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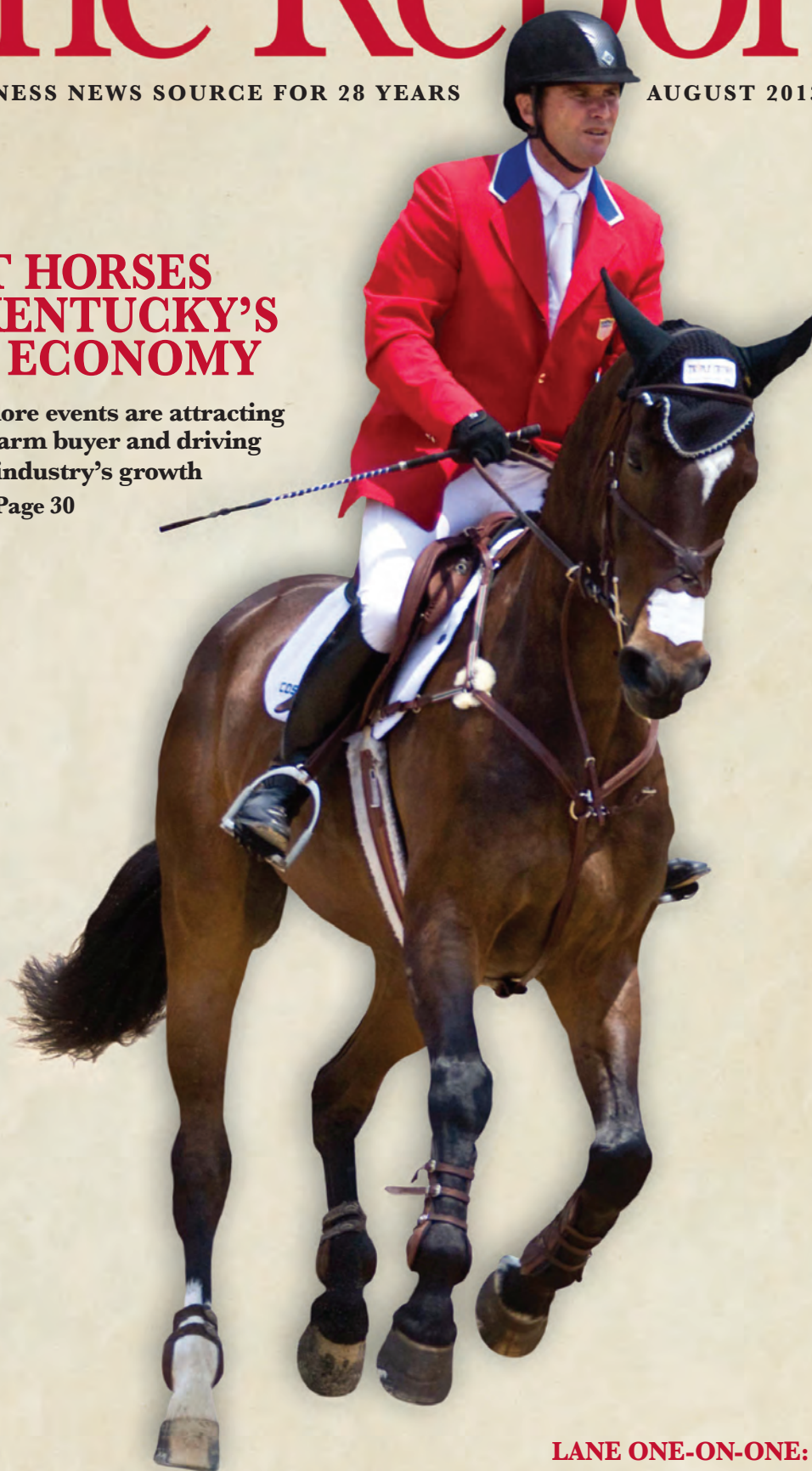
AUGUST 2013

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SPORT HORSES BOOST KENTUCKY'S EQUINE ECONOMY

Better facilities, more events are attracting
a new breed of farm buyer and driving
the equine industry's growth

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Phillip Dutton and Mighty Nice compete in the 2012 Rolex Kentucky Three-Day Event at the Kentucky Horse Park. Dutton is a past Olympic gold medalist.
Mike McNally photo

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KENTUCKY PROUD 2.0

New programs revitalize traditional Kentucky agricultural industries, create opportunities for next generation of farmers

This is not a story about “the good old days.” Rather, it’s a story about some innovative approaches aimed at energizing two of Kentucky’s most vital but struggling agricultural assets – milk and veteran-owned farms.

These new strategies are the latest advancements in the Kentucky Proud program – the official marketing campaign of the Kentucky Department of Agriculture (KDA) – that involves farmers, producers and consumers in a dynamic “Buy Local” movement.

Kentucky Proud already is phenomenally successful. According to the most recent statistics, Kentucky Proud products have generated more than \$200 million in retail sales, just through member retailers. The colorful green, red and blue Kentucky Proud logo is affixed to thousands of products, displayed in hundreds of stores and even has spawned a weekly TV cooking show, “The Kentucky Proud Kitchen,” shown in most areas of the state.

Yet Kentucky agriculture officials anticipate even more growth opportunities in the future. “We are literally seeing only the tip of the iceberg in terms of what can

be done,” says Kristen Branscum, KDA’s executive director, Office of Marketing. “The key now is to continue growing through traditional means, look for new opportunities and be innovative to those industries and people needing a special boost.”

Two new programs best demonstrate how innovation is adding strength where it’s needed most. “Udderly Kentucky” and “Homegrown by Heroes” bring added attention and marketing dollars to bolster and grow areas ripe for improvement.



www.udderlykentucky.com



www.homegrownbyheroes.com

‘UDDERLY SUCCESSFUL’

Kentucky’s dairy industry is struggling. The number of dairy farms in the commonwealth has shrunk by almost half since 2000, to nearly 800 today.

“We were losing dairy farms and the dairy farmers we had were struggling,” says Agriculture Commissioner James R. Comer. “We needed to find a way to ensure milk from Kentucky dairy farms was processed by a Kentucky processor and sold at Kentucky grocery stores, and we needed to find a way for dairy farmers to earn a premium on their product. That’s when we came up with a plan.”

That plan, spawned in Comer’s office more than a year ago,

Elise Carpenter of Russell Springs represents one of more than 100 Kentucky farm families who will immediately benefit from sales of “Udderly Kentucky” milk.





“Udderly Kentucky” milk is currently available in whole, 2%, 1% and skim varieties at select Walmart stores. Plans are in the works to expand distribution.

culminated recently with the unveiling of “Udderly Kentucky” milk in 32 Walmart locations in Central and South Central Kentucky. “Udderly Kentucky” milk is source-verified, meaning it is 100 percent guaranteed to be produced and processed in Kentucky.

“Udderly Kentucky” milk also is more profitable to participating dairy farmers. Those farmers earn an additional 7 cents per gallon for every gallon sold. “That 7 cents a gallon could put several thousand extra dollars into the pockets of those participating dairy farmers,” says Comer, “and that’s why this initiative has the potential for more direct farm impact than any program in Kentucky Proud history.”

“When Commissioner Comer and his staff suggested this partnership with Walmart, we knew it was right for these farm families and for the Kentucky community that we serve,” said Tino Soto, a market manager who has served as a regional buyer for Walmart. “Our company has exactly the same mission as the commissioner: Increase farm impact and net farm income on our shelves.”

The milk will be processed at Prairie Farms Dairy in Somerset, Ky., a processing facility owned by local farmers.

“We work with more than 100 area dairy farmers, and I’m so excited we will directly impact them by offering Kentuckians a product that goes from the farm to the table while never leaving the borders of the commonwealth,” said Mike Chandler of Prairie Farms.

The new milk concept – and the extra funding coming to participating farmers – is a source of pride.

“I’m proud of ‘Udderly Kentucky’ because it’s for Kentucky, by Kentucky,” says Patrick Patterson, dairy farmer from Nancy.

“For Kentucky families to be drinking my farm’s milk – that’s a good feeling,” adds Fairplay farmer Tony Compton.

Customers will enjoy knowing their milk is produced locally and that it “came from a good farm,” says Russell Springs farmer Dante Carpenter, who, along with his 12-year-old daughter Elise, is featured in the program’s initial promotional materials.

“Knowing that the milk hasn’t been shipped from halfway around the world is important,” Carpenter says.

Early sales of “Udderly Kentucky” milk, which is available in whole,

2%, 1% and skim varieties, have been extremely promising and discussions are under way to expand the line to other stores.

Kentucky ‘Proud’ of its Veterans

The Kentucky Proud program has provided new opportunities to many family-owned farms. A new program, however is bolstering a particular group of family farms – those owned by military veterans.

“Homegrown by Heroes” was designed to give special attention and marketing benefits to farmers who are military veterans, while also raising the visibility of all Kentucky-grown or produced products.

Products in the “Homegrown by Heroes” program receive special labeling, helping consumers and retailers identify those products. When consumers seek out that label while purchasing a “Homegrown by Heroes” product, they know they are helping a military veteran who has served this country.

Michael Lewis, a Berea farmer, veteran and director of the Growing

Agriculture Commissioner James R. Comer and Mike Lewis of Berea, director of the Growing Warriors program, at the unveiling of “Homegrown by Heroes.”



Warriors program that helps veterans get started in agriculture, said the “Homegrown by Heroes” program has changed his life.

“For the past six years I worked on other people’s farms. I’ve tended other people’s gardens and livestock, not my own,” says Lewis. “The ‘Homegrown by Heroes’ label gave me the courage to step out of my comfort zone, and a few months ago, my family and I established our family farm.”

Lewis says the program’s effects on veterans will be substantial.

“Naturally, this label is going to mean something different to every

the tremendous quality and variety being produced so close to home by Kentucky producers all around the state,” says Ben Shaffar, KDA’s Director of Business Development. “That simply encourages more people to buy local products that they know were grown or produced in Kentucky. Everyone benefits that way.”

In addition, Comer says the program will hopefully inspire a new generation of veterans who become farmers. “If we can create opportunities in agriculture for our veterans, farming will become a more attractive option as a great way

to earn a living and raise a family,” he says.

“Homegrown by Heroes” has attracted national attention. The Farmer Veteran Coalition is in discussions with the Kentucky Department of Agriculture to expand the program to all 50 states.

of Churchill Downs, Inc., said, “This initiative is about the Kentucky Derby. It’s about the Kentucky Derby Festival. And it’s all about Kentucky Proud. Commissioner, you and your staff have made us very proud.”

Each Kentucky Proud program is important to the economy. A University of Kentucky study found that every dollar invested in Kentucky Proud generated up to \$4.70 in new farm income. That’s music to the ears of the Governor’s Office of Agriculture Policy (GOAP) which oversees the Kentucky Agricultural Development Fund (KADF) that finances Kentucky Proud marketing programs.

“The Kentucky Agricultural Development Board’s strategic Kentucky Agricultural Development Fund investments into the Kentucky Proud program continue to be a very effective tool in creating additional marketing opportunities for our farm families,” says Roger Thomas, GOAP executive director. “These initiatives will provide benefits to additional segments of our overall agriculture economy and elevate the awareness of Kentucky Proud and the Kentucky Agricultural Development Fund investments.”

These new programs are just the beginning, says Comer.

“We will continue to look for every opportunity to spread the Kentucky Proud message to every man, woman and child in the state. Kentucky Proud is one of the most effective economic development tools this commonwealth has ever seen, and the program will only get stronger. Kentucky-grown keeps Kentucky growing.”



The Kentucky Proud label was displayed next to all Kentucky bred horses as part of “Kentucky Proud for Kentuckybreds.”

veteran out there because everybody is different. The important thing is that it will allow them to tell their story. ‘Homegrown by Heroes’ is more than a label, I feel. It’s a call to action. We all have a responsibility to seek this label out and thank a veteran by buying their products.”

So far, several dozen farmer/veterans have joined the program and those numbers are growing steadily. The program also assists the larger agricultural community, Comer says.

“People wanting to purchase products by veterans are also seeing

A ‘Proud’ Equine Future

The Kentucky Proud movement also is looking for ways to help other struggling agricultural industries. For example, in the official programs for the Kentucky Oaks and Kentucky Derby this year, the Kentucky Proud brand was placed beside each Kentucky-bred horse. Called “Kentucky Proud for Kentuckybreds,” this initiative placed the spotlight on the commonwealth’s world-class farms, breeders and racing, while also bringing international attention to Kentucky Proud.

When the program was announced, Kevin Flanery, president of Churchill Downs racetrack and senior vice president

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PERSPECTIVE

PRIVATE SOLUTIONS FOR PUBLIC ISSUES

P3 can meet taxpayers' needs
while saving everyone money

BY DAVE ADKISSON

CAN state government meet citizens' needs while saving tax money and improving efficiency? It's possible, but it will require the state to embrace a different way of doing business. And it mirrors what has been happening in certain parts of state government for years. But it will require a strategic approach Kentucky has yet to embrace.

A new report from the Kentucky Chamber addresses these issues in exploring how greater engagement of the private sector in state government through public-private partnerships can help the state and the people who pay its bills.

"Private Solutions to Public Problems: Partnerships to Build a Better Government" points the way toward addressing the challenges that are created when the demand for money to fund state government programs exceeds available resources. As anyone who is even moderately aware of the realities in Frankfort understands, those challenges are always with us.

Pressure on public resources is compounded by an economy that is still recovering from the recession while state spending on corrections, Medicaid and employee benefits have grown faster than the overall budget and the state economy.

Kentucky is dealing with revenue challenges along with other states, but we could be doing more to make what we have work harder for taxpayers. It is time to accelerate efforts to stretch limited resources by turning to the private sector to deliver services and build facilities and infrastructure traditionally provided by public agencies. (Download the report at kychamber.com/p3.)

This approach is known as a public-private partnership, or P3. A classic P3 usually involves a private entity to provide financing, construction and operation of infrastructure such as a highway or building. Our report expands that definition to include the trend of states contracting with the private sector to provide a wide range of public services.

Our research found governments can achieve several important goals using such an approach: saving money, gaining expertise, improving quality

and risk management, and taking advantage of private-sector innovation.

Possible arrangements for P3s include the design and construction of a project or providing specific services to long-term leases and program operations, and there are numerous examples of these across the country.

Kentucky already uses private vendors to bill for Medicaid and operate psychiatric hospitals, and three private organizations provide Medicaid coverage to patients statewide. We were also the first state with a privately contracted correctional facility (although the state now no longer needs the beds of the private facility due to 2011 penal code reforms).

Two of our public universities have contracted with a private company to design, build and manage new dormitories, and P3s are in place to promote economic development in the state's two largest metropolitan areas.

There is legislation on Kentucky's books to provide accountability when the state contracts for private services. But the state does not have a strategic approach to contracting for services. It also does not have – unlike 33 other states – any P3-enabling law for highway and bridge projects.

Safeguards are important, of course, to ensure P3 deals deliver what they should and truly do save taxpayer funds. But it is clear that the practice of state government using private partners to provide services and infrastructure holds great promise to make the most of public resources.

To realize that promise, our report recommends that Kentucky:

- Enact legislation to enable creation of public-private partnerships for a wide range of infrastructure projects at all levels of government.

- Consider the creation of a state P3 office or unit to foster the development of public-private partnerships.

- Enact legislation to create the Kentucky Competitive Government Council to identify opportunities in state government to use private partners, promote transparency and monitor the implementation of partnerships.

We believe Kentucky can take an important step by enacting these recommendations to create a system for partnerships that will make the best use of tax dollars to deliver the services Kentuckians need and deserve. ■



Dave Adkisson is president and CEO
of the Kentucky Chamber of Commerce

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FAST LANE

A compilation of economic news from across Kentucky

STATE: NEW KENTUCKY PROUD MILK BRANDING PLAN EXPECTED TO INCREASE INCOME FOR DAIRY FARMERS



Kentucky Agriculture Commissioner James Comer, fourth from left, joined Walmart regional buyer and market manager Tino Soto, left, for a ribbon-cutting ceremony to unveil the new Udderly Kentucky line of products. They were accompanied by representatives from Kentucky dairy farms and Prairie Farms, the facility that will process the milk.

THE Kentucky Department of Agriculture is hoping that the newest **Kentucky Proud** brand will bolster the commonwealth's dairy industry, which has seen a dramatic decline over the last decade.

In early July, Agriculture Commissioner James Comer officially unveiled **Udderly Kentucky** milk, which will be sold in 32 **Walmart** stores in central and south-central Kentucky.

Udderly Kentucky milk is 100 percent sourced from Kentucky dairy farms and completely processed in Kentucky. A 7-cent-per-gallon premium will be returned directly to every participating Kentucky dairy farmer. Comer said he hopes the project will help increase the number of dairy farmers in Kentucky. The state had 1,500 dairy farmers in 2000, compared to only 800 in 2013.

"This initiative has the potential for more direct farm impact than any program in Kentucky Proud history," Comer said. "A lot of people don't know that

milk that is processed in Kentucky may still be milk that is shipped in from surrounding states. I want to encourage all Kentuckians to seek out the 'Udderly Kentucky' label and buy a product that puts money directly in the hands of our own dairy farmers."

Udderly Kentucky milk is trademarked by the Kentucky Department of Agriculture and processed by **Prairie Farms Dairy** in Somerset, Ky. The facility processes milk from 105 Kentucky dairy farmers in the region.

LEXINGTON: NATIONAL CANCER INSTITUTE DESIGNATION PUTS UK MARKEY CENTER AMONG U.S. RESEARCH ELITE

NATIONAL, state and local leaders gathered in Lexington last month to celebrate the **University of Kentucky Markey Cancer Center's** designation as a **National Cancer Institute** center.

Markey is one of only 68 medical centers in the country to receive the prestigious designation and is the only such center in the commonwealth.

As a result of the designation, patients will have access to new drugs, treatment options and clinical trials offered only at NCI centers. The Markey Center will also be able to apply for federal research grants available only to NCI-designated cancer centers, with the potential to bring millions in additional funding to the area. In addition, the NCI designation will enable Markey to communicate with other NCI-designated cancer centers across the country and collaborate on new advances in cancer care.

"This designation, along with the partnership with **Norton Healthcare**, means UK will be one of the preeminent cancer research and treatment centers in the United States," said Sen. Mitch McConnell. "The university will be able to recruit the brightest researchers and clinical scientists to develop novel cancer treatments, and most importantly, Kentuckians will not have to travel out of state to find the most advanced care and clinical trials."

UK also joins an elite group of medical centers across the country that have earned the "trifecta" of national federal funding. UK is one of only 22 medical centers in the United States to have earned an NCI designation, have a federally funded Alzheimer's disease center (**UK Sanders-Brown Center on Aging**), and earned the Clinical and Translational Science Awards grants.

"We've taken extraordinary steps in recent years to help combat cancer incidence and mortality, through promoting preventative measures, improving current treatments and patient access, and facilitating cutting-edge cancer research," said Markey Cancer Center Director Dr. Mark Evers. "Our NCI designation will shine a new light on this area in Kentucky and allow us to take even bigger steps to improve cancer care and research in this state through prevention programs and clinical trials."



STATE: CABINET INCREASES NEW BUSINESS SUPPORT BY STREAMLINING OFFICES

THE Kentucky Cabinet for Economic Development has created the **Office of Entrepreneurship** within the cabinet's **Department for Business Development** with the goal of streamlining and bolstering business development in the commonwealth.

"Small and young companies are vital to our economic health," said Gov. Steve Beshear. "By helping entrepreneurs early and broadly and by promoting innovation and entrepreneurial activity, we can improve Kentucky's competitive position in the world and enhance job creation at the same time."

The overall goal of the Office of Entrepreneurship will be to develop an entrepreneurial climate for new talent in Kentucky; provide guidance and support to start-up operations; assist existing small businesses with growth opportunities; and create a pipeline of business activity to encourage job and investment creation in Kentucky.

The office will oversee the **Kentucky Innovation Network**, which now includes 10 Innovation and Commercialization Centers (ICCs) and two satellite offices. The office will also guide the cabinet's resources for small and new businesses, as well as innovative and high-tech companies, with funding, marketing assistance, advocacy and resource referrals available along with a variety of financial and incentive programs to encourage new investment and job creation.

"By closely linking all of our entrepreneurial and small business development efforts with our existing business recruitment and expansion activities, we'll be better able to serve clients at all ends of the growth spectrum," said Erik Dunnigan, commissioner of Business Development and interim executive director of the Office of Entrepreneurship.



Erik Dunnigan, Commissioner of Business Development

Submissions Welcome

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Some people thrive on whatever challenges come their way. These are the people who will lead Kentucky's economic resurgence. *The Lane Report* hopes you are among them. *The Lane Report* can help you capitalize on a dynamic new economy.

BUSINESS BRIEFS



BARDSTOWN

■ **Barton 1792 Distillery** has opened a new 300,000-s.f. distribution center in the Bardstown Industrial Park that will accommodate 1 million cases of spirits. The new distribution center is three times the size of the distillery's previous facility, which has been repurposed for bottling operations.

