess/Owensboro	\$15,275,000	208	332	
Nelson Brothers LLC	Manufacturer of blasting agents	Lewis/St. Paul	\$15,000,000	65	65	

SPOTLIGHT ON THE ARTS



Artisan Center Celebrates Decade of Arts Promotion

SINCE July 2003, the Kentucky Artisan Center at Berea has been showcasing Kentucky through special art exhibits, retail sales of Kentucky artisan works, demonstrations by artisans, and promotion of Kentucky travel. When it first opened, it featured the work of about 200 artists and now presents work by more than 700 artists from all across Kentucky, including crafts and other visual arts, music, books and specialty food products. The center invites Kentuckians to join its 10th anniversary celebration July 19-21, which will include artist demonstrations and appearances by historical figures portrayed by Kentucky Humanities Council Chautauqua performers. A gallery exhibit with works by 52 founding artisans will be on display, a history of the center's founding will be featured in the lobby, and there will be music and other special offerings. Located at 200 Artisan Way in Berea (just off Interstate 75 at Exit 77), the center's travel information, gallery and retail sales areas are open daily from 9 a.m. to 6 p.m. and admission is free. The center's café is open from 9:30 a.m. to 3:30 p.m.

10 Specialty Businesses Added to Official Kentucky Crafted List

TEN new specialty retail shops have been added to the list of 28 official Kentucky Crafted Retailers, a program of the Kentucky Arts Council.

Twenty-four of the retailers are in Kentucky; two are in Ohio and there is one each in Indiana and Illinois. The businesses must meet certain benchmarks to qualify for the designation, which relates to selling items created by artists in the Kentucky Crafted Program.

"The Kentucky Crafted Retailer Program started last year and we have received great response from business owners in Kentucky and surrounding states who understand work created by Kentucky's artists and craftspeople are of high value to consumers," said Lori Meadows, arts council executive director.

The new Kentucky Crafted Retailers are: A Taste of Kentucky, Louisville; Aladdin's Art Gallery, Ashland; Artquest Gallery, Hinsdale, Ill.; Christian Way Farm, Hopkinsville; Kuntry Kutter Gallery, Owensboro; Log House Craft Gallery, Berea; Lost River Cave/Wildflower Gifts, Bowling Green; Regalo, Louisville; Wild Birds Unlimited, Lexington; and Zig Zag Gallery, Dayton, Ohio.

The full list of retailers, with hours, locations and a list of Kentucky Crafted artists whose work can be found in each store, is available on the artscouncil.ky.gov.



Arts Events Around the State

11th Quilt Japan

National Quilt Museum, Paducah
Now through Sept. 9
quiltmuseum.org
(270) 442-8856

Kentucky On Stage

William Stamps Farrish Theater
Lexington Public Library (Main Street)
1 to 5 p.m., Aug. 22
artscouncil.ky.gov
(502) 564-3757

Sounds of Independence Music Festival

SkyPac, Bowling Green
12:30 p.m., July 27
theskypac.com
(270) 904-1880

Ricky Scaggs

Paramount Arts Center, Ashland
8 p.m., July 27
paramountartscenter.com
(606) 324-3175

Bryan Adams

The Kentucky Center for the Performing Arts
Brown Theatre, Louisville
8 p.m., Aug. 14
kentuckycenter.org
(502) 562-0100

The Founding of the Kentucky Artisan Center at Berea Highlights of the First 10 Years Exhibit

Kentucky Artisan Center at Berea
July 19-21
kentuckyartisancenter.ky.gov
(859) 985-5448

Craig Potts Selected Director of Kentucky Heritage Council

CRAIG A. Potts has been named executive director of the Kentucky Heritage Council (KHC) and state historic preservation officer.

Potts has served as KHC's Site Protection program manager since 2009, responsible for a staff of six who oversee Section 106 Review of federally funded projects and the agency's professional archaeology component, which includes the Kentucky Archaeological Survey, a partnership between KHC and the University of Kentucky Department of Anthropology.