BROOKS

■ **Inside Connect Cable**, an Internet and phone service provider headquartered in Brooks, has expanded its operations into the Indianapolis area with the acquisition of **First Mile Technologies**, a telecommunications and cable operator based in Westfield, Ind. The acquisition gives Inside Connect a fiber optic footprint that expands across much of Kentucky and Indiana, allowing the company to continue the expansion of broadband services to areas traditionally lacking quality service. Financial details of the acquisition were not disclosed.

CYNTHIANA

■ **Farmers National Bank** has merged with **Deposit of Carlisle** to form **Farmers Deposit Bank**. The two community banking institutions have been under the same ownership since 1988. The combined company will have two locations in Cynthiana and one each in Paris and Carlisle.

FLORENCE

■ **Parkway Products**, a Florence-based company that specializes in custom molding of polymers and polymer-matrix composites, has sold its aerospace and defense business to **EDAC Technologies Corp.** for an undisclosed amount. EDAC is a Connecticut supplier of precision aerospace components and assemblies. Parkway Products will retain its industrial and automotive **Enterprise Molded Products**, which is headquartered in Florence and operates plants in Georgia, South Carolina, Colorado and Mexico. The Enterprise Molded Products business will continue to operate using the Parkway name under its existing ownership structure.

FRANKFORT

■ **Farmers Capital Bank Corp.**, a Frankfort-based bank holding company, has been added to the **Russell 3000 Index**, which is widely used by investment managers and institutional investors for index funds and as a benchmark for both passive and active investment strategies. Farmers President and CEO Lloyd C. Hillard Jr. said inclusion in the Russell 3000 "reflects the overall incremental improvements we've made toward increasing value to shareholders in recent quarters. Our presence in this widely known index should increase investor awareness in our stock and generate greater interest by institutional investors." Farmers has 36 banking locations in 23 communities throughout central and northern Kentucky and also operates a data processing company. The company's banking affiliates include: **Farmers Bank & Capital Trust Co.** (Frankfort); **United Bank & Trust Co.** (Versailles); **First Citizens Bank** (Elizabethtown); and **Citizens Bank of Northern Kentucky** (Newport).

GILBERTSVILLE

■ The **Kentucky Lake Motor Speedway** was sold at auction in late June to Ronnie Jones and Jim Hale for \$900,000. The purchase price included the track, equipment and buildings on the 151-acre site, as well as an adjacent 317-acre tract. Jones and Hale told *The Marshall Country Tribune-Courier* that they plan to revive the track, which opened in 1997 but has been idle for the better part of the last five years.

HIGHLAND HEIGHTS

■ **Northern Kentucky University** has launched a new online graduate degree program designed to meet the region's need for highly skilled allied healthcare workers. The Master of Science in Health Science degree, which is available in a fully online format, will enroll its first students in January and will provide the skills needed across a broad spectrum of allied health professions.

STATE: FEDERAL GOVERNMENT DELAYS ACA EMPLOYER MANDATE UNTIL 2014

THE Obama administration announced on July 2, 2013, that a key provision of the **Affordable Care Act** (ACA) has been delayed.

The employer mandate will still require businesses with 50 or more full-time employees to provide affordable health insurance to employees working more than 30 hours per week; however, the original Jan. 1, 2014 deadline has been extended one year to Jan. 1, 2015.

At this time, all other aspects of the law remain in effect, including the individual health insurance mandate that requires individuals to purchase insurance or be penalized.

LEXINGTON: ARCHITECT, CONSTRUCTION FIRMS SELECTED TO 'REINVENT' RUPP

INTERNATIONALLY acclaimed architects **NBBJ** have been selected by **The Lexington Center Board** to "reinvent" **Rupp Arena** and design a new convention center for downtown Lexington.

Hunt Construction Group, the Indianapolis-based company that originally built Rupp Arena, has been tapped to once again handle the construction project.

Lexington Mayor Jim Gray and Gov. Steve Beshear were joined by officials from The Lexington Center at a press conference on July 10 to unveil the plans for the extensive renovation, which will serve as the central point of an broader plan to reinvigorate downtown Lexington and draw new business to the area. Conceptual plans include uncovering the long-buried Town Branch waterway along which Lexington was settled some 250 years ago.

One of the most significant aspects of the plan involves separating Rupp from **Lexington Center**, to avoid scheduling conflicts and provide the larger venue needed to attract more events. The center will be expanded by at least 100,000 s.f., doubling the space for exhibitions, while adding a new ballroom and more meeting rooms.

The initial plans for Rupp include transparent walls – so that basketball games, concerts and other events become energy-generating activity for downtown – along with expanded concourses, suites, chair-back seats throughout and a new scoreboard.

Seattle-based **NBBJ**, which has handled the renovation and expansion of **Pauley Pavilion** at UCLA, the **Staples Center** in Los Angeles and **Hangzhou Olympic Stadium** in China, will partner with the Lexington architectural firm of **EOP** on the project.

How the project will be financed has yet to be determined, but guesstimates previously have ranged from \$100 million to \$300 million. Beshear said the project will involve "a partnership of many," including the state, which appropriated \$75 million toward Louisville's \$238 million downtown arena, the **KFC Yum! Center**, which opened in 2010.



The new design for Rupp Arena calls for it to be separated from The Lexington Center.

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MEDIA PARTNER:



FACT: THERE ARE MORE BARRELS OF BOURBON IN KENTUCKY THAN PEOPLE.



Greater Louisville Inc.
The Metro Chamber of Commerce



BUSINESS BRIEFS

HOPKINSVILLE

■ **Riken Elastomers Corp.** is investing \$7 million to expand its operations in Hopkinsville, where it has been in operation since 2007. The Japanese-owned company is a manufacturer of custom plastic compounds for the automotive industry. The expansion will involve a 20,000-s.f. addition that will house three new production lines and create six new jobs. The Kentucky Economic Development Finance Authority has approved Riken for tax benefits of up to \$50,000.



LEXINGTON

■ **Sears** announced in early July that it plans to close its store at **Fayette Mall**, where it has been in operation since the mall opened in 1971. Chattanooga, Tenn.-based **CBL & Associates Properties**, which owns Fayette Mall, has bought the Sears space and plans to redevelop it to accommodate new retail and restaurant space. Sears has had a presence in Lexington since 1893 but the company has experienced financial difficulties in recent years that have resulted in inventory reductions and store closings nationwide. The Fayette Mall store is slated to close by the end of the year.

■ **Xerox** is adding 100 jobs at its Lexington customer care center. The new positions are being added to support Kentucky's health benefit exchange, which is part of the Affordable Care Act. Xerox agents will offer assistance via phone, chat and email to Kentuckians navigating the online application process for obtaining health insurance through the exchange.

■ **Alliance Coal LLC** is purchasing property on Beaumont Circle in Lexington for a new regional headquarter facility to accommodate the company's growth. Alliance is investing a total of \$1.13 million in the project, which will add 25 new jobs to the existing 65-member workforce. Alliance is a diversified coal producer and marketer with operations in Kentucky, Indiana, Illinois, West Virginia and Maryland.

■ Lexington-based **Fazoli's** has unveiled a new food court prototype, a 700-s.f. design developed to accommodate a variety of nontraditional locations such as colleges, airports, malls and military bases. The new design places all meal preparation in front of the customer, rather than behind the scenes in a kitchen. Everything from pastas to salads can be prepared within three-and-a-half minutes, according to Craig Sherwood, vice president of franchise development. Sherwood said the restaurant chain, which was named "2013 Brand of the Year" by **FastCasual.com**, is seeing a surge in interest from nontraditional operators.



LOUISVILLE

■ The **University of Louisville** has received two gifts from the **Humana Foundation** totaling \$2.5 million. The donations will help fund research on a vaccine for childhood cancers, provide scholarships for outstanding undergraduates interested in health-related fields, and enhance health and wellness initiatives at UofL's McConnell Center. The gift brings the total raised by UofL's "Charting Our Course" fund-raising campaign to more than \$820 million. The goal is \$1 billion by June 30, 2014.

■ The **University of Louisville Foundation** has broken ground on a second new office building on the university's Shelby Campus. The project, known as 700 North Hurstbourne, is a joint venture between the UofL Foundation and **NTS Development Co.** and follows the successful first building in the office and research park, 600 North Hurstbourne, which opened in 2012. "Developing this underutilized property will bring new revenue to the foundation and university – revenue we desperately need for scholarships, research and infrastructure improvements to become a premier metropolitan research university," said UofL President Dr. James Ramsey. Tenants of 600 North Hurstbourne include **Churchill Downs Inc.**, **Semonin Realtors**, **BKD Accountants**, **Stifel Nicolaus & Co.** and **A&R Logistics**.

PIKEVILLE: WITH \$1 MILLION GIFT, UPIKE LAUNCHES NEW COLLEGE OF BUSINESS



University of Pikeville President Dr. James Hurley, left, announces the creation of the Burlin Coleman College of Business. Coleman, right, has played a significant role in the region's banking industry.

THE **University of Pikeville** has launched the **Burlin Coleman College of Business**, named for a business leader who spent more than 50 years developing the banking industry in Eastern Kentucky.

As Coleman and University of Pikeville Board Chairman Terry Dotson unveiled the name during a press conference, Dr. James Hurley, UPIKE's new president, announced

Coleman's gift of \$1 million to the college of business.

"Today, we come together to announce a third college under the University of Pikeville banner," said Hurley, who is the first alumnus to lead the institution in its 124-year history.

The University of Pikeville began with The College of Arts and Sciences, followed by the **Kentucky College of Osteopathic Medicine**.

"The Kentucky College of Osteopathic Medicine raised our profile and expanded our dreams," Hurley said. "Educating the next generation of innovators, entrepreneurs and business leaders will be transformative, not only for our region, but the commonwealth and beyond."

Coleman was a trustee of the university for many years, including serving as chairman of the board. His interest and involvement were significant in the establishment of the medical school, which has achieved national rankings in the field of rural medicine.

LOUISVILLE: BOWIE RESOURCES ACQUIRING MINES IN UTAH FROM ARCH FOR \$435M

BOWIE Resources LLC, a Louisville-based coal company, has announced plans to purchase **Canyon Fuel Co. LLC** from **Arch Coal Inc.** for \$435 million in cash.

Canyon Fuel includes the Sufco and Skyline longwall mines and the Dugout Canyon continuous miner operation, all located in Utah. Bowie plans to retain the existing 725-person workforce currently in place at the Canyon Fuel operations.

"From the inception of our ownership of Bowie, our goal has been to establish a core business rooted in the Western Bituminous Region and to grow it, not only organically but with synergistic acquisitions," said John J. Siegel, a principal owner of Bowie. "In that context, it would be hard to imagine a more logical next step in our evolution than the purchase of these superior Canyon Fuel mines."

In 2013, Arch forecasted that Canyon Fuel would sell around 9 million tons of coal, primarily to regional power producers and domestic industrial facilities in Utah, Nevada and California. Based on such sales, Canyon Fuel is projected to generate an operational cash flow of roughly \$90 million, with planned capital expenditures of \$15 million to \$20 million in 2013.

Arch President and CEO John W. Eaves said the sale of Canyon Fuel will streamline Arch's mine portfolio and allow the company to focus on the building out and upgrading of its Appalachian metallurgical coal platform and optimizing its low-cost thermal coal franchise.

The transaction is expected to close in the third quarter.

LOUISVILLE: BANK OF KENTUCKY TO LEAD KENTUCKY KINGDOM REDEVELOPMENT



THE Bank of Kentucky Financial Corp. has agreed to be the lead bank and lender in a \$4.5 million project to redevelop and reopen the **Kentucky Kingdom** amusement park.

The park, which at one time was the No. 1 paid tourist attraction in the state, closed in

2009 after its owner, Six Flags, entered bankruptcy.

The Bank of Kentucky has been working with Kentucky Kingdom President Ed Hart and his partners for several months, finalizing a funding package that includes a \$15 million loan from The Bank of Kentucky, as well as related banking and treasury management services when the park reopens on May 24, 2014.

The project to fully renovate the park's 100 buildings and 40 rides will also include the construction of a new rollercoaster and a 10-acre expansion of the Hurricane Bay water park. The water park expansion will add three new waterslide complexes with multiple slides, a 12,000-s.f. wave lagoon and an adventure river.

The reopening will create 60 full-time jobs and 1,000 seasonal positions.

The Bank of Kentucky is a bank holding company with assets of approximately \$1.8 billion. The bank operates 33 branch locations throughout the northern Kentucky region.

BUSINESS BRIEFS

LOUISVILLE

■ **Papa John's International** has signed an agreement as the official pizza partner with **The Football League** in the United Kingdom, where it operates more than 200 restaurants. The partnership represents the first UK sport sponsorship for the Louisville-based pizza chain, which is also the official pizza sponsor of the **NFL**. The deal allows Papa John's the exclusive rights to The Football League's marks, and its digital assets, including online banners, dedicated emails to league and club fans, and exclusive Facebook and Twitter promotions. "Much like the NFL in the U.S., The Football League is a premier brand in the UK, and we are delighted to be associated with the league and its passionate fans," said Papa John's Chairman and CEO John Schnatter.



■ **Churchill Downs Inc.** has completed the purchase of **Oxford Casino** in Oxford, Maine, in a deal valued at approximately \$160 million. Oxford, which opened in June 2012 and underwent an expansion completed in October 2012, is located on 100 acres about 40 minutes northwest of Portland, in the

heart of southern Maine. The property includes a 25,000-s.f. single-level gaming floor with 790 slot machines and 22 table games. It also hosts a 140-seat casual restaurant, a 12-seat casino bar and a grab-and-go.

■ **Meat Hook LLC** has been approved for \$6,000 in county and state funding to help establish a butcher shop and deli in downtown Louisville's NuLu district that will feature Kentucky-grown food products. Primal cuts of meat will be sourced from Kentucky-based slaughter facilities for Kentucky-raised beef, pork, bison, lamb and poultry. The deli will also sell local breads and cheeses.

Congratulations to the City of Lexington and the CentrePointe Project for receiving approval for \$48.8 million in Tax Increment Financing (TIF)

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BUSINESS BRIEFS

LOUISVILLE

■ **Humana Inc.** has signed a definitive agreement to acquire **American Eldercare Inc.**, the largest provider of nursing home diversion services (providing care for frail and elderly individuals in home and community-based settings) in Florida. Annualized revenues for American Eldercare of approximately \$75 million are expected to increase to more than \$1 billion in 2015.



■ **GE** has opened a lab at its **Appliance Park** complex in Louisville that decreases the length of time it takes to develop an appliance part by as much as 80 percent, significantly reducing the costs associated with product development along the way. GE's new Rapid Prototyping Center (RPC) houses special printers with a wide variety of technologies that can produce workable models in different materials and sizes. With rapid prototyping – also known as additive manufacturing – the development of each prototype can be condensed from months to days and gives GE the ability to get new products to market faster. GE officials said RPC also allows the engineering to be more creative and take more risks since the process is not as time-consuming and costly as past procedures.



■ **Almost Family Inc.** has agreed to acquire the assets of the Medicare-certified home health agencies owned

by **Indiana Home Care Network (IHCN)**, for \$12.5 million. IHCN is a provider of home health services that operates six home health locations, primarily in northern Indiana. IHCN produced full year 2012 revenues of \$13.3 million and pre-tax income of \$2.5 million before related party management fees. Combined with Almost Family's existing Indiana operations, the latest transaction creates a network that covers nearly the entire state. The company also announced that it has sold its two sole visiting nurse locations in Alabama, where it has never had a large presence. Both transactions affect on only the visiting nurse programs associated with the locations.

■ An upcoming training program offered by **Nucleus: Kentucky's Innovation Center** will focus on helping Louisville-area entrepreneurs launch their product or business. Nucleus CEO Vickie Yates Brown said **LaunchIt** is an intensive 10-week course designed to give start-up owners the tools to launch their business while avoiding the pitfalls that others have already discovered. Applications for the program are being accepted through Aug. 23 and space is limited. For more information contact Mary Tapolsky at (502) 584-7824 or mtapolsky@nucleusky.com.

MADISON COUNTY

■ The **Blue Grass Army Depot** is in the midst of implementing an 11-week partial furlough for most of its civilian workers, as mandated by budget cuts approved by Congress earlier this year. The furlough, which affects 108 civilian employees, cuts the employees' hours from 40 hours a week to 32 hours. The furlough will run through late September.

MCLEAN COUNTY

■ **Rhino Resource Partners** has begun excavation work at the McLean County site where its Riveredge Mine will be located. Rhino Resource Vice President Chad Hunt told *The Owensboro Messenger-Inquirer* that the company expects to be operating by next June and will initially employ a staff of around 67, with that number growing to 225 to 250 over the course of three years.

MOREHEAD

■ **HomTex Inc.** has announced that it will close its textile plant in Morehead by October. The Alabama-based company began operations in Morehead last summer, when it purchased the assets of **CMC Golf**. At that time, HomTex said it hoped to eventually increase the plant's employment from 25 to 50, but according to local reports, the facility's workforce never exceeded 10. When anticipated orders from national retailers for the plant's golf and beach towels never materialized, the company made the decision to close the Morehead location. Brett Traver, executive director of the Morehead-Rowan County Economic Development Council, told *The Morehead News* that the EDC is already looking for another employer to utilize the 30,500-s.f. plant.

NEWPORT: TRIBUNE CO. TO PAY \$2.7B FOR KENTUCKY-BASED LOCAL TV HOLDINGS

THE Tribune Co., one of the country's leading multimedia companies, has announced plans to acquire Newport-based **Local TV Holdings LLC** for \$2.7 billion in cash.

The transaction will combine Local TV's 19 television stations and 16 markets with Tribune's 23 television stations, superstation **WGN America**, **Tribune Studios**, **Tribune Digital Ventures** and eight major-market newspapers to make Tribune a multi-platform content and distribution powerhouse and the nation's largest commercial TV station owner.

Local TV was founded in 2007 to purchase nine TV stations previously owned by the **New York Times Co.** Over the next five years, the company doubled its holdings and currently has a mix of **CBS**, **FOX**, **ABC**, **NBC**, **CW** and **myNetworkTV** stations, with major markets including Denver, Cleveland, St. Louis, Kansas City, Salt Lake City and Milwaukee. According to statistics released by Tribune, most of Local TV's stations are ranked No. 1 or No. 2 in revenue share in their respective markets and the acquisition will make Tribune the largest Fox affiliate group in the United States.

The acquisition has received approval from both companies' boards of directors and is expected to close by the end of the year, pending approval from the Federal Communications Commission.

LOUISVILLE: REPUBLIC BANK ANNOUNCES INTENT TO PURCHASE H&R BLOCK BANK

LOUISVILLE-based **Republic Bank & Trust Co.** has announced plans to acquire all of the deposits and a majority of the assets of **H&R Block Bank (HRBB)**, a subsidiary of tax preparation company **H&R Block Inc.**

Republic and H&R Block are currently in separate contract negotiations to enter a joint marketing master services agreement and receivables-purchase agreement. Pursuant to those agreements, Republic would offer H&R Block-branded financial services products to H&R Block clients.

H&R Block announced in October 2012 that it was seeking strategic alternatives for H&R Block Bank that would result in H&R Block Inc. no longer being regulated by the

Federal Reserve Bank as a savings and loan holding company. The decision was prompted by proposed rules that would impose higher capital requirements on savings and loan holding companies such as H&R Block. The Federal Reserve proposed the rules in order to implement changes required by the Dodd-Frank Act.



H&R Block hopes to have the financial services agreements with Republic in place in time to execute the 2014 tax season with Republic.

"The proposed rules would require us to hold significant levels of additional capital, which does not properly align with our capital-light business model," said Greg Macfarlane, H&R Block's chief financial officer. "We believe it is in the best strategic interests of our company and our shareholders to cease being regulated as a savings and loan holding company and are taking the appropriate steps to do so."

As part of the transaction agreement, Republic will acquire approximately \$470 million in projected customer deposits and assets valued at approximately \$3 million.

LOUISVILLE: CONSTRUCTION BEGINS ON \$12 MILLION ANGEL'S SHARE DISTILLERY



Louisville Distilling Co.'s new \$12 million distillery is slated to open in 2014.

ANGEL'S Share Brands broke ground in early July for a new distillery in downtown Louisville that will produce **Angel's Envy** bourbon and related products.

The company, together with subsidiaries **Louisville Distilling Co. LLC** and **Papillon Property Group LLC**, plans to create 40 new jobs and invest \$12 million in the project.

The distillery's site, a 19th-century building known as the **Vermont American Building** and **Baer Fabrics**, was preserved for redevelopment after a portion of the property was razed to make way for the new downtown Ohio River Bridge and I-65. The Kentucky Transportation Cabinet, local development officials and historic preservation officials worked together to make sure the site remained a viable location for innovative economic development.

The new distillery for Angel's Envy will include a column still for expanded production, a bottling line, grain handling equipment and barrel storage areas, as well as a "brand experience" center that will be open to the public and include guided tours of the distillery.

STATE: GENERAL DYNAMICS WILL CREATE 1,300 JOBS FOR INSURANCE MARKETS

GENERAL Dynamics Information Technology plans to add 1,300 new jobs in London and Winchester, where the company is establishing new facilities to provide technical assistance for the implementation of the federal government's health insurance marketplace.

General Dynamics provides information technology, systems engineering, professional services, and simulation and training to customers across a broad spectrum of industries.

The company is investing some \$18.5 million in the London site, which is expected to employ up to 1,000 people. The Winchester facility will house approximately 300 employees. The company currently operates a facility in Corbin that employs some 400 people.

LEXINGTON/LOUISVILLE: UK AND UofL TEAM UP ON JOINT EXECUTIVE MBA PROGRAM

KENTUCKY'S two largest business schools are developing a plan to offer the state's first joint master of business administration (MBA) program for executives. The **University of Kentucky** and the **University of Louisville** have agreed in principle to create a new MBA to prepare experienced mid-level executives for senior leadership.

The program would be open to executives from both profit and not-for-profit organizations and would likely start in the fall of 2014, subject to normal approval processes at both universities.

Classes would be conducted every other weekend to allow students to keep their existing jobs. Half of the courses would take place in Louisville and half in Lexington, with UofL and UK also splitting teaching duties, revenue and expenses.

About 250 students at UofL and 175 students at UK are now pursuing an MBA degree. The joint program could add 40 to 45 new MBA students a year.

BUSINESS BRIEFS

PADUCAH

■ **KFVS** reports that **Lourdes Hospital** is cutting 29 positions as a result of the hospital's consolidation and centralization of its non-clinical billing and finance functions. The hospital has been in the process of restructuring, which has affected a total of 58 positions. However, the company also has 41 open positions and has encouraged employees affected by the layoff to apply for those openings if they are qualified.

■ **Dippin' Dots**, the Paducah-based company whose unique ice cream and frozen treats have become a staple at theme parks and stadiums, is expanding its distribution network by placing freezers in retail outlets across the country. Earlier this year, the company launched a strategy to expand into the retail segment and last month announced that **Fred's Inc.**, a Memphis-based discount retailer, would be carrying its products. More than 640 Fred's stores will be carrying the Dippin' Dots products by September, bringing Dippin' Dots retail distribution network to nearly 1,200 stores.



SOMERSET

■ **Continental Refining Co.**, a Somerset oil refinery that began operations earlier this year, is now processing some 1,500 barrels of crude oil a day, according to a report by the *Commonwealth Journal*. The refinery, which previously operated as **Somerset Refinery** for decades before closing due to financial difficulties in 2010, currently has a staff of 40 and is continuing to hire additional workers. The company's goal is to process 5,500 barrels of crude oil per day. Continental has secured a contract with **Sonoco Partners Marketing and Terminals LP** to ensure a consistent supply of oil.

SOUTHERN KENTUCKY

■ The **Southeast Kentucky Economic Development Corp.** recently received a \$70,733 Rural Enterprise Grant from the **U.S. Department of Agriculture** that will be used to provide technical assistance to small business owners and entrepreneurs in southern Kentucky. The grant will help provide entrepreneurial training, business planning and readiness assessments, accounting services and cash flow management, industry-specific consulting and counseling, loan packaging and referral, and technical assistance services to business owners and entrepreneurs in an 18-county area that includes Adair, Casey, Clinton, Cumberland, Garrard, Green, Jackson, Knox, Laurel, Lincoln, McCreary, Metcalfe, Monroe, Pulaski, Rockcastle, Russell, Wayne and Whitley counties. **SKED**, a nonprofit economic development organization based in Somerset, works with businesses across a 45-county region in southeast Kentucky to identify financing solutions to fund their location, expansion and working capital needs.

WINCHESTER

■ In an effort to meet tightening federal air regulations and ensure a reliable generating unit at Cooper Station in Burnside, Ky., **East Kentucky Power Cooperative** is seeking regulatory approval to connect the unit to an existing scrubber at the plant. In 2012, EKPC added a circulating dry scrubber to Cooper Unit #2 at a cost of approximately \$225 million. The scrubber removes sulfur dioxide and other emissions from the flue gas of the coal-fueled unit. Meanwhile, Cooper Unit #1 continues to face challenges in meeting more-stringent air rules, which could curtail operation of the unit as soon as 2015 if modifications are not made. The proposed project is estimated to cost approximately \$15 million, a price that will ultimately be borne by co-op members. Cooper Unit #1, which came online in 1965, is a 116-megawatt coal-fueled unit.



STATE

■ The Kentucky Department of Agriculture has released a free app for Apple iOS and Google Android devices to help users locate and learn more about Kentucky wineries. Users of the new **Kentucky Wine Trails** app can sort through listings for 65 Kentucky wineries, go to the winery's website, find a map to the winery and get contact information. Users can also sign up for a "passport" that they can then have "stamped" at each Kentucky winery stop. Visitors who reach seven "stamps" within a year will receive a special Kentucky wine gift.

INTERSTATE LANE

Business news from Indiana, Ohio, Tennessee and West Virginia

BUSINESS BRIEFS

INDIANA

■ **Lilly Endowment Inc.** has awarded a \$10 million grant to the **Indiana Biosciences Research Institute**, a new statewide public-private entity formed to bring together the state's life sciences industry leaders and academic research institutions to accelerate Indiana's strengths in the discovery, development and delivery of bioscience and medical technology innovations. The institute will initially focus on issues deemed as the most pressing: cardiovascular disease, diabetes, obesity and nutrition.

■ **Jeffboat LLC** has received a federal grant amounting to more than \$845,000 that will enable the shipbuilding company to expand its barge-production facility in Jeffersonville. The grant is part of \$9.46 million in federal grants to improve 12 shipyards in 10 states. The expansion will allow Jeffboat to restart an idle production line and add 100 positions.

■ **Catamaran Corp.**, a provider of pharmacy benefit management and technology services, is building a 75,000-s.f. facility at the **River Ridge Commerce Center** in Jeffersonville, Ind., that will create more than 200 jobs with an average annual salary of \$50,000. The facility's staff will include pharmacists, technicians and call-center personnel. The company plans to begin operations in November.

TENNESSEE

■ **Aramark** has announced plans to open a business services center in Nashville that will create more than 1,000 jobs over the next three years. The Philadelphia-based company, which provides food services, facilities management, and uniform and career apparel to a wide array of businesses around the world, is investing approximately \$20 million in the facility and expects to have it operational by the end of the year.

■ **Taylor Farms**, one of North America's largest suppliers of fresh produce to the foodservice industry, is investing \$5.9 million to expand its operations in Smyrna, Tenn. The expansion will create 170 new positions.



■ **Oddello Industries LLC**, a contract manufacturer that serves the world's leading furniture brands, is expanding its operations in Morristown, Tenn. The expansion will add 228 new positions at the Morristown plant, which has already grown from 35 employees to 415 in the past year.



Nissan photo

■ **Nissan** is adding more than 900 manufacturing jobs at its **Smyrna (Tenn.) Vehicle Assembly Plant** to support future production of the **Nissan Rogue**. The shift of the Rogue production to the United States is part of Nissan's broader strategy to localize production. By 2015, the company aims to have 85 percent of its products that are sold in the U.S. produced in North America.

OHIO

■ **Nestlé** is investing \$53 million to establish a new building that will expand its existing research and development center in Solon, Ohio. The new center will be designated as a global **Product Technology Center**, dedicated to frozen and chilled foods research, and will serve Nestlé's businesses worldwide. The 144,000-s.f. building will house offices and labs for approximately 100 scientific, professional and technical staff and will also include a pilot plant where new recipes and technologies will be tested and evaluated.

WEST VIRGINIA

■ The **Coast Guard Operations System Center** is expanding its operations center in Kearneysville, W. Va., where it provides support for more than 60 Coast Guard information technology systems. The extra space will allow the Coast Guard to add 150 new positions over the next few years.

OHIO: KROGER ANNOUNCES ITS INTENT TO BUY HARRIS TEETER IN \$2.5B DEAL

THE Kroger Co. has announced plans to acquire **Harris Teeter Supermarkets Inc.** in a deal valued at approximately \$2.5 billion.

Headquartered in Matthews, N.C., Harris Teeter operates 212 stores that are primarily located in high-growth markets, vacation destinations and university communities in North Carolina, Virginia, South Carolina, Maryland, Tennessee, Delaware, Florida, Georgia and the District of Columbia. The company also operates distribution centers for grocery, frozen and perishable foods in Greensboro and Indian Trail, N.C., as well as a dairy facility in High Point, N.C.

The company had revenues of approximately \$4.5 billion for fiscal year 2012.

"Harris Teeter is an exceptional company with a great brand, friendly and talented associates, and attractive store formats in vibrant markets run by a first-class management team," said David B. Dillon, Kroger's chairman and chief executive officer. "They share our customer-centric approach to everything we do – from store format and merchandising to innovative loyalty programs. This is a financially and strategically compelling transaction and a unique opportunity for our shareholders and associates."

Kroger officials said the company plans to retain the Harris Teeter name and will operate the stores as a subsidiary of Kroger. There are no plans to close stores and both companies will retain their respective headquarters.

Combined, the company will operate 2,631 supermarkets and employ more than 368,300 employees across 34 states and the District of Columbia.



WEST VIRGINIA: ALPHA OPENS \$23M MINE SAFETY EDUCATION/TRAINING FACILITY

LEADING U.S. coal supplier **Alpha Natural Resources** has opened a comprehensive education and training facility for mine safety and operations in Julian, W. Va., that it says is the first of its kind in the industry.

The 136,000-s.f. campus includes classroom space for up to 300 people; a 96,000-s.f. lab that can simulate mine situations and conditions; labs for electrical, welding and maintenance skills training; the latest mine safety technologies, including air flow sensors and multi-gas hand-held detectors; a command center for mine rescue and emergency preparedness training; and facilities and equipment for supervisory leadership skill training. Virtual reality simulators allow participants to operate continuous mining machines, roof bolters, scoop and haul trucks and receive real-time feedback on their performance.

Alpha has invested approximately \$23 million into the facility and development of the curriculum, which integrates a broad range of subject areas, including technical, safety and leadership skills. It will serve as a resource for miners who work underground as well as surface miners and office support personnel.

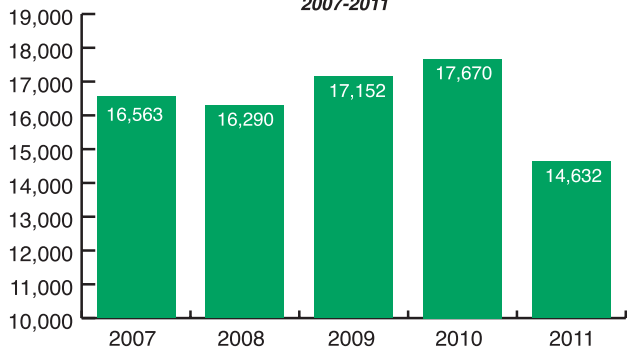
All employees in the Alpha organization will eventually go through the academy, which will supplement the company's existing mine safety training programs.

Alpha is one of the largest and most regionally diversified coal suppliers in the country. With mining operations in Virginia, West Virginia, Kentucky, Pennsylvania and Wyoming, Alpha supplies metallurgical coal to the steel industry and thermal coal to generate power to customers on five continents.

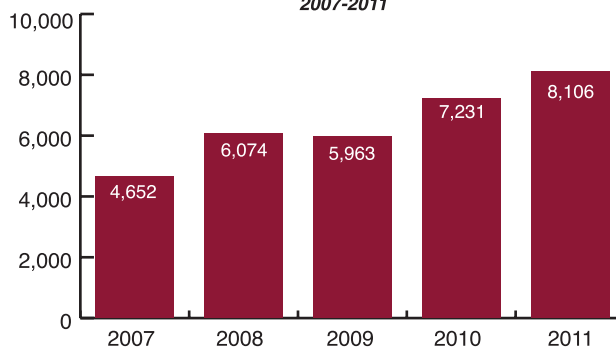
KENTUCKY'S OIL AND GAS INDUSTRY

Kentucky has been a steady producer of oil and natural gas for more than a century and the industry is a major economic engine for the commonwealth, particularly in the eastern region of the state. The statistics below represent data compiled by the Kentucky Oil and Gas Association, which recently released its first comprehensive research on the economic impact of the industry.

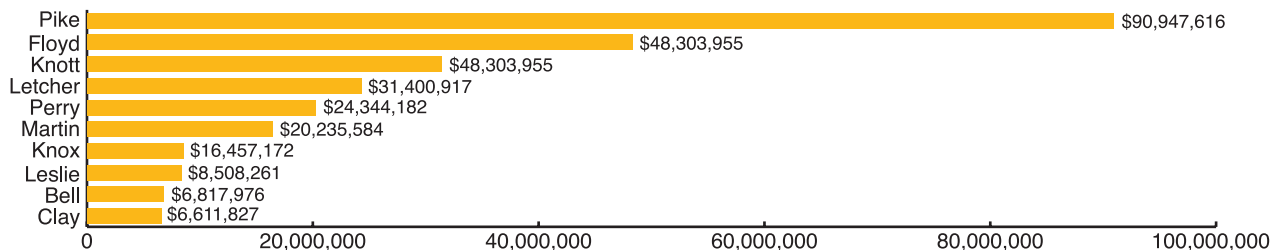
NUMBER OF PRODUCING GAS WELLS
2007-2011



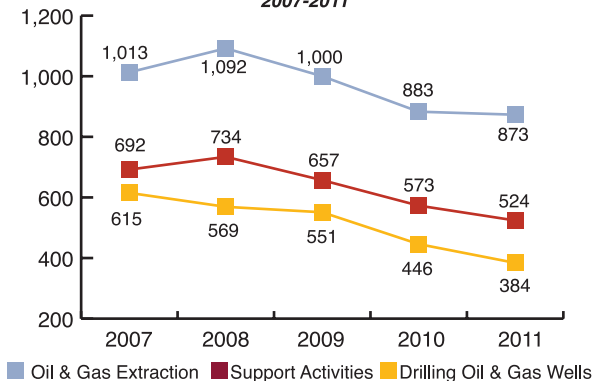
OIL AND GAS EXTRACTION JOBS
2007-2011



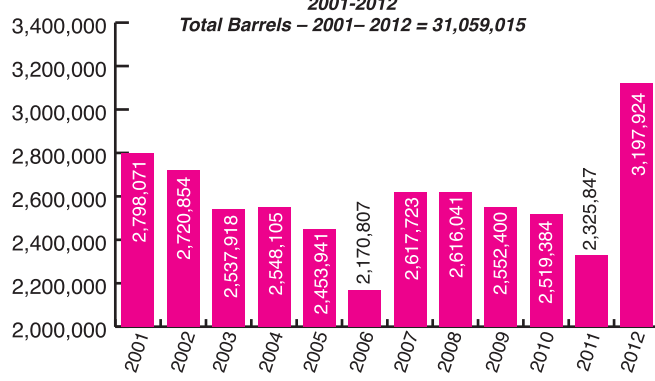
NATURAL GAS SEVERANCE
By County
2002-2012



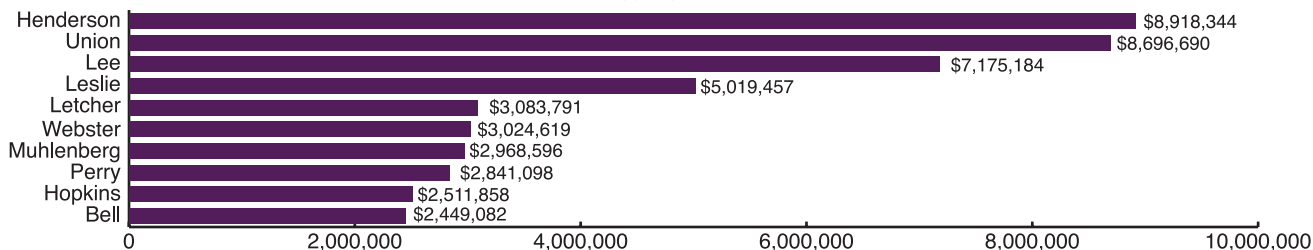
OIL AND GAS EMPLOYMENT TRENDS
(wage and salary employees)
2007-2011



ANNUAL OIL PRODUCTION
(By Number of Barrels)
2001-2012



OIL PRODUCTION SEVERANCE TAX
By County
2002-2012



Source: Kentucky Oil and Gas Industry, Kentucky Dept. of Revenue, Bureau of Economic Analysis, Kentucky Office of Employment & Training, U.S. Energy Information Administration

CORPORATE MOVES

New leadership for Kentucky businesses

ACCOUNTING

■ **Kelley Helgeson** has joined Mountjoy Chilton Medley LLP as a principal in the Louisville accounting firm.

BANKING/FINANCE

■ **Len Duren** has been named executive vice president, chief credit officer for Citizens Bank of Northern Kentucky.

■ **Carla Miles** has been named senior vice president of human resources for Frankfort-based Farmers Capital Bank Corp.



Carla Miles

■ **Angie Morrison** has joined ARGI Financial Group in Louisville as controller.

■ Community Trust Bank Inc. has promoted **Tammy Lucas** to the position of senior vice president and compliance manager. **Darrell Stepp** has been promoted to assistant vice president of the Floyd-Knott market for the bank.



Tammy Lucas



Darrell Stepp

EDUCATION

■ **Dr. Robert Jackson** has been named president of the Murray State University Foundation. He succeeds **Dr. Tim Miller**, who is now serving as interim president of Murray State University.



Dr. Robert Jackson

■ **Dr. E. Michael Eastman** has been named vice president for development and alumni relations at Eastern Kentucky University.



Dr. E. Michael Eastman

■ **Dr. Charles "Chipper" H. Griffith III** has been named senior associate dean for medical education at the University of Kentucky College of Medicine.

■ Transylvania University has named **Michael J. Bell** as interim vice president and dean of the college.

FOOD/SPIRITS/HOSPITALITY

■ **Kristin Meadors** has joined The Kentucky Distillers Association as director of governmental and regulatory affairs.

HEALTHCARE

■ **Kerri Remmel** has been named chair of the department of neurology at the University of Louisville School of Medicine.

■ **Michael Sherrod** has been named chief executive officer of TriStar Greenview Regional Hospital in Bowling Green. Sherrod, who previously served as CEO of Coliseum Northside Hospital in Macon, Ga., succeeds **Mark Marsh**, who left in May to take the CEO position at Gateway Medical Center in Clarksville, Tenn.

■ **Jennifer Elliott** has been named associate vice president for health affairs/strategic initiatives and special advisor to the executive vice president for health affairs for the University of Louisville Health Sciences Center.

LEGAL

■ **Anne-Tyler Morgan** has joined the Lexington office of McBrayer, McGinnis, Leslie & Kirkland PLLC. Morgan is an associate in the firm's healthcare department.

NONPROFIT

■ **Michael H. Raus** has been named director of business development for WaterStep, a Louisville-based organization that works to provide solutions for water crises around the world.



Michael Raus

RETAIL

■ **Calvin Kaufman** has been named president of The Kroger Co.'s new Louisville division.

TECHNOLOGY

■ **Zaid Akhter** has been promoted to vice president of sales for Paducah-based Computer Services Inc. (CSI).

■ **Tucker Oldham** has been named president of sales for NetGain Technologies' Louisville office.

DEPARTURES

■ **Richard A. Lechleiter** has announced that he will retire as executive vice president and chief financial officer for Louisville-based Kindred Healthcare Inc., effective Jan. 15, 2014.

■ **Eileen Pickett** has announced that she will leave her position as senior vice president of community and economic development for Greater Louisville Inc. at the end of August. Pickett, who has been with GLI for 14 years, plans to start a consulting practice.

■ **Maria L. Bouvette** retired as chairman of the board and chief executive officer of Louisville-based Porter Bancorp Inc., effective July 31, 2013. **W. Glenn Hogan** is expected to be elected chairman of the board and **John T. Taylor** will be named CEO, following regulatory approval.

■ **Bennie Ivory** retired as executive editor of *The (Louisville) Courier-Journal*, effective July 26, 2013. Managing Editor **Jean Porter** will be heading the newsroom until a new executive editor is named.

UTILITIES

■ **Eric King** has been hired as the new director of community and government affairs for the Kentucky Association of Electric Cooperatives.



Eric King

■ **Jim Brammell** has been named president and chief executive officer of Louisville Water Co. Brammell previously served as vice president of operations and chief engineer for the company.

OTHER

■ **Garrett Jackson** has joined Louisville-based CafePress Inc. as chief information officer.