In his new capacity, he will oversee a staff of 20 whose responsibilities also include administering state and federal rehabilitation tax credit programs, the Kentucky Main Street Program, historic sites survey, the National Register of Historic Places, preservation planning, the Certified Local Government (CLG) Program and staff support for the Kentucky African American, Kentucky Native American and Kentucky Military heritage commissions.

"I've always had a special love for this agency and believe deeply in our mission of helping Kentuckians preserve their heritage and the things that give us a strong sense of place, including small towns, rural environments and cultural resources that range from historic commercial buildings to prehistoric archaeological sites," Potts said.

Potts previously was senior architectural historian, principal investigator and supervisor for Cultural Resource Analysts Inc. in Lexington, responsible for oversight of architectural history and historic preservation projects; and a principal, project manager and general contractor with Potts & Potts LLC, a historic property rehabilitation and management partnership. The firm was recognized on the Blue Grass Trust for Historic Preservation's "Positive Preservation in the Bluegrass" list of 25 outstanding projects in September 2007, for adaptive reuse of a circa-1850 building in Frankfort's downtown commercial historic district.



Craig Potts



Lori Meadows is executive director of the Kentucky Arts Council.

EXPLORING KENTUCKY



Shaker Village at Pleasant Hill in Harrodsburg is America's largest restored Shaker community. There's much to see at the 3,000-acre National Historic Landmark, including Shaker Village Inn and dining room, a craft museum and Living History Museum, and the Nature Preserve and trail system.

Chill!

Where to go to get away from life's hectic schedule

BY KATHERINE TANDY BROWN

OUR great-grandparents would be amazed at how fast today's families zoom through their activity-filled days and how busy schedules can eat into quality family time. Over-scheduling can also be a stressor for single folks. Though technology expands our worlds, it also puts so much

information at our fingertips and gives us many more ideas for ways to spend our time. Occasionally, we all crave a simple time out.

Fortunately, Kentucky has plenty of opportunities for families and individuals who want to recharge their lives and reconnect with the important things

that may have been neglected in day-to-day busy-ness. "Take a break" spots run a wide gamut across the commonwealth. Following are a few ideas for carving out time for a bit of peace. Just pack up the family, hop in the car, turn off the technology and find your nirvana.

Museums

Nearly every corner of Kentucky houses a museum where you can spend time perusing whatever you fancy to your heart's content. Just pick one and start exploring.

Take a quiet step back in time at Shaker Village at Pleasant Hill (shakervillageky.org, 800-734-5611) in Harrodsburg, where you can marvel at the creativity of this nearly-extinct sect, watch traditional craftsmen at work and gorge on luscious Shaker lemon pie.

In Western Kentucky, check out three new Picassos recently donated to the Owensboro Museum of Fine Art (omfa.org, 270-685-3181).

At the Thomas D. Clark Center for Kentucky History (history.ky.gov, 502-564-1792) in Frankfort, stroll through the Bluegrass State's past, from its prehistoric natives to such luminaries as master of the boxing ring Muhammad Ali, revered bluegrass musician Bill Monroe and movie hunk George Clooney. Or admire needlecraft from old-fashioned patterns to contemporary creations at the world's largest museum devoted to quilt and fiber art, the National Quilt Museum (quiltmuseum.org, 270-442-8856) in Paducah.

Retreat centers

For spiritual refreshment, a number of retreat centers provide varying choices,

Upcoming Bardstown Events

The Bardstown Opry, July 12, 19, 26; Aug 2, 9, 16
A Visit with the Spirits of Wickland, July 12, 19, 26; Aug 2, 9, 16
Whiskey City Cruisers, July 13; Aug 10
Bardstown Ghost Trek, July 13, 20, 27; Aug 3, 10, 17
Kentucky Railway Museum's Family Pizza Train, July 13
Nelson County Fair, July 15-20
Springhill Winery's Kick Back Friday Dinner, July 19; Aug. 16
Downtown Bardstown's Annual Sidewalk Sales, July 19-21
Bardstown Home Guard 7th KY and 24th KY, July 20-21; Aug. 17-18
Kentucky Railway Museum's Train Robbery, July 20-21
Kentucky Railway Museum's Dining on the Rails, July 27
My Old Kentucky Dinner Train's Murder Mystery, July 27
Kentucky Railway Museum's Murder Mystery Theatre, Aug 10
Bardstown Highland Games, August 17

Go to sampleourspirit.com for a complete listing of events.

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EXPLORING KENTUCKY

from silent retreats to group experiences to denominational-based facilities (retreatfinder.com).

Prolific writer Thomas Merton found his life's calling as a monk south of Bardstown at the Abbey of Gethsemani (502-549-4133), a Bavarian castle look-alike offering silent retreats for men and women of any denomination. Old timber roads provide miles of lovely walking trails through the wooded knobs of Central Kentucky.

Tucked into 800 acres of Daniel Boone National Forest in the Red River Gorge, Furnace Mountain Zen Retreat Center (zenmind.org, 606-723-4329) invites individuals and groups for monthly retreats lasting from two to 30 days. Activities include walking and sitting meditation, yoga, trail walking and maintenance of buildings and grounds. Introductory retreats at the center for those new to meditation occur several times a year. The next scheduled beginners' retreats are Oct. 5 and Nov. 7-10.

State parks

"The nation's finest" is the slogan of the Kentucky Park System (parks.ky.gov) and you'll see why when visiting any of its 18 state resort parks, 23 state recreational parks, and 12 state historic sites. All offer up-close contact with nature and a slew of things to do if you want to be busy.

For instance, at Dale Hollow State Resort Park (800-325-2282), you can chow down on a sumptuous Kentucky Proud meal and put your feet up in a limestone-and-timber cliff-top lodge overlooking a 28,000-acre lake surrounded by lush woods. Birders can



ogle everything from eagles to Cooper's hawks and wild turkeys; fishermen can rent a boat and drop in a line for five species of bass; and outdoor types can swim, play golf (real or miniature), ride a horse or take a 15-mile hike before chilling in a cool pool.

Book a cottage at John James Audubon State Park (270-826-2247) and learn more about the park's namesake

Take in the scenic beauty of Snug Hollow Farm Bed & Breakfast, which lies at the end of a dirt road in an Estill County Appalachian "holler" 20 miles east of Berea.

in its Museum and Discovery Center. A bigger-than-life bird-in-a-nest provides terrific kids' photo ops, while mom and dad can browse original Audubon oils and watercolors.

Distinctively Creative

Home of the internationally celebrated National Quilt Museum, Paducah's distinctively creative culture will move you.

Tune in to KET for a visual celebration of Paducah on programs sponsored by the Paducah Convention & Visitors Bureau.



1.800.PADUCAH

www.paducah.travel



Perryville Battlefield State Historic Site (859-332-8631) commemorates the most destructive Civil War battle in the state, which left more than 7,600 people dead, wounded or missing. Today, the battlefield vista is one of the least altered in the country, much like a Confederate or Union soldier would have seen on Oct. 8, 1862. Twelve miles of trails tell the story of the conflict through 40-plus interpretive signs, while a museum contains fascinating artifacts and a layout of the battle.

Bed and Breakfasts

And of course, the state's bed and breakfast inns run the gamut from mountain hideaways to city stopovers to lakeside lounges for lazy afternoons.

One of *National Geographic's* "50 Best Girlfriends Getaways in North America," Snug Hollow Farm Bed & Breakfast

(snughollow.com, 606-723-4786) lies at the end of a dirt road in an Estill County Appalachian "holler" 20 miles east of Berea. Proprietor Barbara Napier, an organic gardener and outstanding vegetarian cook, built this treasure from scratch with the help of friends. Its cozy farmhouse, 180-year-old chestnut log cabin, and secluded creek-side cabin are magnets for artists, writers and others seeking solace surrounded by woody nature and its inhabitants, including wild turkeys, deer and a resident Jane Russell terrier, Miss Hillary Rotten.