■ Lexington-based Creative Lodging Solutions has announced the following appointments: **Joanna Garcia** – chief operating officer, **Steve Handy** – chief technology officer, **Cindy Rudovich** – chief sales officer, and **Carolyn Hundley** – chief culture and development officer.

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ON THE BOARDS

Kentuckians named to organizational leadership roles

AMERICAN ADVERTISING FEDERATION

■ **John McCafferty**, president of Louisville-based John McCafferty Advertising, has been elected vice chair of the American Advertising Federation's 2013-2014 council of governors.



John McCafferty

BLUE GRASS COMMUNITY FOUNDATION

■ **Logan Marksbury** and **Griffin VanMeter** have joined the board of directors of the Blue Grass Community Foundation. Marksbury is the philanthropic director for the Marksbury Family Foundation, overseeing development and grant management. VanMeter is a partner at Bullhorn Creative.

KENTUCKY CHAMBER OF COMMERCE

■ **Elizabeth McCoy**, president and chief executive officer of Hopkinsville-based Planters Bank, has been selected as chairwoman of the Kentucky Chamber of Commerce. McCoy will succeed **Jim Booth**, president of Inez-based Booth Energy Group.

KENTUCKY COMMUNITY AND TECHNICAL COLLEGE

■ **Donald Tarter** has been appointed to the Kentucky Community and Technical College System board of regents. Tarter, of Dunnville, is self employed.

KENTUCKY HORSE RACING COMMISSION

■ **James David Richardson** and **D. Wayne Lukas** have been appointed to the Kentucky Horse Racing Commission. Richardson, of Louisville, is a surgeon with the University of Louisville School of Medicine. Lukas, of Louisville, is a Thoroughbred horse trainer.

KENTUCKY OPTOMETRIC ASSOCIATION

■ The Kentucky Optometric Association has announced its board of directors for the 2013-2014 year: President – Dr. **Matt Burchett**, Richmond; President-Elect – Dr. **David Jacob**, Murray; First Vice President – Dr. **Karoline Munson**, Frankfort; Second Vice President – Dr. **Max Downey**, Columbia; Secretary-Treasurer/Immediate Past President – Dr. **Brett Abney**, Leitchfield; Trustee Emeritus – Dr. **Lee Peplinski**, Louisville. Society Trustees: Bluegrass Optometric Society – Dr. **Brian Keplinger**, Frankfort; Central Kentucky Optometric Society – Dr. **Darren Patrick**, Bardstown; Eastern Kentucky Optometric Society – Dr. **Randy Steele**, Morehead; Greater Louisville Optometric Society – Dr. **Matt Mooney**, Mt. Washington; Northern Kentucky Optometric Society – Dr. **Kim Hudson**, Walton; Southeastern Optometric Society – Dr. **Harvey Schleter**, Somerset; and Western Kentucky Optometric Society – Dr. **Laurel VanHorn**, Benton.



Matt Burchett

KENTUCKY SCHOOL NUTRITION ASSOCIATION

■ **Sabrina Jewell** has been elected president of the Kentucky School Nutrition Association.

Jewell is the child nutrition director for the Henderson Country School.

LIAISON COMMITTEE ON MEDICAL EDUCATION

■ **Joseph L. Fink III** has been elected to serve a three-year term as a public member of the Liaison Committee on Medical Education, the agency that accredits M.D. degree programs in the United States and Canada. Fink is professor of pharmacy law and policy as well as the Kentucky Pharmacists Association professor of leadership in the University of Kentucky College of Pharmacy.

LIFEPOINT HOSPITAL NATIONAL PHYSICIAN ADVISORY BOARD

■ Kentucky physicians **Jonathan Barry Dixon** and **William Hunter Housman** have been named to serve on the LifePoint Hospital National Physician Advisory Board. Dixon is a physician at Lake Cumberland Regional Hospital in Somerset. Housman is a physician with Kentucky Inpatient Medicine Associates in Paris.

LIVING ARTS & SCIENCE CENTER

■ The Living Arts & Science Center in Lexington has announced their board of directors and officers for the 2014 fiscal year: President – **Hannah Huggins**, W. Rogers Co.; President-Elect – **Maggie Mick**, Council of State Governments; Treasurer – **Roni Karbach**, Fifth Third Bank; Secretary – **Paige Bensing**, Lexmark. Directors: **Yajaira Aich**, PNC; **Ryan Atkins**, Kentucky Utilities; **Jaclyn Badeau**, Tempur Pedic; **Harriet Dupree Bradley**, Dupree Catering and Events; **Joseph Coleman**, Kentucky League of Cities; **Billie Dollins**, Community Trust Bank; **Danielle Dove**, Greer Companies; **Brian Duba**, Frost Brown Todd; **Bilal El-Amin**, Bluegrass Community Foundation; **Brendon Halvorsen**, Chase Bank; **Emmie Hartley**, Cornett Integrated Marketing Solutions; **Jerry Johnson**, Bank of the Bluegrass & Trust Co.; **Britt Jordan**, Paul Miller Auto Group; **Jessica Kunin**, Hot Sauce Records; **Hope Hurst Lanham**, Hurst Office Suppliers Inc.; **Jacoby Malone**, Lexmark; **Valerie Marshall**, PNC; **Graham Morgan**, Dinsmore & Shohl, LLP; **Laura Newman Suter**, AFLAC; **Shaun Ring**, Ring Enterprises; **Coley Stilz**, Kinkead & Stilz, PLLC; **Heather Sunseri**, Blue and Co.; **Randall Vaughn**, Gray Construction; **Meredith Sheffler Walker**, Bluegrass Sotheby's; and **Robert Williams Jr.**, Unified Trust.



Maggie Mick

LOUISVILLE PUBLIC MEDIA

■ The following individuals have been elected to serve as officers of Louisville Public Media, a community-supported not-for-profit organization that serves the community with three public radio stations: Chair – **Todd P. Lowe**; Vice Chair – **Christopher Doane**; Secretary/Treasurer – **Ronald J. Murphy**. Board members include: **Nichelle Anthony**, **Christopher I. Boone**, **Linda H. Caso**, **John Robert Curtin**, **Dwight D. Dozier**, **Daniel T. Goyette**, **Juliet Cooper Gray**, **Gill Holland**, **Mary Ann Palmer**, **Rev. Al Shands**, **Lee Powers Smith**, **Virginia Hamilton Snell**, **Diane Tobin** and **Marianne Cabot Welch**.



Todd Lowe

MEDICAID LEADERSHIP INSTITUTE

■ **Lawrence Kissner**, commissioner of the Kentucky Medicaid program, is one of seven Medicaid directors chosen nationally to participate in the Medicaid Leadership Institute. The 12-month institute is designed to enhance the strategic thinking, knowledge, leadership and technical skills needed to effectively lead and foster innovation in the states' Medicaid programs.

MOREHEAD STATE UNIVERSITY

■ Dr. **Kevin W. Pugh** has been appointed to the Morehead State University board of regents. Pugh, of Pikeville, is a physician at Pikeville Medical Center.

NORTHERN KENTUCKY UNIVERSITY

■ **Andra' R. Ward** has been appointed to the Northern Kentucky University board of regents. Ward, of Cincinnati, is president and CEO of the Khafre Ward Corp.

SOUTHEAST COMMUNITY AND TECHNICAL COLLEGE

■ **Brandon W. Robinson** has been appointed to serve on the board of directors of Southeast Community and Technical College. Robinson, of Hazard, is an editor and producer at WYMT television.

SOUTHERN REGIONAL EDUCATION BOARD

■ Gov. **Steve Beshear** has been elected to serve as chair of the Southern Regional Education Board, an 80-member board of governors, legislators and state education leaders that works to advance education.



Gov. Steve Beshear

UNIVERSITY OF KENTUCKY

■ **David V. Hawpe**, **Angela L. Edwards** and **James H. Booth** have been appointed to the University of Kentucky board of trustees. Hawpe, of Louisville, is a retired journalist. Edwards, of Louisville, is an attorney at Dinsmore & Shohl. Booth, of Inez, is a business entrepreneur and coal operator with Matrix Energy LLC.



James Booth

UNIVERSITY OF LOUISVILLE

■ **Stephen P. Campbell** and **Robert P. Benson Jr.** have been appointed to the University of Louisville board of trustees. Campbell, of Goshen, is an investment banker with Lazard Freres & Co. Benson, of Louisville, is an attorney with Benson, Byrne, Risch, Siemens & Lange LLP.

URBAN AND REGIONAL INFORMATION SYSTEMS ASSOCIATION

■ **Ashley Littell Hitt**, director of GIS services for Bowling Green-based Connected Nation, has been elected to the Urban and Regional Information Systems Association's board of directors.

WESTERN KENTUCKY UNIVERSITY

■ **Gillard B. Johnson** has been appointed to the Western Kentucky University board of regents. Johnson, of Nicholasville, is an attorney at McNair Law Firm.

LANE ONE-ON-ONE

Kentucky's leaders express their opinions



Mark Simendinger

Mark Simendinger has served as the general manager of the Kentucky Speedway since it was acquired by Speedway Motorsports Inc. in 2009. As the speedway's only president, Simendinger played an integral role in the construction of the facility from its 2000 inception by spearheading planning, development, financing and operations. Prior to assuming his present position, Simendinger was president of Turfway Park Race Course, a Thoroughbred track in Florence, and was president of Carroll Properties, a real estate development firm. Simendinger, who earned a degree in accounting from the University of Notre Dame, currently resides in Edgewood. He and his wife, Lori, are the parents of five children.

KENTUCKY SPEEDWAY, THE STATE'S MAJOR LEAGUE SPORT

GM Mark Simendinger discusses the logistics and multilevel marketing involved in NASCAR Sprint Cup Series racing

BY MARK GREEN

Mark Green: How does motor racing fit into the broader sports realm?

Mark Simendinger: The NASCAR Sprint Cup is the major league of not only motor racing but it's one of the nation's major league sports. NASCAR has a lot of sports fans who just like to be at big events. People want to see the best of any sport. They want to come see the stars they've heard of on "Sports Center": Dale Earnhardt Jr., Jimmy Johnson. National TV introduces NASCAR to a lot of sports fans. Another great thing for Kentucky Speedway is that our race date is at the end of June when there's not a lot of football going on, for instance, so many football fans focus on our Sprint Cup race.

MG: The signature event for the track is the annual Quaker State 400. How many and what other sorts of events take place at Kentucky Speedway throughout the year?

MS: The Kentucky Speedway has two major race weekends. The Quaker State 400 race weekend this year had three NASCAR-sanctioned races – the Sprint Cup

level, and below that is the Nationwide series, and below that is the truck series. We have all three here in June. It's a big triple-header weekend, NASCAR's best are all here at one time. In the fall on Sept. 20 and 21, the speedway hosts the Arca Midwestern series race. Arca is its own sanctioning body. We'll have that stock car event on Friday night, and the Nationwide series will come back on Saturday night.

That is close to the end of the year, so that race always has a lot of championship implications.

Outside of racing, the speedway offers a lot of activities. Driving schools rent the track from us. They are independent businesses and put their show together and get their customers and market their schools. We have team testing; Arca cars yesterday had 15 teams here testing. We host car shows. We've got an import car show here this weekend. It's a big show with thousands of import cars here.

The speedway has a quarter-mile track inside the big oval and on that track we have a lot of small "legends car" racing for motor sports enthusiasts. If you want to go buy a legends car and just start to race, it's a great place to start. Almost every weekend there's something going on here.

MG: How many permanent and seasonal employees does Kentucky Speedway have?

MS: We've got about 55 permanent employees year round. Seasonal, when we have an event, that's a great question – it's not just our employees, because you have a lot of vendors. We probably have 4,000 people get a worker pass when we have a big race event.

MG: What kind of attendance and revenue figures does Kentucky Speedway currently generate?

MS: The speedway doesn't disclose all that kind of information because it's part of a publicly traded company that owns eight speedways. Our corporate information is disclosed; but information regarding individual racetracks is not.

Continued on page 22

HHP/Tammy Kelly Pope photo



The Quaker State 400 race at Kentucky Speedway in late June brings major league sports action and its multiple levels of marketing along with more than 100,000 spectators for the NASCAR Sprint Cup series event in Sparta, Ky.



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Cabinet for Economic Development

LANE ONE-ON-ONE

Continued from page 20

MG: What is the track's capacity, and is there an average ticket price?

MS: The speedway has 107,000 grandstand seats. That doesn't include suite-level seats, campers all through the infield and down the backstretch, and some of the hand-capped seating. It also doesn't include a hospitality area in Turn One. So our capacity is even higher than 107,000. Grandstand tickets range from \$70 to \$110 face value, but we have had a product called the Coca-Cola four-pack a lot of people took advantage of. Four tickets are \$169, and you got some Cokes and hot dogs with that. There are deals you can get if you look hard enough, depending on who our partners are that sponsor certain things.

MG: Obviously attendance is a major revenue stream, but what are some of the other revenue streams a facility like Kentucky Speedway generates?

MS: Probably our biggest revenue stream now is media rights to the networks. Sports is undergoing a period of very high popularity. Media companies are expanding their sports content. You've got ESPN, ESPN2, ESPNU, ESPN digital, ESPN handheld and radio and everything else. ABC has ESPN, and ESPN has become enormously profitable. NBC purchased the Versus network and rebranded it NBC Sports Network. Fox, which owned the Speed channel, is rebranding that Fox Sports 1. CBS has CBS Sports Network. All of the major networks are getting into the all-sports platform and need content in order to gain credibility. If you control content, it's a very good time for you. That has been very beneficial for NASCAR.

One of the big challenges for television networks is getting people to watch an event live as opposed to recording and



Race action during this year's Quaker State 400 at Kentucky Speedway.

HHP/Tim Parks photo

flipping through the commercials. Live sports is compelling television because people want to watch races live, so the value to advertisers is especially high relative to other advertising opportunities.

NASCAR translates very well to television. There's a lot they can do with it, it's fun. In-car cameras, cameras embedded in the racetrack. You can sit in your home and if you've got a good surround sound system, you can really get a great experience. The NFL has done this even well beyond what NASCAR's ever done; that's where the value of a lot of these NFL franchises is: They've got a product that translates very well to television, there's a scarcity of supply and significant demand, so prices go up and so do media revenues.

Beyond television, there's a whole content equation on who has rights to handheld, which is more and more popular. Who has rights to all digital? What about replays, all that kind of stuff? It's a significant part of the business.

NASCAR's done a great job. It used to be that every track had to go out and cut a deal with whomever. NASCAR said we're going to consolidate all the rights,

we're going to split it back out. It was a very wise move and it has proven to be good for the whole.

MG: Has NASCAR been ahead of the curve in marketing itself, especially to some of the media platforms, compared to some of the other major league sports?

MS: The NFL's done about as good a job as you can do, but I think NASCAR saw exactly the way things were going to go at an early time and took advantage of it. The very first race on TV was on ABC's "Wide World of Sports." They did the Daytona 500 only 30 or 40 years ago. They've been very progressive and realized they've got not only unique content, but they've got about the only content that people watch during football season at a major league level outside of the World Series.

MG: What is the geographic footprint of the track's fanbase?

MS: Our primary markets are Cincinnati, Dayton, Louisville, Lexington, generally the state of Kentucky. We do very well throughout the state. When we got our first Sprint Cup race, we had a small database of Sprint Cup customers; we started from zero. Now we're into year four and we're starting to significantly identify trends. We're expanding our fan base and people know who we are. Just like every other business, we're reliant on the quality of our database and we want to have those conversations with our customers. The digital age makes it a little bit easier, but still it's a challenge for us to reach as many people as we want throughout Kentucky.

MG: Does Kentucky Speedway's geographic location afford it a larger or smaller fan base than some of the other tracks?

MS: Generally larger. In addition to the primary markets, we've got secondary markets that are good: Columbus, Ohio; Indianapolis; Nashville and really all of Tennessee; West Virginia. If you look at the television ratings in every single one of those, NASCAR ratings skew 150-200 per-



HHP/Rusty Jarrett photo

Li. Gov. Jerry Abramson, from left, brought a state proclamation declaring NASCAR Week to the Quaker State 400. With him are Kentucky Speedway general manager Mark Simendinger, University of Kentucky basketball coach John Calipari, Papa John's Pizza founder John Schnatter and Speedway Motorsports President Marcus Smith.

cent of the national average. Dayton, Ohio, is a top-five market for Sprint Cup series. Our markets have a core of people who are one and a half to two times more likely to consume the product on television than the general public. It's very encouraging.

When you draw radius rings around Kentucky Speedway, you keep picking up cities in every direction. It's not like we're at Homestead, Fla., and you draw radius rings and pick up a flounder and a sailfish, or you're out in the Midwest and you pick up sage brush. Everything around here is another city. This is a great location for large regional events. That's what the speedway is designed for, that's what we're good at. The smaller the event and the drawing radius, the harder it is for us to make money. That's why the NASCAR Sprint Cup series is so good. It has a legitimate 300-mile drawing radius.



HHP/Tami Kelly Pope photo

Vendors row outside the grandstands entrance at Kentucky Speedway does heavy business during the Quaker State 400 weekend.

MG: Help our readers understand the historical perspective that's brought Kentucky Speedway to where it is today. Explain briefly how the previous owner built the facility, but was unable to secure a Sprint Cup race and eventually in 2008 sold to the current ownership, which did upgrades and did get a Sprint Cup race.

MS: Jerry Carroll was the primary owner of Turfway Park along with John Lindahl and myself. Jerry was the driving force. We were trying to figure out how to make Turfway Park a better asset. Bob Levy, who owned Atlantic City Race Course, said have you guys thought about NASCAR? The more Jerry got into it, the more he realized this is a big deal. We did a lot of feasibility work and it became apparent we were not going to be able to incorporate that into our situation in Florence.

Jerry tells me to start looking for sites ... about a thousand acres. It's got to be on an interstate. We've got to be able to get zoning and develop it, we've got to be able to have two interchanges to service it. And it can't cost too much. I

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LANE ONE-ON-ONE

The 1,000-acre Kentucky Speedway site in Sparta, Ky., includes hundreds of acres of camping and motorhome sites.



HHP/Tami Kelly Pope photo

ended up with a guy who owns land next to here. It's really hilly, and I came back and told Jerry, "I don't think it's going to work." Well, Jerry was contacted by Judge Executive Clarence Davis here in Gallatin County. There were three or four owners, and he'd gone to them and said, "If I can pull this off, would you guys sell your farms?" Clarence showed him around and said the land owners want this, this, this and this. And it was reasonable, so we took an option on it and then we met with Paul Patton, who was the governor. Jerry Carroll is one of the greatest developers I've ever seen, so he's got everything. If we're going to spend the kind of money it takes, which is roughly \$100 million, we were going to need some road infrastructure help. Gov. Patton is very intelligent. It doesn't take him long to figure out what we want to do, that this would be a great thing, and he says OK. We're prepared for hours to go over all this stuff. We're 15 minutes into it, and got everything we wanted.

That's how we got started and located here. Once we did, we went in search of getting that Sprint Cup race. We started out, all we had was a truck series race for NASCAR. Then we got an Indy car series race; we ran that for several years. After our first truck series race, NASCAR awarded us a Nationwide series race. That was our biggest race until 2008, and we kept trying to get a Sprint Cup race. There was a pretty high-profile antitrust lawsuit by our ownership group against NASCAR. Ultimately NASCAR prevailed, and when that happened our ownership group sold the speedway to Speedway Motor Sports, headed by Bruton Smith, which had an inventory of Sprint Cup

races. NASCAR policy allows owners of tracks conducting races to request to realign races within other tracks they own. Bruton Smith controls 13 Sprint Cup races. Atlanta had two, and he thought realigning one in Kentucky and leaving another in Atlanta, which has a very successful race Labor Day weekend, would be the right thing to do. After Bruton Smith bought the track, he invested close to \$100 million more in improvements. Most notably are these two big multicolored-seat grandstands. He did a whole lot of infrastructure improvement: We ended up buying more land and putting more parking, flattening parking out, a lot of interior access roads for tram vehicles and moving people around – infrastructure stuff we had to do to get ready for the type of crowds we were going to have at the Sprint Cup level. It was the vision of two people: Jerry Carroll's initially and then Bruton Smith,

who saw what Jerry had done and what it could be beyond that. Honestly, if it wasn't for Bruton Smith, we still wouldn't have a Sprint Cup series race.

MG: When Kentucky Speedway held its first Sprint Cup race in 2011, there were logistics complications that made the news far beyond the border of Kentucky. How did you go about addressing those problems?

MS: It was really disappointing because that should have been a hugely successful day not only for the speedway but the whole state. It was lined up to be a huge success to the magnitude I may never see again. Conversely, when you mess up, it's bad. We had a traffic plan that just totally broke down. There's just no excuse for it.