Animals abound on a sustainable working farm at Country Girl at Heart Farm Bed and Breakfast (bedandbreakfastkentucky.com, 270-531-5276) in Hart County near Munfordville. Worker bees will want to help gather eggs, do some gardening and play cowboy in a weekly horse roundup. Chillers can



The National Quilt Museum in Paducah, constructed in 1991, is the world's largest museum devoted to quilt and fiber art.

wrap their paws around a tall, cool lemonade or sweet tea on the porch and watch the world go by.

Whichever of the aforementioned relaxers you choose, enjoy your aahh's. ■

Katherine Tandy Brown is a correspondent for The Lane Report. She can be reached at editorial@lanereport.com.

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AT MY OLD KENTUCKY HOME STATE PARK, BARDSTOWN

UofL Rural Medical Program Ranked Among Nation's Best

THE University of Louisville School of Medicine Trover Rural Campus recently was rated third best in the nation for identifying, nurturing and educating medical students who have an identified interest in future rural practice.

A study by University of Colorado researchers ranked the percentage of graduates in rural practice for 35 programs throughout the United States. Sixty-two percent of the graduates of the UofL School of Medicine Trover Campus in Madisonville chose rural locations for their practices after graduation. The program trailed only East Tennessee State University and Louisiana State University. A report will be published in the premier medical education journal *Academic Medicine* in August.

"This national recognition is the fulfillment of Dr. Loman Trover's vision outlined almost 60 years ago of providing first-class medical education in a small town with the goal of producing more physicians for rural Kentucky, and is a testament to the strong support we've had from the Louisville campus over the past 15 years," said Bill Crump, M.D., associate dean for the Trover campus.

Nationally, only 3 percent of medical students report an interest in rural practice, while 20 percent of Americans live in rural areas, causing a severe physician maldistribution problem. This problem is especially large in Kentucky, with 59 of the 120 counties classified as rural, and almost 60 percent considered to be health professional shortage areas.

Shriners Update Design



THE Lane Report Health Kentucky magazine published an outdated rendering of Shriners Hospital for Children's planned new Lexington facility inside the May issue.

The design changed several months ago for the new building on Limestone Street, according to Wanda Rice, professional and public relations director for Shriners in Lexington. The facility to be built across the street from the two-year-old UK Chandler Hospital will be 110,000 s.f. with five floors, the first three of which will be occupied by Shriners. UK Healthcare will lease the fourth and fifth floors for ophthalmology services.

The energy-efficient hospital will include two state-of-the-art outpatient surgical suites, six pre/post surgery rooms, a motion analysis lab, rehab, 20 outpatient exam rooms, four infusion rooms and radiology department.

Shriners' \$7 million Champions for Children capital campaign kicked off last month.

Louisville Restaurant Inspection Scores to be App-Friendly

FINDING great Louisville restaurants with top health inspection scores just got a little bit easier. The city announced in June it will partner with popular consumer review site Yelp to integrate restaurant inspections scores into online restaurant reviews.

It's part of the city's commitment to open data, allowing anyone to access city databases and use them to create apps or other consumer products, according to Mayor Greg Fischer. Louisville is the second city in the nation – after San Francisco – to offer the service.

"Our restaurant scores have been available on louisvilleky.gov and the city's smart phone app, Louisville Mobile, for years, in addition to the physical posters that restaurants must display," Fischer said. "However, this new partnership takes that information to a national audience and makes it readily available through a highly used consumer site."

The data integration is possible because Louisville adopted the LIVES (Local Inspector Value-Entry Specification) standard created jointly in 2012 by Yelp, the non-profit Code for America and U.S. city hall technology departments representatives. LIVES aims to make valuable government data more accessible to the public.

"Louisville's adoption of LIVES represents a critical step on the path towards national adoption," said Jeremy Stoppelman, Yelp CEO.

Louisville's participation fully launches later this summer with restaurant inspection scores being provided to Yelp on a daily basis.



EKU Science Building Pilots a Mini Solar System

A solar panel system atop Eastern Kentucky University's New Science Building will produce 1,460 kWh over a year's time and cut the school's carbon footprint 1.57 tons annually, according to Dr. Alice Jones, director of ECU's Office of Sustainability.