Addressing it didn't take long. We announced our plan with the state in August and the race was end of June, so it took us about 30 days to put it all together. Anecdotal I had some ideas, but that's not the right way to go about doing something. When you have a horse that does not perform, you go over it from head to toe and hope you find something, because if you don't find anything wrong you've just got a slow horse. From step one to step 100, I looked at every single thing we did: the plan, the execution, the parking, the size of the infrastructure, the number of parking spots, all of that. I found at every level there were things that could be improved upon, so I didn't have a slow horse. I give a lot of credit to Gov. Steve Beshear, who was on the phone with me immediately following the race. We came up with a comprehensive plan.

We looked at infrastructure first. With the state taking the lead, we were able to widen roads where we needed. We were able to widen the exit ramp off of I-71. Widening Route 35 right in front of the speedway has been a big help. We needed more parking and were able to get land



Kids practice being pit crew members.

HHP/Tami Kelly Pope photo

across the street from the speedway, and the state built a large tunnel so we would keep those people out of traffic. It was a critical component because the state was adamant that we cannot have cars backing up on the interstate like we did; it's a safety problem. The Kentucky State Police helped streamline our traffic management. They took ownership of it and have done an excellent job. We made some changes in personnel. We have a parking company and worked with them on better methods of getting people parked in a more efficient manner.

A company called Stantec created a computer simulation model of the changes. We needed a dry run; the next best thing for us was a very sophisticated, unfortunately very expensive, computer simulation model. You can run it in real time and see how the cars go.

It wasn't one thing, but it was improving everything. The last two years, the speedway hasn't had a single car back up on the way in yet. But a lot of people remember. You never really shy away from it, it happened. The good thing is we learned from it and then moved on.

MG: There has been a lot of interaction with local, regional, and state officials. How would you describe your relationship?

MS: It's ongoing and continuous. We have a great relationship with the state and have through three administrations now – Patton, and then Gov. Ernie Fletcher, and Gov. Beshear – whether it's at the governor's level, or it's with Secretary (of Transportation) Mike Hancock, or the secretary of tourism or anybody else. Then it flows down. Traffic-related, we do a lot of work with District 6 locally. We work together at race time. You just don't wake up and go out and start putting cones in and signs in place. We went through the permitting process hand in hand with District 6. Our Kentucky State Police who are doing all that traffic planning and our operations team all work hand in hand.

MG: What kind of economic trends are you seeing right now among your fans, vendors, teams? What's your sense of the broader economy?

MS: It is better this year than last year. Not as good as it was, but I'm somewhat optimistic. I would say that corporate spending has rebounded somewhat. It's changed in our sport, but what we're seeing is probably a very encouraging trend: The number of companies that want to do business with us and are spending money with us is increasing. The average spend is probably not where it was before the recession, but very few companies that spend with us leave altogether.

There are some drags. Spikes in fuel prices hurt us because people come from a fairly far distance. The other thing from a broader perspective and people buying tickets is the overall functional unemployment rate. It's great that the DOW's at 15,500, but there's a lot of our fans that doesn't affect much. What affects them is they need a job. When we can get the unemployment rate back down and get more people working, that's really going to help us.

MG: Racing has a very blue-collar reputation, but there's a lot of sophisticated business activity and relationships taking place.

MS: Huge. Yes, very much so. Very sophisticated.



HHP/Tim Parks photo

MG: Would you explain some of that company spend, corporate hospitality and suite sales?

MS: There are different components of that. We have series and team sponsors. Sprint, for instance, has a huge investment in motor sports because they're the title sponsor of the Sprint Cup series. The series sponsors and the NASCAR sponsors, there are certain sponsors that are part of the show; they come with it. Team sponsorships are another component. This is one of the strengths of NASCAR. Some huge Fortune 500 companies are participating. You go down the list of top drivers: every one of those may or may not choose to do something in your market. Brad Koslowski won our race last year. When Brad comes into town, Miller Light wants Brad to activate their sponsorship with their key accounts in this market. Events will translate into them buying some tickets. The more of those that come together ... you gain strength. When you see drivers in ads or appearances, this stuff is orchestrated. It's a big part of us promoting a race and getting people interested in the race.

We couldn't do it without our sponsors. We have to have them. One of our best sponsors is Ford. They co-brand their advertising during our sales season leading up to the race, bringing attention to the Quaker State 400 and Kentucky Speedway the whole time that they're promoting Ford products and Ford racing. It makes a huge difference for us. You can imagine the multiplier effect if you've got great partners like that, as opposed to if every single thing I have to do is my own messaging and I don't have partners like Ford and Coca-Cola. You drive around town and see Danica Patrick up on billboards, that's because Coke is partnered with us and they want to help promote the race.

The Kentucky Speedway grandstands 107,000 seats with ticket face values ranging from \$70 to \$110.

MG: Any closing comments?

MS: This is a very rewarding position because the Kentucky Speedway has been able to do something that a lot of people didn't think was ever going to be possible: bring major league sport to Kentucky. While I was disappointed with the traffic in 2011, I'm also realistic enough to know that we're three years into our history right now. I've raised five kids and some of them fall down and scrape their knee and you patch them up and get them back up there and you keep them walking. The speedway has come a long way in a short time, and it's going to continue to just keep getting better and better. ■



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

Worthy of Note

Women who are making a difference in the commercial and public life of Kentucky

OUR occasional feature, Top Women in Business, highlights some of the women around Kentucky who are making an impact in business, the professions, politics and economic development. The intent is to recognize not the household names, but those in key roles whose work ethic and body of work are making important contributions to commerce in the commonwealth.

The five women in this issue are among the many such women *The Lane Report* editorial board has identified. We welcome your suggestions for others around Kentucky who also are deserving of recognition for their efforts to boost Kentucky's economy. Send your recommendations to editorial@lanereport.com.



Carmen Hickerson is a native of Dry Ridge and has lived in Pewee Valley the past 20 years.

Carmen A. Hickerson

Title/Company: Vice President, Corporate Communications & Public Affairs, Greater Louisville Inc.

How long at company/position: 10 years

Previous jobs/positions: Assistant Vice President, Marketing, Fifth Third Bank; Account Supervisor, Doe Ander-

son; Account Supervisor, Bandy Carroll Hellige; Marketing/Public Relations Director, Norton Healthcare; Account Manager, Guthrie/Mayes Public Relations; Assistant Vice President, Marketing, SunTrust Bank, Orlando, Fla.

Top accomplishment: The most important skill/gift I have is communications. I am able to write and speak well ... and be persuasive. Articulating complex subjects clearly and in a way that helps people understand them has contributed to my success in every position I have held.

Being adaptable and willing to try new things has also been a hallmark of my career.

And I consider myself a collaborator. I value the importance of relationships and enjoy working with others to accomplish a goal. This is been particularly important in my role at GLI.

Education: Bachelor of Arts from Morehead State University

Person(s) who most influenced or mentored me: My parents encouraged me, reinforced that I could be anything I want and set an example for a strong work ethic, integrity and curiosity.

Charlotte Tharp, who I worked for at Norton Healthcare, shaped my views on media relations and crisis communications.

Joe Reagan, former president and CEO at Greater Louisville Inc., was a tremendous mentor who challenged and encouraged me to try new things.

What inspires me: Ideas and information. I love discovering and learning new things, skills, relationships and ways of looking at things.

Hobby/interests/volunteer work: Music, reading and cooking. For 17 years, my passion has been raising my son Noah (and attending soccer games the past 12 years). I've been a Kentucky Derby Festival board member for 12 years and served on the boards of Leadership Kentucky, the Tri-State Minority Supplier Diversity Council and Junior League.

Currently reading and/or recent movie/play/concert attended: I usually finish at least a book a week, one of

the last being "Lean In" by Sheryl Sandberg, but I also love a good suspense story. Music is a passion – playing piano, listening to music and watching live music; my current favorites are Emeli Sande, Blake Shelton, Matt Kearney and Gavin DeGraw. I'm never without my Kindle and my iPhone, which also functions as my iPod.

My biggest challenge and how I overcame it: Balancing single motherhood with a career requires energy, organization, patience and a circle of supportive friends. I have been blessed to work for organizations that have allowed me the flexibility to do both.

My advice to younger women in business: Have integrity in everything you do and value relationships. Treat others right and don't burn bridges because you will likely end up working with or for them at some point. Don't limit yourself by your degree or job title – be willing to try new things and go in a different direction. Every experience adds to your value. Learn how to write. Everyone should be able to craft a letter or an email, and, yes, grammar still matters.



Lori Hudson Flanery is a native of Frankfort who currently resides in Louisville.

Lori Hudson Flanery

Title/Company: Secretary, Finance and Administration Cabinet

How long at company/position: Since 2011 (20 years in state government executive positions)

Previous jobs/positions: Deputy Secretary, Finance and Administration Cabinet (2007-11); Interim CIO, Commonwealth Office of Technology (2007-13); Deputy CEO and General Counsel,

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-Asia Ludlow
Cancer Patient



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TOP WOMEN IN BUSINESS

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Kentucky Housing Corp. (2000-07); Attorney, Peck, Shaffer & Williams LLP (1999-2000); Commissioner, Department of Financial Incentives, Cabinet for Economic Development (1997-99); General Counsel, Cabinet for Economic Development (1995-97); General Counsel, Executive Branch Ethics Commission (1994-95); Attorney, Public Service Commission (1992-94); Attorney, Wyatt, Tarrant & Combs (1990-1992)

Education: Juris Doctor from the University of Kentucky; Bachelor of Arts in English from UK

Person(s) who most influenced me:

My mother was a strong woman and a single mother who treated everyone honorably and instilled in me that everyone should be treated with fairness. Professionally, Lynn Luallen always encouraged me to keep looking forward, not just do the business at hand. Crit Luallen was the first woman to be secretary of both the Finance and Governor's Executive Cabinets, charting the course for other women. Gov. Steve Beshear is a great leader who relies on women in key executive roles.

What inspires/drives me: I am inspired knowing the work I do can have a positive impact on individuals and businesses. I stayed in Kentucky because we have so much to offer the world. We have many opportunities to make our state even better; I feel fortunate to be part of those efforts.

Hobby/interests/volunteer work:

With four children and a career, my volunteer opportunities were limited. However, over many years I have supported the Emerge Board, which is dedicated to helping more Democratic women run for office and get elected, and KYMCA to raise scholarships so disadvantaged youth can participate in the Kentucky Youth Assembly and the Kentucky United Nations Assembly.

Currently reading and/or recent movie/play/concert attended:

On vacation I read "The End of Your Life Bookclub" by Will Schwalbe. This was a poignant story of a son celebrating his mother's life as she went through chemotherapy; by sharing their love of books, they connect in ways maybe unattainable otherwise. I aim to read the books Will and his mother recommend.

My biggest challenge and how I overcame it:

My biggest challenge was time management. I've lived by family first, career ready and housework is not important.

My advice to younger women in business:

Treat others as you wish to be treated. We spend a majority of our time with people we work with, so make the most of it. Learn to respect all people. Be cognizant of differences, whether geographic, cultural, religious or ethnic – you'll be amazed at each person's story.



Amy Jackson is a native of Wamego, Kansas, and currently resides in Reynolds Station, Ky.

Amy Jackson

Title/Company: President & CEO, Greater Owensboro Chamber of Commerce

How long at company/position: 1 year

Previous jobs/positions: 13 years with the Farm Credit system, most recently with Farm Credit Mid-America based in Louisville, where I led the marketing, communications and public relations, as well as crop insurance division for the \$19 billion lending institution.

Education: Bachelor of Science in Agriculture from Kansas State University

Person(s) who most influenced or mentored me: Bill Medley and Donnie Winters, previous mentors at Farm Credit Mid-America, who took a risk on a young farm girl from Kansas who lacked patience but has a passion for greatness.

What inspires me: My young daughter, who loves to learn and sees no boundaries in her life. I do my best to remove any barriers in her way and empower her with knowledge and confidence so that she may have a happy, fulfilling life whatever she may choose to do. And my husband, Chris, whose humor and patience keep me grounded and smiling every day.

Hobby/interests/volunteer work: I love Kansas State football and St. Louis Cardinals baseball. I serve on my parish council and core team leading our church's five-year strategic planning process.

Currently reading and/or recent movie/play/concert attended: "Lean In." I'm reading to my daughter the "Little House on the Prairie" book series, which were my favorite books as a child.

My advice to younger women in business: Pull your seat up to the table and don't wait to be called on to speak or give your opinion. Boardrooms, meeting rooms and business leadership need us and our perspectives, and especially the emotional intelligence we bring to any challenge.



Holly Harris VonLuehrte is a native of Elizabethtown. She currently resides in Lexington.

Holly Harris VonLuehrte

Title/Company: Chief of Staff/Acting Communications Director/Acting Personnel Director/Acting General Counsel for Agriculture Commissioner James Comer and the Kentucky Department of Agriculture

How long at company/position: Since January 2, 2012

Previous jobs/positions: General Counsel and Finance Chair for the Republican Party of Kentucky; Special Counsel to the Kentucky Senate; General Counsel to the Governor's Office for Local Development; Staff Attorney to the Justice and Public Safety Cabinet

Top accomplishment: I am a single mother to a charming, spirited 2-year-old son while managing operations at the KDA. Promotion to chief of staff was a huge step after starting at the bottom in state government as a staff attorney.

ney. I shepherded our office through a difficult audit of the previous administration, restoring transparency and accountability to the KDA.

Education: Juris Doctor from the University of Kentucky College of Law; Bachelor of Arts in Journalism from UK.

Person(s) who most influenced me: My parents, Mike and Rose Harris, and Ellen Williams, former chair of the Republican Party of Kentucky.

What inspires me: My son was born just before I took on the job as chief of staff for Commissioner Comer. Because I want him to have access to great education and local job opportunities, I am that much more motivated to accomplish something rather than just toss out political rhetoric.

Hobby/interests/volunteer work: I am working on a Kentucky Proud charity dinner with my mother in my hometown to support local farmers and benefit CASA (Court Appointed Special Advocates) of the Heartland. It will take place Sept. 17 at Tony York's on Main in Glendale. Attend or sponsor a Kentucky Proud dinner.

Currently reading and/or recent movie/play/concert attended: "The Cornbread Mafia" by Jim Higdon III, a member of our Kentucky Industrial Hemp Commission. His book tells the story of crime and outlaws in a rural county in Kentucky.

My biggest challenge and how I overcame it: I suffer from a serious lack of patience and a short temper. Motherhood has helped.

My advice to younger women in business: When you get your turn at the plate, swing for the fences!



Chris Whelan is a native of Owensboro. She moved to Louisville in 1995 to work for LG&E and this year moved to Simpsonville.

Chris Whelan

Title/Company: Vice President of Communications, LG&E and KU Energy

How long at company/position: 18 years with LG&E/KU, one year as vice president

Previous jobs/positions: Manager of Internal Communications; LG&E and KU's first ex-pat, serving 15 months in the U.K. as Manager of Brand and Internal Communications at Powergen; Group Head of Internal Communications at Powergen and E.ON AG; Manager of Strategic, International and External Communications; and Director of Communications

Top accomplishment: My overseas assignment had the greatest impact

personally and professionally. I wasn't a world traveler when the opportunity came about, and it took my career in a path I wouldn't have anticipated.

Education: Bachelor of Arts in Journalism from the University of Kentucky.

Person(s) who most influenced me: My parents gave me the fundamentals to succeed, the encouragement to never settle and the push to be where I am today.

What inspires/drives me: I love a good challenge.

Hobby/interests/volunteer work: I've been involved with the Kentucky Derby Festival off and on for nearly 20 years and just completed a year as the chair. It has 70-plus events and nearly \$127 million in economic impact. I'm a member of Fillies Inc., Utility Communicators International, the Louisville Communicators group and 2009 Bingham Fellows. My escape is riding my horses to be outside and relax.

Currently reading and/or recent movie/play/concert attended: I love most any type of live music. I recently saw Bruno Mars and will see Dave Matthews soon.

My biggest challenge and how I overcame it: Moving to England by myself for the ex-pat assignment was one of the most rewarding and beneficial choices I've made, but I was a little homesick at first.

My advice to younger women in business: Get as much experience as you can, as early as you can and work hard. For new hires or board members, I look for folks who are bright, but more importantly folks willing to roll up their sleeves and have a good attitude. ■

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Sport Horses Boost Kentucky's Equine Economy

Better facilities, more events are attracting a new breed of farm buyer and driving the equine industry's growth

BY FRANK GOAD



Mike McNally photo

Past Olympic gold medalist Phillip Dutton and Mighty Nice compete in the 2012 Rolex Kentucky Three-Day Event at the Kentucky Horse Park. Rolex Stadium at the park seats 5,300 and is one of the top equestrian venues in the United States.

L EXINGTON and Kentucky have long laid claim to the title “Horse Capital of the World” thanks mostly to the state’s famed Thoroughbred breeding and racing industry. However, another longstanding equine sector has developed a strong footing the past few years and now is quickly adding to the commonwealth’s reputation: The sport horse segment is growing and thriving, especially in Central Kentucky.

The sport horse’s bright, strong future in the commonwealth was virtually assured when the Fédération Équestre Internationale (FEI) chose the Kentucky Horse Park to host its 2010 World Equestrian Games, the world’s premier equestrian event. Three years after the fact, that 16-day competition looks to have permanently jumped sport horse activity into a higher level.

In February 2012, the North American Riders Group’s annual report of the Top 25 Horse Shows included three at the Kentucky Horse Park (KHP) – the first time any venue had more than a single event. One of those, the Alltech National Horse Show, brought in 350 riders from nine countries and more than 560 horses, all for sport horse events. Eyebrows raised everywhere when Nicholasville-based Alltech became the name sponsor and moved the National Horse Show in 2012 to KHP from its long-time New York City home in Madison Square Garden.

Actually, sport horses and events have been in Kentucky all along, and their reach and influence has quietly grown – because it has been overshadowed by more romantic and exciting Thoroughbred racing, “the sport of kings.” Racing commands attention due not only to high-dollar stakes purses and eye-popping prices for premium horses but to pari-mutuel wagering and the potential thrill of cashing tickets. Sport horse events in the United States tend to be more low-key and family-focused, and without the large purses awarded at race tracks.

There is money in the sport horse industry, however. Just ask the brokers who specialize in horse farm real estate.

Derek Braun, who now owns Split Rock Farm near Lexington and conducts sport horsing events there with his wife Gwen, clears a jump during his own successful competition days.

Clients from global sport horse centers are now regularly buying property and setting up new operations

More than just a sport – national honor

Undoubtedly many of those investment decisions are the result of the Alltech 2010 FEI World Equestrian Games. Of the 507,000 tickets sold, 70 percent went to non-Kentuckians. Attendees came from all 50 states and 63 foreign countries. The 632 human athletes and 752 horses that competed came from 58 nations.

There were two official economic impact studies – one commissioned by the state of Kentucky estimated a \$201.5 million impact, and the other commissioned by the FEI estimated an economic impact ranging from \$373 million to \$396 million.

“There is little question that the decision to bid for and ultimately host the World Equestrian Games in 2010 placed the state of Kentucky on the world stage,” said Kathy Meyer, senior vice president for



Sean McMillen photo

marketing with the U.S. Equestrian Federation. “Investments in the infrastructure at the Kentucky Horse Park are paying back in spades as we watch sport horse owners and breeders relocate to Lexington Kentucky to be close to what is arguably becoming an international hub for sport horse events.”

There were several important firsts when WEG came to Kentucky, most notably that it was the first time it occurred outside of Europe. It was the first time world championships for eight equine disciplines were held in the same place, and the first time they’ve ever had a title sponsor, animal feed supplement producer Alltech, which also provided much of the capital for a new 5,520-seat indoor arena.

Given that sport horse events are one of the three most popular audience draws in Europe (soccer and Formula 1 racing being the others), having WEG come to Lexington was confirmation that sport horse event popularity is solid in Central Kentucky, the region and in America. Although many Americans are unaware of the range of events – much less the fierce international competition – the United States performs strongly throughout the world.

Another signal of the credibility of KHP and the region’s love of horse is the fact that Rolex has held its four-star equestrian Three-Day Event there since 1978. In Olympic years, Rolex is a key selection event in determining U.S. team members.

As of 2010, in the World Equestrian Games, the U.S. ranks third in medals behind Germany and England, respectively; U.S. riders are tied with England for gold medals, have 12 silver to their 14, and 11 bronze to their eight. (Germany is the runaway leader with more total medals than the U.S. and Britain combined.)

Equestrian sport has 10 disciplines, eight of which are the most common events: combined driving; dressage; endurance riding; eventing; paraequestrianism; reining; and show jumping. Outside of the world championships, you can find those events in the disciplines occurring in Kentucky throughout most of the year, but often featuring only one event, such as dressage.

Potential to get much bigger still?

For the last 20 years, events have been on the rise. In July alone, there were eight sport horse events at the Kentucky Horse Park, evidence of the strong appeal and variety of sport horse activities. That KHP is considered the premier U.S. sport horse venue is another feather in our region’s cap; better yet, it rivals many of the best venues in Europe. Most equestrian venues can support one event at a time, but KHP often has three or more simultaneously. That variety creates a something-for-everyone opportunity for visitors.