Small but expandable, the seven-panel 1.6 kWh system is a pilot to explore the practicality of solar energy as a campus and regional power source. Bluegrass Greensource (formerly Bluegrass PRIDE) contributed a \$5,000 mini-grant to help fund the \$13,000 project.

Sunlink Solar of Somerset wired the system directly into the power grid for the building, ECU's first built to LEED standards. A monitoring system can be used to develop real-time displays of performance data for building efficiency and educational purposes.

At its current size, the system would pay for itself in 10 years and provide about one-third of the power for an average-size home; Jones hopes later to add more panels to the mini-system, which can grow to 17 panels with no additional wiring.



Dr. Alice Jones, right, director of ECU's Office of Sustainability, explains the solar panel array atop ECU's New Science Building.

Lunsford Gift to Help NKU Chase College of Law Create Informatics-Savvy Attorneys



Bruce Lunsford

BUSINESSMAN and investor W. Bruce Lunsford has given Northern Kentucky University Chase College of Law a \$1 million gift to establish and support the W. Bruce Lunsford Academy for Law, Business + Technology.

A 1974 graduate of Chase College of Law, Lunsford was founder of Vencor, which today is Kindred Healthcare, as well as its spinoff real estate investment trust Ventas. He currently is chairman and CEO of Lunsford Capital LLC, a private investment company headquartered in Louisville.

The new academy will be an NKU Chase Law + Informatics Institute honors immersion program whose focus will be to develop “renaissance lawyers” for the Information Age. The Lunsford Academy will provide students with the technological, financial and professional skill sets essential to the modern practice. A technology-driven, skills-based curriculum will make graduates more productive for clients and more attractive to employers.

Professor Jon Garon, director of the Law + Informatics Institute, called the Lunsford Academy a next step in the evolution of legal education.

“Law students need business education, information technology and intellectual property knowledge, and law practice management experience,” Garon said. “These skills will enable students to compete in today’s highly networked, efficient and global business community. The generous donation by Bruce Lunsford enables Chase to meet this challenge and redefine the scope of legal education.”

Chase College of Law partners with the NKU College of Informatics to offer a Juris Doctor/Master of Business Informatics and Juris Doctor/Master of Health Informatics and with the NKU Haile/US Bank College of Business to offer a Juris Doctor/Master of Business Administration.

Academy students will have the opportunity to participate in technology-focused semester-in-practice placements and study abroad programs; they also will be able to seek joint degrees.

WKU Storm Chasers Document EF-4 Tornado and Other Severe Weather Events

WESTERN Kentucky University’s storm chasers stood up to high winds, hail and flash floods in May and documented up to four confirmed tornadoes, including an EF-4 near Bennington, Kan.

Dr. Josh Durkee and eight students in the Field Methods in Weather Analysis and Forecasting summer term class, traveled 7,115 miles across 10 states (Kentucky, Missouri, South Dakota, Nebraska, Kansas, Oklahoma, Texas, Colorado, Arkansas and Tennessee) to apply various forecasting techniques with regard to severe weather, and to analyze and document the hazardous outcomes as they unfolded.

The class provides a unique and practical capstone learning experience beyond a traditional classroom setting for students studying meteorology.

“As opposed to many traditional college courses where the instructor makes most of the decisions, in this course the students make many of the decisions,” Durkee said. “This gives each student a true sense of the real responsibility that goes into weather analysis and forecasting, and forces them to put forth their best efforts at all times.”

Durkee still guides their decisions toward safe outcomes. This year has been a particularly troublesome weather year, as many devastating storms and tornadoes repeatedly hit urban areas surrounding Oklahoma City, which Durkee’s class avoided altogether.

Read student blog entries and view photos from the 2013 journey on the WKU Meteorology Blog at meteorology.blog.wku.edu.



Students in Dr. Josh Durkee’s Field Methods in Weather Analysis and Forecasting summer term class traveled 7,115 miles across 10 states and documented up to four confirmed tornadoes.

Gov. and First Lady Beshear help open The Dawkins Line Rail Trail in June.



Adventure Rail Trail is New Tourist Attraction in Eastern Kentucky

GOV. Steve Beshear and First Lady Jane Beshear, nature trail enthusiasts and local officials last month opened a first 18-mile section of the Dawkins Line Rail Trail, the largest in the state. The former railroad line is the newest adventure tourism attraction in Eastern Kentucky for hikers, horseback riders and cyclists.

Running from Hagerhill in Johnson County to Royalton in Magoffin County, the trail features 24 trestles and the 662-foot Gun Creek Tunnel. It has two unimproved trailheads: one near Riceville at Swamp Branch and the second at Royalton in Magoffin County. Both have parking.

“We want the Dawkins Line Rail Trail to attract tourists and help develop the local tourism economy,” Gov. Beshear said. “I know people are excited about the future of this trail and what it can do for this region.”

“The natural beauty and rolling hillsides are perfect for hiking, cycling and horseback riding,” said Mrs. Beshear.

The 2006 General Assembly provided money to acquire the 36-mile former rail line that Dawkins Lumber Co. developed in the early 1900s. It was purchased from R.J. Corman Railroad Group in 2011. A second trail phase is in the planning stages.

The new adventure tourism trail is modeled after the successful 34-mile Virginia Creeper Trail, which attracts more than 200,000 visitors a year and has led to new business creation.

The Dawkins Line Rail Trail is open during daylight hours and motorized vehicles are prohibited. More information is available at 1.usa.gov/11ZbGSI.

KENTUCKY PEOPLE

WILMORE: ASBURY ANNOUNCES PARTNERSHIP WITH ROGERS SCHOLARS LEADERSHIP PROGRAM



Asbury University, an independent, Christian liberal arts college located in Wilmore, is the latest school to offer exclusive college scholarships to graduates of The Center for Rural Development's Rogers Scholars youth leadership program. The Rogers Scholars program was established in 1998 with the goal of meeting U.S. Rep. Hal Rogers' goal that "no young person should have to leave home to find his or her future." From left are Rogers Scholars graduates Blake Morris and Abigail Corder, U.S. Rep. Rogers (KY-05), Rogers Scholars graduate Brittany Pittman, Asbury University President Dr. Sandra Gray, 2013 Rogers Scholar Katherine Corder, Rogers Scholars graduate Katherine Citak, and Lonnie Lawson, president and CEO of The Center.

CHICAGO: CARL HOWARD HONORED AS AMERICAN EXECUTIVE OF THE YEAR



Carl Howard, president and chief executive officer of Lexington-based Fazoli's Inc. was recognized last month as Executive of the Year at the 11th Annual American Business Awards in Chicago. Howard was presented with the award in the food and beverage category. The honor comes as Fazoli's, which was struggling when Howard took over as CEO in 2008, continues to set company sales records and attract new franchisees. Earlier this year, trade publication FastCasual.com recognized Fazoli's as "Brand of the Year."

Stevie Awards Inc./Brad Baskin Photography photo

PIKEVILLE: CTB HONORS BARBARA MAYNARD FOR 32 YEARS OF SERVICE



Community Trust Bank recently honored Vice President and Market Senior Loan Officer Barbara Maynard at a retirement reception, honoring her 32 years of service to the Pikeville-based company. Pictured here with Maynard (left) is Community Trust President and Chief Executive Officer Jean R. Hale.

LEXINGTON: COMMERCE LEXINGTON UNVEILS PLANS FOR MINORITY BUSINESS ACCELERATOR



Commerce Lexington Inc. has launched a new Minority Business Accelerator (MBA) to assist growing minority business enterprises in the Central Kentucky region. The MBA will also work with large corporations to help them make connections with minority businesses. Pictured here at the press conference announcing the accelerator program and a major residence hall construction project at the University of Kentucky are (left to right) Mark Hill, vice president of Messer Construction's Lexington region; Bob Wiseman, vice president of facilities management at the University of Kentucky; and George Brown, coordinator of supplier-diversity business enterprise at the University of Kentucky.

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