Derek Braun and his wife, Gwen, own Split Rock Farm and believe Kentucky is only beginning to realize its



Steve Faust photo

Gov. Steve Beshear, left, inspects a participant at the Rolex Three Day Event at the Kentucky Horse Park.

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COVER STORY

potential with the sport horse industry. WEG “created the infrastructure for a real beginning and is by no means the finish line for dressage, show jumping and other events,” Braun said.

He would know. Braun started riding at age 7 and by 16 was one of the premier junior riders in the United States. He went on to win international events.

“Lexington has a culture of the horse – it’s embedded in the community like no other town in the U.S.,” Braun said. “Even those not in the sport love it. Still, how to grow it in a way that continues to involve the whole community is the challenge.

“People locally understand it’s a great family outing, and our region’s challenge is showing everyone else that it’s an exciting, fun, family-friendly way to spend one or several days. That’s a task for we who are involved in the sport, and for local leaders and business people,” he said. “If we succeed, everyone wins, including our guests.”

To prove his point, Braun and his wife have organized a series of amateur events in “the European style” at their farm in northern Fayette County. Their roster of sponsors includes local law firms, car dealers, feed vendors and a variety of others. At Split Rock Farm, they’ve created an affordable, comfortable, family-friendly way for young riders to learn and make friends in a safe, comfortable atmosphere.

There’s increased sport horse sector activity in Shelby County, which bills itself as the American Saddlebred Capital of the World.

WEG helped “showcase Saddlebred horses, events and ownership to new



Shelby County is known for its American Saddlebred farms. The Shelbyville Horse Show was named to Southeast Tourism Society’s Summer Top 20 Festival and Events for 2013.

eyes, many of whom were unaware and are now part of a growing audience,” said Katie Fussenegger, executive director at the Shelbyville and Shelby County Tourism Commission & Visitors Bureau. New Saddlebred farms are on the rise in Shelby County as the state’s agricultural landscape continues to shift.

Saddlebreds were refined by Kentucky breeders more than 200 years ago and as long ago as the Civil War were a favorite mount among military officers. Having established a breed registry in 1891 and spread around the world, today they are the perfect-postured, gaited show animals sometimes known as the peacocks of the horse world.

“Tobacco growing has declined, as has dairy farming, as the shift to larger, corporate-style dairy farms has continued,” Fussenegger said. “That opened up new farmland to Saddlebred breeders and owners. Add in that within 60 miles of Shelbyville there are all the Saddlebred shows you’d want. Plus, our proximity to (KHP) adds more opportunities for horse enthusiasts of all stripes to come and be a part of what is pretty much horse heaven.”

Horse Park creating steady incomes

Thoroughbred racing meets at Churchill Downs, Ellis Park, Keeneland and Turfway Park occur in bursts that total a few months a year, and the steeplechase races at Kentucky Downs in Franklin run no more than two weeks per year. Even then, other than those directly involved in the races, the majority of people who attend horse tracks do so only for the day.

Sport horse events, however, are multiday and occur almost continuously May through November at the Kentucky Horse Park, with some running for up to five days. They bring tens of thousands of people – includ-

ing entire families – to Kentucky for extended stays. This feeds millions of tourism dollars into local economies, but many wonder how this helps the rest of the state.

John Nicholson, executive director of the Kentucky Horse Park, explains the revenue generated by visitors.

“The visitors to the park and sport horse events generate \$180 million in economic activity for local businesses and their towns,” Nicholson said. “People ask, ‘What does that do for Boyd or Fulton counties at the ends of our state?’ It generates \$18 million in tax revenues that the legislature distributes across Kentucky. Of that, the Horse Park only keeps \$2.4 million for its operations and to support further development of programs and tourism.”

And since the wide-ranging facilities upgrades made in connection with WEG, KHP is now considered as “America’s go-to spot for national and some international competitions,” he said, which means a steady stream of future revenues.

KHP also generates jobs. While its staff of 78 full-time people and another 15 for food service is not huge, there are many more jobs connected with park operations, including contract workers for a variety of seasonal jobs.

Beyond the park’s direct staff, there are 35 different horse-related organizations and associations that have made KHP their homes by locating their



John Nicholson, Executive Director, Kentucky Horse Park



Sean McMillen photo

Derek and Gwen Braun give their daughter her first ride earlier this year.

headquarters and administrative offices there. They employ between 350 and 400. In all, 650 to 700 people report for work each day at KHP for equine-related jobs.

There is growth in the businesses that support the sport horse industry, such as veterinary services. Alex Riddle, who handles public relations and marketing for the full-service Rood & Riddle equine hospital, also sees WEG as a launching point. After years of slow but steady growth, Riddle said their firm has seen sport horse business skyrocket.

"For our equine podiatry business alone, we now have regular clients from eight states and seven countries," Riddle said. Many sport horse events, such as show jumping and eventing, place high demands on the horses, and podiatry is an important part of their care.

"Since WEG, we have been continually adding clients and furthering our reputation as providing the best in equine medical care and surgery in the world," he said. "We have one of the largest staffs of board-certified equine podiatrists, surgeons and other equine medicine specialists anywhere. Sponsoring events and being part of the shows has helped us immensely."

Equine Headquarters

Equine associations located at the National Horse Center (year established at KHP)

American Association of Equine Practitioners (1992)

American Farriers Association (1986)

American Hackney Horse Society (1994)

American Hanoverian Society (1993)

American Saddlebred Horse Association (1985)

American Saddlebred Museum (1986)

The Carriage Association of America (2005)

Central Kentucky Riding for Hope (1981)

Certified Horsemanship Association (2007)

Communicating for America Education Program (2002)

Equestrian Events Inc./ Rolex Kentucky Three-Day Event (1977)

Equine Land Conservation Resources (2007)

Friesian Horse Association of North America (2006)

High Hope Steeplechase (1993)

Irish Draught Horse Society of North America (2007)

Kentucky Equine Management Internship (2012)

Kentucky Horse Council Inc. (1992)

Kentucky Horse Park Foundation (1985)

Kentucky Horse Racing Commission (1988)

Kentucky Mountain Saddle Horse Association (2011)

Kentucky Thoroughbred Association/Kentucky Thoroughbred Owners & Breeders (1997)

Maker's Mark Secretariat Center (2004)

Morgan Horse Pavilion (2013)

National Walking Horse Association (2006)

Paso Fino Horse Association (2010)

The Pyramid Society (1988)

The STABLES (at CKRH Building) (2012)

Rocky Mountain Horse Association (2009)

United Professional Horsemen's Association (1988)

United States Dressage Federation (2006)

United States Equestrian Federation Inc. (1999)

United States Hunter Jumper Association (2004)

United States Polo Association (2007)

United States Pony Clubs Inc. (1992/2000)

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COVER STORY

New neighbors, new farms

It takes a special horse to compete. The majority of sport horses are “warm bloods” and breeds that work well in the events featured in sport horse competitions. While the Thoroughbreds that Kentucky is famed for are sometimes used in competitions, most individuals of this breed are not able to handle the intense physical demands of activities like jumping, or lack the temperament for events such as dressage, or cannot move in a manner or style that meets specific performance characteristics mandated by event rules.

(Clydesdales and other draft horses are called “cold bloods”; Thoroughbreds and Arabians are examples of “hot bloods.” Warm bloods are not created by breeding cold and hot bloods, though this is a popular misconception.)



Tom Biederman,
Owner,
Biederman
Real Estate
and
Auctioneers

Europe remains the leader in warm blood horse breeding, but, like other aspects of the sport, new blood has come to the Bluegrass. People have bought farms, invested in the area and now consider it their part- or full-time home. Tom Biederman, owner for 18 years of Biederman Real Estate and Auctioneers in Lexington, has represented many horse farm buyers and sellers.

“Where (in the past) many sport horse farms were leased, more people are buying their farms and making this area their summer or northern base,” Biederman said. “While the Thoroughbred market in this area is still quite large, the number of sport horse farms is growing and has been for some time.”

The nearer the park in Fayette County, the greater the activity, but surrounding counties are seeing new farms established, too, with many in Scott County just north of KHP. Scott, Bourbon and Woodford counties also are free of the minimum farm size restrictions.



Bill Justice,
Owner, Justice
Real Estate

“Because Fayette County has a 40-acre minimum on new farms, and since a sport horse farm often needs far less, counties around Lexington are seeing the sales and leasing of sport horse farms, particularly counties north of (KHP),” said Bill Justice, whose Justice Real Estate is an equine specialist. “Part of the growth here is our central location. With shows ranging from Florida to New York, being in the middle makes things much easier for them.”

Kentucky is not yet as attractive to breeders as Europe, which has a longer



and stronger tradition, Braun said, but it is becoming more competitive.

“While this is a garden spot and an ideal place to raise horses, it’s still more costly to produce a horse here than in Europe,” according to Braun. “That being said, on a scale of one to 10, I’d say the growth over the last five or so years is an eight.”

Biederman has seen steady growth in the number of sport horse farms and expects it to continue. Partly that is because sport horse farms have a lesser need for acreage.

“It’s been slowly but steadily increasing for the past five years, and I expect to see another three to five new farms a year for at least the next five years,” Biederman said. “Where a Thoroughbred farm needs at least 100 to 400 acres, most sport horse farms can operate comfortably on 25 or 30 acres with a 15- or 20-stall barn and a ring for practice and training.”

Kentucky’s larger Thoroughbred infrastructure and culture provides a strong natural support for sport horse operations, too.

“It’s a natural extension of this area’s historic love of the horse – they are part of our culture and our lifestyle,” in Biederman’s view. “Lexington is a great town with many amenities and a great lifestyle that appreciates horses. Our people are involved with them in a way few other towns can match.”

It’s a combination of assets that is attracting sport horse farm buyers from abroad.

“While people have come from a variety of European countries, I’m seeing the most new owners coming from South America,” he said. “They summer here and then head back down there for the winter.”

A view at Golden Creek Farm in Shelby County.

Kentucky’s charms extend beyond the equine infrastructure and its conveniences. The region’s lifestyle is proving to be inviting for newcomers when they explore beyond their new farm, Riddle said. Those new to the area quickly join the nightlife.

“With horses as the common ground, they soon find themselves with many new friends,” Riddle said. “Given how large the horse community is here, they just join right in and enjoy themselves.”

Just the beginning

All those interviewed agree that Kentucky’s sport horse sector is poised for even more growth. They say what’s needed is more community involvement, and stronger, more consistent participation by local leaders and businesses.

“They’re starting to get it, but it takes time,” Braun said. “It’s new territory for many of them after decades of Thoroughbreds, but most understand the growth potential and see the value to the commercial development.”

Riddle agrees that the sport horse is achieving a firm footing in Kentucky.

“Even though the Bluegrass is well known for Thoroughbreds, the sport horse industry’s growth, along with the rise in other types of events at KHP, is further proof that we have the most solid claim to being the horse capital of the world,” Riddle said.

The future – and the promise of future growth – is bright indeed. ■

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



Ted Smith is Louisville Metro government's chief director of economic growth and innovation. His office is in Louisville's City Hall near that of Mayor Greg Fischer, who recruited Smith back to town from a job with the Obama administration.

Ralph Homan photo

Louisville's First Chief of Innovation

Internet research entrepreneur Ted Smith heads metro government economic development efforts

BY DAWN YANKEELOV

BACK in town and on the job for 18 months now, Louisville Metro's Chief Director of Economic Growth and Innovation Ted Smith moves easily throughout the city, often tagging as many appearances as his boss, Mayor Greg Fischer himself.

He describes his job, which Fischer created, as a marriage of innovation and economic development for the city and a bed of opportunity that never sleeps. Smith has years of experience developing and managing online infor-

mation gathering, and successfully monetizing it.

With a comfortable manner, he brings a love of research plus a keen understanding of technology and the influences of the Internet to his position. His initiatives, often funded without tax dollars, have been creative and wide ranging. Part of the goal is to help government better serve its constituents, especially the business community, by getting important information easily into their hands.

"We have laser-like focus to fill in the gaps facing the economy in our area,"

Smith says. Among the multiple specific focuses are workforce development, data-driven policy decisions, important-target-audience programming, and understanding and acting on disease management and population health.

Greater Louisville Inc.'s new CEO and President Craig Richards has nothing but praise for Smith's standards and thinking regarding economic development. Smith's office oversees about \$38 million in total appropriations, some of which supports GLI's efforts in the same areas.

"He is the best in class – a wealth of knowledge and very focused on entrepreneurship, technology and venture capital for our area," Richards said. "He is someone who is a true resource."

Projects Smith has initiated are helping businesses find money and resources to launch and to grow; to track hiring demand for specific sectors; to offer appropriate training to the local workforce; and to gather metrics on asthma patients' medication use to better manage their condition.

Originally from Pittsburgh, Smith first moved to Louisville in 2000 to work for



Craig Richards, CEO and President, Greater Louisville Inc.

ECONOMIC DEVELOPMENT

Tech Republic as vice president of online community research after having run the Gartner Group's Gartner Institute, which trained and certified IT professionals. But the dotcom "bubble" burst and Tech Republic sold to CNET, another tech news and information provider that, according to Wikipedia, was among the first Internet firms to actually achieve profitability. Louisvillian Bonnie Shelby was one of CNET's cofounders.

"All the fun was gone" when the dotcom sector's effervescence went flat, Smith said. However, he assimilated into the new corporate culture as senior vice president of B-to-B portfolios for CNET overseeing 80 people. He worked on the relaunch of the ZDNet tech development news site that CNET acquired in 2000 and on other IT-centric content areas.

Filling a hole with entrepreneurship

By 2005, he had left Louisville for CNET's San Francisco operation and there met David Silver, who would join Smith in his own first entrepreneurial venture.

"My mother started exhibiting health problems, and she was diagnosed with muscle cancer," Smith said. "I realized that the information online for medical alerts was poor."

He and Silver filled the breach by starting MedTrackAlerts, which pushed specialized health information and news centered on various chronic disease to interested consumers. The editorial department operated in Louisville and the sales department in New York City. In the summer of 2008, HealthCentral Network acquired their company, paying Smith and Silver a "better than hedge fund return" on their investment. And as part of the acquisition, because of his expertise in thought leadership, business research and communication tool development, HealthCentral made Smith its executive vice president for research and patient engagement.

By summer 2009, Smith and his family had moved to McLean, Va., near HealthCentral's headquarters. He survived the "earnout" provisions of the acquisition as HealthCentral met the deal's financial goals. Hitting a solid senior-level career stride, in December 2010 the Obama administration appointed Smith a senior advisor in the Office of the National Coordinator for Health Information Technology with the U.S. Department of Health and Human Services.

He was settled into that new job for six months when Fischer called in May 2011. After the call ended, Smith's wife, Jane, asked who it was. Her response upon learning the answer was simple: "When are we going (back to Louisville)?"

Soon, it turned out. For two years now, the Smith family has resided in St. Mat-



thews, where the children, Christian and Andrew, ages 10 and 12, attend Holy Trinity School. Smith determined he liked the idea of getting closer to actual customers rather than being at the policy and procedures level. That means his first term as director of innovation has let him come back to Louisville and "make everyone in his family happy."

It was difficult at first to be effective in a special status, he said, because "innovation" had wide-ranging expectations for a broad variety of constituents, including inventors, entrepreneurs, state officials and the angel investor community.

"Ted has brought to city government a focus on innovation and a commitment to open data," Fischer said. "His experience in the private sector and as an entrepreneur have brought a unique perspective to Metro Government that is being recognized nationwide."

In 2012, his initial Louisville Metro position, director of innovation, was elevated to chief of economic growth and innovation.

In the past 18 months, Smith's initiatives have included:

- Imagining the Louisville Asthma Data Innovation Project for Louisville

Ted Smith, right, then director of innovation for Metro Louisville, meets with Mayor Greg Fischer, center, and Aneesh Chopra, former U.S. chief technology officer, during the 2011 IdeaFestival.

Metro. A year has passed since the launch of the Asthmapolis project that tracks asthma and works with 500 patients in the area who need more information to manage this aspect of their health. The city provides the program, which is funded by Norton Healthcare, Foundation for a Healthy Kentucky, and the Owsley Brown Charitable Foundation.

- Overhauling the METCO small-business loans program to include gap financing. Technology firm Indatus was one of the first to take advantage so it could move back into downtown Louisville from across the river. A cloud-based products and services specialist, Indatus established headquarters at 118 E. Main St. in Louisville. It has more than 8,000 customers in North America.

- Creation of the Mayor's Sales Career Institute for the underemployed or unemployed. About 150 people have completed this workforce development training since January 2013. No taxpayer monies were used to launch the program, Smith says.

- Developing crowdfunding workshops with volunteers in the local library system. "Cities should be doing more of



Louisville Mayor Greg Fischer

this type of activity, showing owners how to grow,” Smith said. Local restaurant Taco Punk got involved in using Kickstarter, as did nonprofit Vault1031 Culture & Community Inc.

- Establishing Digital Dixie, a corridor on Dixie Highway, with several thousand dollars of taxpayer funds to get online information corrected for merchants seeking growth. “Information online is often wrong, so we are going door-to-door to get businesses properly listed in Google and Yahoo,” Smith said. “You must be discoverable online – this is the future of small business. I realize not many people would say this is a ‘bold innovation,’ but it is a way to focus on modern marketing.” Digital Dixie in southwest Jefferson County will be the first target area for Kentucky Get Your Business Online, a state pilot program with Google.

- Pushing the conversation that Google Fiber, which provides commercial 1-gigabit Internet service, needs to be here. “Have we really taken our infrastructure here seriously?” he said. “The (University of Louisville’s high-speed) Internet 2 campus, called Shelbyhurst, is a good example of what is needed.” Smith is a big proponent of making pursuit of Google Fiber, currently only in Kansas City, and similar initiatives a priority. Louisville Metro went through a pre-application process for Google Fiber about a year ago, Smith said, and the effort will be readdressed.

- Assessing the business environment to determine probable next strategic acquirers of companies in Louisville. Rather than a typical out-of-towner search for strategic partnership and acquisition opportunities, they could already be here, Smith said.

- Founding the Xlerate Health accelerator (xleratehealth.com). Because of its

affiliates and their fundraising successes, the endeavor is listed as the sixth largest U.S. incubator in Seed DB (seed-db.com), which uses the Crunchbase API (application programming interface) to collect up-to-date information on startups, their exits, funding and what they’re up to.

- Job tracking. Smith looks at the available Louisville jobs, the key categories and what workforce development initiatives need to take place. These can be found on the Technology Association of Louisville Kentucky (TALK) website as a community resource.

‘He’s energetic and innovative’

Kris Kimel, president of the Kentucky Science and Technology Corp. and founder of the IdeaFestival held each September in Louisville, enjoys the opportunities he has to work with Smith. That happens regularly because KSTC’s mission since 1987 is the advancement of science, technology and innovative economic development.

“He’s energetic and innovative – a nice addition to our entrepreneurial ecosystem,” said Kimel. “Our latest partnership involves the launch of Space Tango, the nation’s first business accelerator specifically for entrepreneurial space companies.” Tango augments KSTC’s ambitious Kentucky Space initiative, which was profiled in the December 2012 issue of The Lane Report (see lanereport.com/16693/2012/12/kentucky-space/).

And when Smith is not working, he is being a leader in academic circles at the university level. He currently serves as an



Kris Kimel, President, Kentucky Science and Technology Corp.

executive in residence for the University of Louisville’s Health Sector Management MBA Program, teaching on weekends, and has been involved in designing six college courses related to healthcare IT. He holds a B.S. in biopsychology from Allegheny College in northwestern Pennsylvania, a Ph.D. in cognitive science from Miami (of Ohio) University and a post-doctorate in cognitive science from MIT.

He’s also looking to find new ideas that will assist in supporting entrepreneurs and all businesses in intellectual ventures. Recently there was the formation of the Founders Distillery at Louisville’s iHub. This is an event (the first was held July 27) to help entrepreneurs improve the quality of their ideas. They receive training by cognitive science consultants and learn lateral thinking methods from Edward De Bono’s “Six Thinking Hats.” They also have their ideas vetted by patent attorneys. Four early-stage startups were chosen to participate in this one-day intensive workshop based on their fit with the program.

Smith admits the pace is hectic but energetic at this point. He wears his smile as a banner of courage and encouragement, and welcomes inputs from all business sectors.

CEO Jeff Smith (no relation) called him to identify sources of capital for his company, Commercial Connect, not long ago. “He was thorough and exhaustive in suggesting options,” Jeff Smith said. “Ted has become a fixture in the city as it relates to thinking beyond the simple solutions, and taking on what is possible. And, he is always smiling.” ■

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

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Soybean crops in Western Kentucky such as at this Union County farm are faring well as a result of plentiful rain.

Underestimating Agribusiness?

Farm gate receipts top \$5.2 billion, but UK economists say overall ag industry revenue is \$34 billion

BY KARA KEETON

KENTUCKY farmers had record revenues in 2012, topping \$5 billion for the first time – and expectations are that 2013 will be even better. However, experts say overall revenue from state agribusiness production was at least \$34 billion last year when the many value-added processing operations for Kentucky's crops are factored in.

The USDA farm gate receipts tally – that for decades has been the tradi-

tional measure of the agriculture economy – does not include any of the value and income generated by processing after crops and livestock leave the farm or the services and supplies sold to farmers and processors.

When the revenue generated by directly related business activities are added to gate receipts, the result is a more accurate assessment of the real annual economic impact of agribusiness across the commonwealth, according to

agriculture economists at the University of Kentucky.

Meanwhile, diversification of agriculture in Kentucky the past decade has led to much more than just cattle, corn and tobacco growing across the state. The commonwealth's entrepreneurial farmers are growing a robust agricultural economy in the Bluegrass.

Total agriculture product cash receipts to Kentucky's roughly 80,000 farms continued to increase in 2012, reaching an estimated \$5.2 billion, and that was in spite of adverse weather conditions, according to recent economic estimates in the "April Economic and Policy Update" from the University of Kentucky College of Agriculture, Food, and Environment.

USDA is scheduled to issue official 2012 income statistics within the next month, but estimates are that net farm income levels remained at about \$1.5 billion thanks in part to significant crop-insurance payments to growers across the state. Also helping keep farmers' net income levels steady was the nearly \$50 million in direct payments and tobacco buyout funds.

The UK 2013 Ag Outlook estimates cash receipts for 2013 will continue to grow because of increased crop acreage, rising global demand and relatively strong prices. Those estimates are based on hopes for a better growing season across the state than 2012, when drought conditions affected many western portions of the commonwealth –

In contrast to 2012 drought conditions, Western Kentucky corn has had adequate rain in 2013. The National Agriculture Statistics Service ranks 85 percent of Kentucky's corn crop good or excellent.



Kara Keeton photos



but 2013 calculations were made before this year's cool spring and excessive rains across the Bluegrass State.

"This year, farmers are either having a windfall or wipeout with the weather," said Hoppy Henton, a farmer in Woodford County. "I'm one of the lucky ones. I got my wheat in early, and my tobacco is planted on a slope (and the land drains

well) so it is looking good. But I have a neighbor who is looking at a wipeout due to the rain."

Looking at the total cash receipts for the state's agriculture, it is easy to assume that all Kentucky farmers are successful in this thriving economy. This view of Kentucky's agriculture economy, however, does not always reflect the challenges and struggles taking place daily on family farms across the commonwealth. It also does not capture the full picture of what is taking place in Kentucky's diverse and expanding agriculture sector.

Beyond the farm gate receipt

"When we talk about the agriculture economy, we are often just talking about 'farm gate receipts,' as that is the most common way we tend to measure the agriculture impact on the economy," said Dr. Scott Smith, dean of the UK College of Agriculture, Food and Environment. "Those numbers do not look at ser-



*Hoppy Henton,
Farmer,
Woodford
County*



*Dr. Scott
Smith, Dean,
University of
Kentucky
College of
Agriculture*

vices, supplies and all the people employed in all the agriculture-dependent industries. I believe it is time to look beyond the farm gate to see the real impact of agriculture."

Alison Davis, an agriculture economist at UK and executive director of the Community and Economic Development Initiative of Kentucky (CEDIK), has been looking beyond the farm gate over the past several years in an effort to gain a better understanding of the full reach of the state's agriculture economic impact.

Revenue and income generated by food and fiber processing and manufacturing – value-added enterprises beyond the farm gate – are not captured in traditional cash receipt numbers, Davis explained. The forestry and wood products production sector is not represented in these numbers either.

"Ignoring these businesses underestimates the value of the agricultural sector," she said.

Meanwhile, the Kentucky Agricultural Development Fund, financed with federal Tobacco Master Settlement Agreement



*Alison Davis,
Executive
Director,
Community
and Economic
Development
Initiative of
Kentucky*



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dollars since a multistate deal with the cigarette industry in 1998, has invested millions annually since then in food, fiber and forestry projects that are not captured in traditional cash receipt numbers. Because the health of the agriculture economy and family farms depends on more than the farm gate, the goal of the KADF has been to build the sustainability of family farms first, said Smith, a state Agriculture Development Board member.



Roger Thomas,
Executive
Director,
Governor's
Office of
Agricultural
Policy

Roger Thomas, executive director of the Governor's Office of Agricultural Policy, said the KADF investments made by the board reflect the wide range of diversification efforts they are seeing across the state.

"The interest in buying local products has led to a growth in new processing facilities for livestock, value-added processing for produce, wineries and fiber processing facilities across the state," Thomas said. "The investment of funds into these value-added projects has opened up opportunities for farmers to put their own brands on products and in some instances has opened up new jobs in rural communities."

In her study, Davis explains that redefining Kentucky agriculture to include these related sectors adds almost 195,000 workers to the more than 90,000 individuals who work directly in agriculture production and \$34 billion in revenues. And this impact does not include service-based industries such as banking, insurance or legal sectors.

"If we look beyond the farm gate and begin to think of agriculture in terms of biofuels, the food system, all of the things that come out of agriculture



Kevin Trunnell has diversified his family's farming operation by building the successful **Trunnell's Farm Market**, but he still spends his summers in the field as the farm manager.

products, I think we have enormous potential to grow the industry in our state," Smith said.

Soybeans are state's top ag export

Kentucky agriculture has always been dependent on international markets. State agriculture exports are only a small percentage of the overall U.S. agricultural exports, but growth in U.S. agricultural exports plays a significant role in the success of the commonwealth's exports.

"Kentucky exported over \$2 billion of agricultural commodities and related products in 2011, representing 45 percent of total agriculture cash receipts and approximately 10 percent of total Kentucky exports," said Will Snell, an agricultural economist at UK.

This recent growth in exports has boosted Kentucky to the third most trade-dependent agricultural state in the United States. Other states export more in total dollars terms, but based on USDA methodology for measuring export value, the economic impact from the share of production exported and the value created across the Bluegrass ranks the state third nationally.

For decades, horses and tobacco were the commonwealth's major export crops. The growth in Kentucky's grain industry and increasing access to river ports has led to a large portion of those grains entering the export market. Today, the largest agricultural export originating from Kentucky is soybeans, followed by tobacco and corn.

Kentucky's equine industry traditionally has led the export market demand for breeding stock, but some of Kentucky's Angus and Holstein cattle producers are finding a niche in the international market for selling breeding stock.

Kentucky also has several agribusinesses, such as Hallway Feeds in Lexington, that have worked to build international markets for their products.

"I would say 15 percent of our total tonnage is shipped overseas, with Canada and Japan being our largest markets," said Lee Hall, vice president of Hallway Feeds. "We are also shipping into a number of European countries, the Middle East, Asia and the Caribbean, so there are probably 15 to 18 countries we are shipping into out of Lexington on a regular basis."

Currently export numbers are based on the selling of agriculture commodities and some agricultural related products such as ethanol and distiller-dried grains, but excludes some other agriculture-related industries/products such as forestry and bourbon.

While Kentucky's agricultural exports are expected to continue to grow, the growth would be significantly more if forestry and value-added products like bourbon were included in the agricultural export numbers.

Diversification adding value to ag

"I think the only thing that hasn't changed in farming since I began farming over 40 years ago is the tobacco knives I use for cutting tobacco," laughed Rod Kuegel, a farmer in Daviess County. "Agriculture is changing constantly. Look at the technology we use today and the markets we are able to access. I think it is important for agriculture to change. It is even more important for all those in agriculture to take an active role in the community to make sure agriculture remains a priority for Kentucky."

Kuegel is one of the many farmers in Kentucky who is actively involved at the local, regional, state and federal level, making sure agriculture remains a priority issue beyond the farm gate.



Jeff Pendleton, left, general manager, and **Lee Hall**, vice president of Hallway Feeds in Lexington, believe export opportunities will continue for their growing specialty equine feed operation.

The involvement and dedication of farmers led to the Tobacco Master Settlement that continues to bring millions into Kentucky's agriculture economy, and the investment of settlement funds into new agriculture enterprises. These investments in Kentucky's agriculture community have been the economic incentive that has driven diversification efforts that have helped the agriculture industry thrive even with the loss of the golden crop, which sustained generations of small farmers.

Kevin Trunnell, another Daviess County farmer, has diversified away from tobacco by developing a farm market and agritourism operation. He believes that his role in agriculture these days is not only producing the products on the farm, but being the face and voice of the farmer to the consumer.

"Not only are we offering fresh local produce to the consumers in our community at our market, but we also bring them out to the farm to see agriculture in action," said Trunnell. "It is that connection to the farm, the agriculture



Good Shepard Cheese in Owingsville is Kentucky's first sheep dairy and an example of the small on-farm processing taking place across Kentucky.



Lewis Shuckman, foreground, and his daughter Lauren package a variety of Shuckman's dips by hand. The Shuckman family has developed a nationally known product in their small value-added agriculture processing facility in downtown Louisville.

education they receive that we hope helps them to see the important role agriculture plays in the local community and local economy."

Tim Woods, an agriculture economist at the University of Kentucky, is seeing firsthand how this connection between the consumer and their food is driving local food systems.

"We have had more than 400 individuals go through our MarketReady training to help producers evaluate the risk of entering retail and value-added markets," said Woods. "We are also working with farmers daily at the Food Systems Innovation Center in the development and testing of their value-added products."

Woods believes the local food movement will continue to grow as consumers become more focused on the quality

of food and the environmental impact of how their food is grown.

"I like the term 'beyond the farm gate,' that would describe much of what we do daily in our operation," laughed Trunnell. "It hasn't been easy to grow our operation with the challenges in the economy and the changes in the agriculture, but farmers are resilient. Consumers are starting to see value in local agriculture and for me that is where I see growth, even if it is beyond the farm gate." ■

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

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Hemp Will Grow; Will It Sell?

Kentucky farmers and politicians eye a new cash crop, but creating a market could take time

BY KARA KEETON

INDUSTRIAL hemp was launched into the limelight less than a year ago when U.S. Sen. Rand Paul, Kentucky Agriculture Commissioner James Comer and a bipartisan group of legislators took to the stage at the Kentucky State Fair and promised to move the industrial hemp initiative forward. And move it forward they did.

Since that announcement, the Kentucky Hemp Commission has been revived; a foundation has been established to regulate industrial hemp production in Kentucky if legalized at the federal level; a key amendment to the federal Farm Bill allowing industrial hemp research at universi-



Jamie Comer, Commissioner, Kentucky Department of Agriculture

ties passed the House and is awaiting conference committee review; and the industrial hemp discussion has led headlines in papers across the state and nation.

"To be at the point we are today with this initiative has taken the bipartisan work of key individuals at the state and federal levels who recognize that this is an economic issue that could provide opportunities for our farmers and our rural communities in Kentucky," Comer said. "I want to be clear, it isn't going to be a crop to replace corn or soybeans. It will not replace tobacco. But it could be another piece of the agriculture diversification effort here in the state."

Comer believes that to give Kentucky farmers an advantage in the industrial hemp market, Kentucky needs to be one of the first states to allow farmers to cultivate this emerging crop. While it

On the last day of the 2012 legislative session, the Kentucky General Assembly passed Senate Bill 50, legislation that creates an administrative framework for industrial hemp production in Kentucky if the federal government lifts restrictions against it.

appears that congressional leadership is not yet ready to put production of industrial hemp in the hands of the farmer, there might be another way to open the door for production in the commonwealth as early as this fall.

"Recent developments make me believe that we may have been looking at the federal law the wrong way this entire time," said Brian Furnish, chairman of the Hemp Commission. "It may be legal to produce industrial hemp today, and if that is the case we are ready to move forward."

Opinion: Maybe it's already legal

In May, a legal opinion was issued on the implementation of Senate Bill 50 that excited many involved with the industrial hemp initiative.

"The opinion states that industrial hemp in SB 50 is exempt from the Controlled Substances Act (CSA), so long as the products from the plants grown in Kentucky are not used for human ingestion," Furnish said. "Luke Morgan, the attorney who wrote the opinion, formerly was with the Kentucky Attorney General's Office and served as the general counselor for the Kentucky Justice and Public Safety Cabinet, so he has experience in these issues."

Morgan, now an attorney at McBrayer, McGinnis, Leslie & Kirkland PLLC in Lexington, centered his opinion upon a 2003 Drug Enforcement Agency Final Rule (FR Doc 03-6805) titled "Exemption From Control of Certain Industrial Products and Materials



Brian Furnish, Chairman, Kentucky Hemp Commission



Agriculture Commissioner James Comer, right, gathered support for hemp production in Kentucky from several members of the state's Congressional delegation, including Sen. Rand Paul, R-Ky.

Derived From the Cannabis Plant.” This rule exempts certain items derived from the cannabis plant from CSA control, specifically industrial products and feeds not intended for human consumption – even if they contain tetrahydrocannabinols (THC).

“By virtue of the DEA’s statement in 2003, there is no need to have that agency grant a waiver for the production of SB 50 compliant hemp, because the DEA has determined that, so long as the product is not absorbed in the body, it may contain unspecified levels of THC,” stated Morgan in a memo to the Kentucky Department of Agriculture. “Furthermore, SB 50 authorizes only those hemp plants which have a 0.3 (percent) or lower level of THC for production, thus further reducing the ability of THC to be absorbed by the human body from a SB 50 approved plant.”

In his memo, Morgan recommends that Commissioner Comer begin the process of drafting state regulations to implement licensing requirements and other measures to assist law enforcement and production. He also recommends that the KDA inform the DEA that it will be in compliance with FR Doc 03-6805 and invite it to participate in the process.

“Our federal delegation asked for opinion of the law from the administration and DEA, and we are still waiting on a response from that request,” Furnish said. “It is my intention to ask the DEA for their interpretation of this legal opinion to try to clarify this issue.”

If the DEA does not disagree with the opinion, Furnish said, KDA officials are going to start the process of establishing a licensing program to allow farmers to apply to grow industrial hemp.

“The ball is in the DEA’s court at this point, so they need to tell us if this opinion is right or wrong,” he said. “If it is not wrong, then we need to move forward.”

The political push

The industrial hemp issue has been front-page news throughout the spring as Kentucky’s leaders on both the state and federal



Agriculture Commissioner James Comer testifies before the House Agriculture and Small Business Committee on behalf of Senate Bill 50. Industrial hemp would be a good alternative to tobacco and other crops and could boost the state’s economy if it is legalized, Comer said.

levels began a legislative push to bring this native crop back into legal production.

State Sen. Paul Hornback, a Shelby County farmer, launched the industrial hemp discussion in the Kentucky Senate when he introduced SB 50 to establish a foundation for the regulation of industrial hemp crops if it were to be legalized by the federal government. The bill was championed by Comer, who worked with U.S. Sen. Paul and others to educate the legislature on industrial hemp.



U.S. Sen. Rand Paul

“Education was critical to the final passage of SB 50. We were not promoting the legalization of marijuana; I do not support legalizing marijuana. This bill was about establishing a regulatory foundation for industrial hemp, a commodity similar to traditional agriculture crops,” said Comer, talking about efforts during the 2013 session. “At the state and federal level we were working together, in a bipartisan effort, to bring yet another economic opportunity to our farmers.”

Already going strong in Kentucky, the hemp discussion was launched to

the federal level in February when U.S. Rep. Thomas Massie and U.S. Sens. Paul and Mitch McConnell introduced bills in Congress for the federal legalization of industrial hemp.

Massie sponsored HR 525, the Industrial Hemp Farming Act of 2013, in the House while Paul and McConnell were two of the four co-sponsors on the S. 359, the Industrial Hemp Farming Act of 2013. Both bills aimed to allow American farmers to cultivate and profit from industrial hemp. While both bills stalled in committee, their filings brought the industrial hemp debate to the federal level.

Paul said by email that neither he nor U.S. Sen. Ron Wyden, D-Ore., the primary sponsors of the hemp amendment, serve on the Senate Committee on Agriculture, Nutrition and Forestry and were unable to offer it for consideration there. Instead they are attempting to build a coalition for floor consideration in the full Senate.

Industrial hemp, shown growing here in this photo provided by Vote Hemp, can be used in the production of ropes, fabrics, plastics, cosmetics and other merchandise. Canada, Britain, Germany, Spain and France, along with more than 20 other countries, grow and process industrial hemp.



"We've come a long way in terms of education on the hemp issue, but we still have progress to make," Paul said.

"If you look back at those years leading up to the tobacco buyout," said Furnish, "it looked like it would never happen, and then at the last minute it all came together. I think if the legalization of the production of industrial hemp happens in Congress, it will happen the same way."

Versatile crop, uncertain market

"Kentucky has the perfect climate and soil to produce industrial hemp and the hard-working farmers ready to grow it," Comer proclaimed last August when he announced the initiative.

Canada has industrial hemp production that is processed into fiber and oil. However, while farmers here might be ready to sow a new crop, there is as yet no hard data showing it would be profitable.

"We are doing economic research here at the college looking at the potential markets, cost of production and probability," said Scott Smith, dean of the UK College of Agriculture, Food and Environment. "The problem at this point is that there is very little concrete information that relates to Kentucky markets."

In July, the Agriculture Economics Department at UK released a study that attempted to answer the question: "Would industrial hemp production be profitable for Kentucky farmers and be beneficial to the overall Kentucky agricultural economy?" Analysis of world trade and production trends in industrial hemp along with an in-depth look at the Canadian industry identified that demand for products made with industrial hemp in the United States is relatively small, but it is growing.



"Industrial hemp is an extremely versatile crop that is growing more and more popular each year," Paul said.

Overseas auto manufacturers use hemp fiber to make body panels, doors and insulation, he said.

"Obviously for Kentucky, with our robust auto industry, there is a lot of potential there," Paul said. "I have spoken with several other manufacturers, and there is interest in producing paper, textiles, biofuel and hempcrete, a concrete-like substance used for construction, all from hemp grown in the commonwealth."

As for the farmer, several factors required to definitively answer whether the crop would be profitable remain unknown. The UK hemp study points out that many aspects of risk for industrial hemp are difficult to determine. It cites production risk from fluctuating yields, price volatility for fiber and seed, and policy risk because of the possibility of changing legal conditions.

Pressed hemp seed makes a rich oil that can be used in foods, body care items and technical products such as oils, paints, solvents, lubricants and ink. Seed cake, which is made after the hemp is pressed, can be used in animal feeds and to make protein-rich flour.

Critical to an emerging new industry, the study also points out, would be development of local infrastructure and a local market in Kentucky.

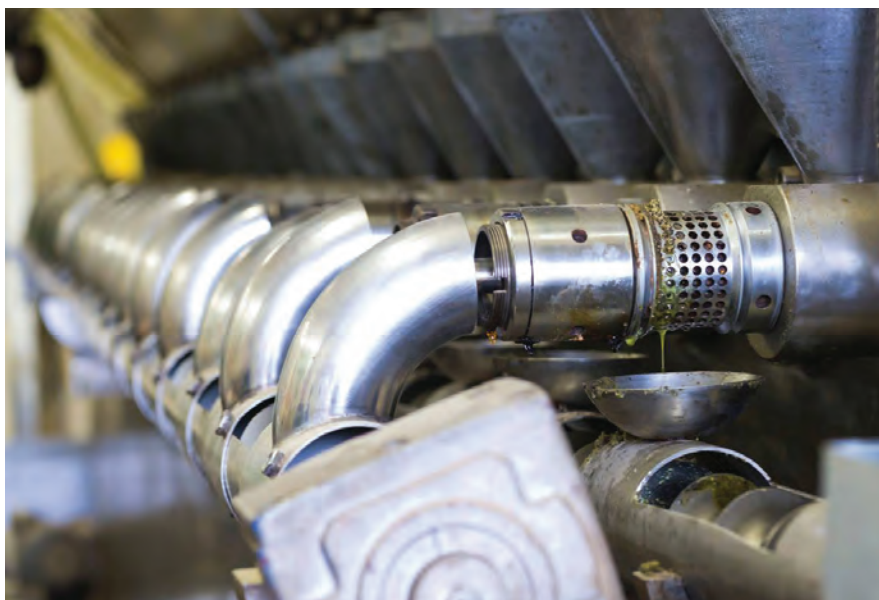
Comer says he and other leaders recognize the need for infrastructure development if industrial hemp is legalized. He said established agriculture businesses in the state are ready to get involved.

"Vaughn Tobacco in Lexington is interested in processing industrial hemp, and Caudill Seed (of Louisville) wants to work on the development of native hemp seed and the processing of the product," Comer said. "We are working behind the scenes to get all the players in place if we are approved to begin legal production of the crop, and when it happens we will be ready."

"We all know there is uncertainty in new markets but as with any new industry, the infrastructure, research, and market will take time to develop," said Furnish. "The fact is we will never know what the potential will be for farmers or how much production the market will bear until we are legally able to produce the crop. That is all we are asking for is the chance, and hopefully soon our farmers will have just that opportunity." ■

Kara Keeton is a correspondent for The Lane Report. Shee can be reached at editorial@lanereport.com.

A machine at a Canadian hemp processing facility extracts oil from hemp seeds. The oil has a high content of essential fatty acids such as omega-3 and omega-6, and is used in foods and in cosmetics and other body care products.



THE LANE LIST

ACTIVE STALLIONS AND MARES BRED

States listed by 2012 ranking

The number of active stallions and mares bred in the United States has dropped significantly over the past 10 years, according to Jockey Club figures. In 2002, there were 4,096 active stallions and 59,455 mares bred in America. In 2012, the number of active stallions dropped 42.5 percent to 2,014, and the number of mares bred dropped 50.8 percent to 34,164.

In Kentucky, 22.5 percent fewer mares were bred in 2012 than in 2002, and the number of active stallions dropped nearly 38 percent.

STATE	2012 MARES BRED	2012 ACTIVE STALLIONS	2002 MARES BRED	2002 ACTIVE STALLIONS
Kentucky	▼ 15,228	▼ 243	19,668	391
Florida	▼ 3,104	▼ 140	7,161	289
California	▼ 2,419	▼ 180	5,831	409
Louisiana	▼ 2,244	▼ 188	2,306	210
New York	▼ 1,637	▼ 65	2,533	156
Pennsylvania	▲ 1,089	▼ 84	1,026	109
New Mexico	▼ 1,081	▼ 123	1,478	160
Oklahoma	▼ 1,071	▼ 134	1,769	226
Indiana	▲ 975	▲ 91	885	113
Texas	▼ 953	▼ 139	3,628	438
West Virginia	▼ 653	▼ 63	918	67
Maryland	▼ 575	▼ 27	1,845	106
Washington	▼ 387	▼ 34	1,159	107
Arkansas	▼ 385	▼ 42	645	77
Illinois	▼ 312	▼ 55	1,239	123
Total	▼ 34,164	▼ 2,014	59,455	4,096



TOP 10 STATES FOR HORSE RACING

Ranked by most races

The number of races conducted in the United States last year was down 17 percent since 2002, while purses increased slightly over the same period, according to Jockey Club figures. Purses increased from \$1.07 billion in 2002 to \$1.13 billion in 2012.

In 2002, Kentucky had the fourth most races in the country; by 2012, they slipped to No. 9.

STATE	2012 NO. OF RACES	2012 GROSS PURSES	2012 RACE DAYS	2002 NO. OF RACES	2002 GROSS PURSES	2002 RACE DAYS
Pennsylvania	4,459	\$128 million	499	3,844	\$47.5 million	415
California	4,064	\$170.5 million	581	5,111	\$173 million	756
West Virginia	4,063	\$63 million	441	4,589	\$71.6 million	484
New York	3,781	\$169 million	408	3,797	\$132 million	421
Florida	3,383	\$91 million	335	3,752	\$82 million	365
Louisiana	3,355	\$81.5 million	336	3,255	\$50 million	330
Ohio	2,622	\$16 million	328	3,509	\$30.5 million	447
Illinois	2,213	\$64 million	252	3,141	\$96 million	329
Kentucky	2,056	\$65 million	207	2,621	\$84 million	271
New Mexico	1,736	\$32 million	281	1,343	\$17 million	234
Total	45,086	\$1.13 billion		54,304	\$1.07 billion	



SPOTLIGHT ON THE ARTS

Arts Council Names Governor's Awards in the Arts Recipients

RECIPIENTS of the 2013 Governor's Awards in the Arts in nine categories were named by the Kentucky Arts Council and will be recognized at a public celebration at 10 a.m. Oct. 29 in the Capitol Rotunda in Frankfort.

Award recipients are:

Milner Award

Oakley and Eva Farris of Covington have had a major philanthropic impact on Northern Kentucky and the arts for many years. The Farris family has given to schools, libraries, museums, civic organizations and arts organizations.

Artist Award

Laura Ross of Prospect has shared her work as a potter for nearly 30 years with the American public through exhibits and shows and as an educator and successful professional artist. Ross has exhibited in dozens of galleries and juried exhibits throughout the country.

Business Award

The 21c Museum Hotel in Louisville greatly improved the quality of the arts and helped revitalize Louisville's downtown. The hotel, which *Conde Nast* magazine readers named best in the nation, became an economic driver for the community and an oasis where art challenges and amuses patrons, stimulates conversation and provokes new ideas.

Community Arts Award

In 1985, the International Bluegrass Music Museum in Owensboro began to develop an environment in which people of all ages could discover the richness of bluegrass music. It is the world's only facility dedicated to the history and preservation of bluegrass music.



Education Award

Founded in 1938, Lexington Children's Theatre (LCT) is a professional, non-profit organization dedicated to the intellectual and cultural enrichment of young people. LCT creates imaginative, compelling, professional theater experiences and arts education for children and families.

Folk Heritage Award

Edward White, founder and director of the River City Drum Corps in Louisville, has influenced thousands of children, helping them to become recognized artists carrying on community musical traditions that date back to marching bands of Louisville's segregated schools. He also has developed a proven pathway for kids in the West End of Louisville to earn college scholarships through drumming.

The 21c Museum Hotel in Louisville received a Governor's Awards in the Arts in the business category. One of 21c's unique aspects is the "art everywhere" concept. In the main dining room of Proof, art installations surround patrons, even above their heads.

Government Award

The Kentucky Artisan Center at Berea opened in 2003 to market Kentucky artists, artist products and Kentucky's rich cultural life. It introduces visitors from around the world to works by more than 650 artists from more than 100 Kentucky counties and provides important economic and technical support.

Media Award

Tom Eblen has brought attention to the arts across the state through his work as the *Lexington Herald-Leader's* metro columnist. Eblen frequently writes about how the arts intersect with life, culture and community. His column and blog frequently turn to the arts and the richness they bring to Kentuckians' lives, workplaces and neighborhoods.

National Award

Actors Theatre of Louisville has endeavored to be a center for community conversation since its incorporation in 1964. Actors Theatre was named the State Theatre of Kentucky in 1974 and strives to tell the stories that reflect the diversity of the commonwealth and the human experience.

Actors Theatre of Louisville, which began in 1964, received the National Award in the 2013 Governor's Award in the Arts, which recognize individuals and organizations who have made extraordinary and significant contributions to the arts in Kentucky.



Arts Events Around the State

Chamber Music Festival of Lexington

Fasig-Tipton Company, Inc.
7:30 p.m. Aug. 23-24
2 p.m. Aug. 25
chambermusiclex.com
(859) 955-0291

Kentucky On Stage

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

Neil Sedaka & Orchestra Kentucky

SkyPac, Bowling Green
7:30 p.m. Sept. 28
theskypac.com
(270) 904-1880

Huey Lewis & The News

Paramount Arts Center, Ashland
8 p.m. Aug. 24
paramountartscenter.com
(606) 324-3175

The 7 Borders

Museum of Art and Craft, Louisville
Through Sept. 1
kentuckyarts.org
(502) 589-0102

Gallery Exhibit, Celebrating 10 Years

Kentucky Artisan Center at Berea
Through Aug. 24
kentuckyartisancenter.ky.gov
(859) 985-5448

Kentucky Arts Council Awards \$1.8 Million in Grants to Arts Organizations Across State

THE Arts Council has awarded more than \$1.8 million in operational support funding to 102 nonprofit arts and cultural organizations for fiscal year 2014 through the Kentucky Arts Partnership (KAP) grant.

The KAP grant provides support to nonprofit organizations offering year-round arts services and programs directly for the benefit of the public. The competitive grant process funds applicants based on operating revenues, a panel review of applications, and funds available for the program.

"Kentucky is unique among states of our size due to a wide geographic distribution of arts organizations across our counties," said Lori Meadows, arts council executive director.

For a listing by county of FY 2014 KAP organizations and amounts received, visit artscouncil.ky.gov



Fund for the Arts CEO Receives National Recognition



Barbara
Sexton Smith

BARBARA Sexton Smith, president and CEO of Louisville's Fund for the Arts, received the Michael Newton Award for Private Sector Leadership at the national Americans for the Arts conference in Pittsburgh. The award recognizes innovation in developing private-sector partnerships and/or long-term fundraising achievements.

Smith, who has worked for the Fund for the Arts for more than 15 years, was named president and CEO last April. The average gift through the Fund for the Arts' workplace campaign has grown from \$87 in 2001 to more than \$167 in 2011. The percentage of dollars raised from employee campaigns rose by 25 percent during that period.



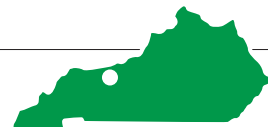
Lori Meadows is executive director of the Kentucky Arts Council.

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fingers ONE
WITH A SPLASH PART
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The second annual Owensboro Air Show, scheduled for Sept. 20-21, will feature the Royal Canadian Air Force.

Plane Crazy!

Owensboro Air Show takes flying to a new level

BY KATHERINE TANDY BROWN

YEARS ago, when I developed a temporary fear of flying, I took an aviation awareness course through the University of Kentucky from Arlynn McMahon at Aero-Tech, a flight school based at Blue Grass Airport in Lexington. During this class, I learned about different kinds of airplanes and about aerodynamics (the principles that keep planes in the air); toured a Boeing 737 and the Blue Grass control tower; spent a half hour in a flight simulator; and

took an introductory flying lesson, during which I landed a Cessna 157 and kissed that phobia good-bye.

Whether you have a phobia about airplanes or adore flying, those big silver birds are simply fascinating to many folks, whether or not they understand what keeps them aloft.

Air shows offer an excellent opportunity to learn about aviation, planes and pilots; to actually talk to people who fly them and who work on them; to climb

aboard and explore the innards of planes; to watch precision teams flying in formation and aerobatic pilots executing daring stunts while smoking up the sky; and to perhaps plant the seed of a dream, whether it's to fly in an airplane or actually man the controls as a pilot and go soaring into the air.

Top annual draws at many air shows are the elite jet teams of the U.S. Navy's Blue Angels and U.S. Air Force's Thunderbirds, and the U.S. Army's Golden Knights precision parachute team. Unfortunately, because of federal budget cuts this year, the military has had to cancel these teams' appearances, and as a result, dozens of air shows have been called off.

The good news for Kentucky aviation enthusiasts is that the Owensboro Air Show will go on as planned this fall. Headlining the Sept. 20-21 event will be the CF-18 Demo Team of the Royal Canadian Air Force (RCAF), one of the best aviation organizations in the world. Crowds can ooh and ahh as their F-18s roar overhead in perfect precision.

"With the military sequestration affecting air shows across the country, our timing was good in scheduling the RCAF team," said Tim Ross, director of public events for the City of Owensboro. "Airplanes are symbolic of American spirit and pride, so people can celebrate those as they enjoy the skills of these amazing pilots."

Last year, Owensboro opened \$70 million Smothers Park, a five-acre, four-block-long green space on the Ohio River, as a part of an ongoing \$200 million downtown expansion that will eventually include the new Owensboro Convention Center (due to open in January 2014), two new hotels and an expansive office complex. To celebrate the park's opening, the city put on an air show over the river. This year's will be the second annual event.

In addition to the military jet team, a number of other aviation specialists will perform. One of those is Scott "Scooter" Yoak, who will execute high-power aerobatic routines in a piece of military avia-

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tion history, a 1945 Quicksilver P-51, a WWII fighter also known as "The Resurrected Veteran." Yoak has painted this legendary war bird so that every aspect of its paint represents those who served and those who made the ultimate sacrifice.

Another featured performer will be a replica of an original Japanese Zero. Tora 101 was built in 1952 and purchased by 20th Century Fox in 1968 for its blockbuster movie about the attack on Pearl Harbor, "Tora! Tora! Tora!" The plane's air show pilot, Douglas "Hollywood" Jackson, will demonstrate the maneuverability of this aircraft specifically designed to be the best dogfight plane of its time.

Audience participation is even possible with one particular act. Aerobatic specialist Billy Werth will rock and roll with corkscrews, spins and tumbles as his Pitts S2C biplane, cranking out 260 horse-

power, zips nearly 2,500 vertical feet straight up into the air, pulls +6 and -5 Gs and zooms along at 212 mph. Werth's Pitts is a two-seater, so if you're adventurous and would like a thrilling taste of what his plane can do, or if you'd like to conquer a fear of flying with a smooth flight, you can hitch a ride.

The all-star lineup also includes Sky-Dancer, a classic Chipmunk war bird flown by the writing, aerobatic and pyrobatic twosome, Suzanne Asbury-Oliver and Steve Oliver. Suzanne performs classic aerial skywriting that can be seen for 30 miles, while her husband takes the planes through loops, rolls, avalanches, octagon eights, point and vertical snap rolls, and breathtaking low, inverted passes. On Friday evening, they'll drape colorful patterns across the sky.

Other exciting acts include Bill Stein, Mark Chapman, Jack Knutson

and the 4ce. You can Google them for specifics, but be assured that all will keep you on the edge of your seat.

In 2009, Arlynn McMahon was named the FAA's Flight Instructor of the Year, and since I took her life-changing class, I have flown across several oceans, been a passenger in open cockpit biplanes and motorless gliders, and taken several aerobatic (stunt) flights. Seeing the Toyota plant in Georgetown while flying upside down in a clear-domed Decathlon was definitely a highlight. Attend the Owensboro Air Show and you could get hooked, too!

Find out more about the Owensboro Air Show at owensboroairshow.com or call (270) 687-8350. ■

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

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John Nation photo

Louisville, a ‘Real World’ American City

THERE was an approving murmur among attendees of the Kentucky Chamber of Commerce’s annual Economic Summit dinner last month in Louisville when chamber President/CEO Dave Adkisson mentioned that a *New York Times* reporter was sitting in on the summit’s healthcare reform panel discussion the next day. *The Times* remains the world’s most respected newspaper and is a sort of unofficial publication of record for the nation.

Expect an ongoing higher lever of visibility for Louisville in *The Times*’ coverage of national healthcare reform. The paper’s editors have decided to follow Louisville’s experience as the massive federal healthcare system reform law is implemented in the next couple of years.

An article on June 22 by reporter Abby Goodnough about how the nonprofit Family Health Centers clinics in Louisville are adapting went on to ask area residents to complete a survey on their attitudes and experiences (go to <http://nyti.ms/14igxVF>) that will help guide healthcare reform reporting in *The New York Times*.

“As part of my continuing series looking at the real-world

impact of the Affordable Care Act in Louisville, Ky., I would like to hear from people who live or work in the Greater Louisville region – or who have some other personal connection to the area – about how the law may affect them,” Goodnough wrote. “I am hoping to connect with doctors and other healthcare providers, patients and business owners who, starting in 2015, may be required to provide health insurance to their employees under the law.”

Respondents’ submissions and contact information are not being published, but Goodnough might follow up to get additional details or comments that could go into print.

Good call by editors at *The Times*. Louisville is a perfect place to take the pulse of America. It’s an active melting pot of the nation, positioned at a balancing point between the Midwest and the South, and between the old school East Coast and the less traditional West. It has a diverse economy and population with a large and energetic healthcare sector, including one of the largest aging-care sectors in the world.

The rest of the country can probably learn something good by finding out more about how Louisville does things.

Sazerac is Kentucky’s Newest 1,000-Employee Club Member

THE Sazerac Co., one of the largest family-owned distilling companies in the United States, has just added the 1,000th employee to its Kentucky operations, which include Buffalo Trace Distillery in Franklin County, Barton 1792 Distillery in Bardstown, The Glenmore Distillery in Owensboro and Sazerac headquarters in Louisville.

In 1992, Sazerac bought Buffalo Trace Distillery, which had declined along with the rest of the bourbon industry and had only 50 employees, down from 1,000 after World War II. Sazerac has successfully rebuilt, though, and Buffalo Trace Distillery now employs 406.

Sazerac also acquired other Kentucky assets, The Glenmore and Barton 1792 Distilleries from Constellation Brands in 2009, and established a headquarters for Sazerac in Louisville, also in 2009. It increased employment at each location and has created another 250 jobs.

Today, business is growing at all four Sazerac locations in Kentucky, with distilled spirits production, bottling, distribution, and tourism key to the organization’s growth. Kentucky has become a hub for the distilled spirits industry, accounting for 47 percent of all distilled spirits bottled in the United States.

“The long-term economic potential of the distilled spirits industry for Kentucky and bourbon in particular is substantial,” said Mark Brown, Sazerac president and CEO, especially if the state’s bourbon-only “barrel tax” on aging spirits is repealed and the federal capitalized interest tax for bourbon makers is ended.

One of New Orleans’ oldest family-owned, privately held companies, Sazerac has operations in New Orleans; Frankfort, Bardstown, Louisville and Owensboro, Ky.; Fredericksburg, Va.; Carson, Calif.; Baltimore; and Montreal, Canada. Learn more at www.sazerac.com.



Centre College Gets \$250 Million to Launch Nation's Premier Scholars Program

JULY was a good month for Centre College in Danville. *Forbes Magazine* released its annual list of America's Top Colleges, which ranked Centre 80th in nation and No. 1 in Kentucky.

Also, Centre received the largest gift in history to a liberal arts college.

The A. Eugene Brockman Charitable Trust made a massive \$250 million donation in the form of stock in Universal Computer Systems Holding Inc. to establish the Brockman Scholars Program in Leadership and Entrepreneurship. Universal Computer Systems includes Reynolds and Reynolds of Dayton, Ohio, which today is a major computer services provider to the automotive industry.



Centre
President
John Roush

The previous record gift was \$200 million in 2007 to Claremont McKenna College in the greater Los Angeles area.

Beginning in the fall of 2014, 40 new Brockman Scholarships will be funded each year for students majoring in natural sciences, computational sciences and economics. It will create the nation's premier scholarship program that will include a total of 160 students by 2017. When declaring majors this past spring, 61 percent of Centre students chose science and economics-related majors and a third choose to double major.

Brockman Scholars will be selected on the basis of merit and receive "full-ride-plus" scholarships for tuition, fees, and room and board plus funds for study abroad experiences, summer research and internship opportunities.

The gift puts Centre at the halfway mark of its fundraising goal for the Third Century Campaign, which started Jan. 1, 2013, and concludes in January 2019, just before the college's bicentennial celebration.

"This magnificent gift establishing the Brockman Scholars Program marks a fundamental transformation in Centre College's ability to support students whose hard work, character and intellect have demonstrated their potential for leadership," said Centre President John A. Roush.

"The problems and the opportunities confronting our nation and world are increasingly complex," Roush said, "and the Brockman Scholars Program will empower talented young women and men with the knowledge, creativity, and integrity necessary to address them."

Congratulations to Centre. And welcome in advance to the Brockman Scholars.

YEA! Aids the Student Entrepreneur

ASPIRING Louisville-area business owners who are still in middle and high school can get structured help crafting business plans and learning to launch their own venture in the 2013-2014 Young Entrepreneurs Academy this school year. They can apply for one of the 24 slots through Sept. 3.

The goal is literally launching new businesses. YEA! program participants will present next spring to an investor panel that could provide real-life financial support to fledge their businesses. One young Louisville entrepreneur will be chosen to attend a national competition.

YEA! participants will hear from business owners in a variety of fields, attorneys, accountants, insurance experts and others during weekly meetings 4-7 p.m. at the University of Louisville College of Business. Mentors will work with students weekly to help them understand and develop business plans, financial reports, logos, marketing plans, websites and elevator pitches.

"We really try to maximize those three hours a week," said Ellen Reitmeyer of the NAWBO Louisville Foundation (National Association of Women Business Owners).

Last year's participants were sixth-graders to seniors from the Portland neighborhood to Oldham County. They produced and sold specialized headbands, rain barrels, bracelets created from paracord and lacrosse string, ice cream products and several web-based services.

YEA! began in 2004 at the University of Rochester and is now in 22 states. The NAWBO Louisville Foundation brought YEA! to the area a year ago in conjunction with GLI's EnterpriseCorp and the UofLouisville College of Business.

Applications can be downloaded at nawbolouisvillefoundation.org. In addition to students, NAWBO Louisville Foundation welcomes business volunteers and sponsors. Contact Reitmeyer at (502) 625-0248 or director@nawbolouisville.org.

Thank You, Jack



Jack
Kelly

SOME degree of credit for the success of the Alltech 2010 FEI World Equestrian Games at the Kentucky Horse Park should be attributed to Jack Kelly, who passed away last month in Lexington after a battle with cancer.

Many who knew the ever-upbeat Kelly did not even know of this fight for his life, which probably prompted him to quietly step aside in 2008 for "personal reasons" from his job as the first CEO of WEG. Kelly had laid solid groundwork, however, in his two years of event planning, which was his specialty.

Originally from Boston, Kelly was the major events organizer at the 1986 U.S. Olympic Festival and ran the 1990 U.S. Olympic Festival in Minneapolis-St. Paul. He then joined Turner Broadcasting to head up its Goodwill Games operation for six years.

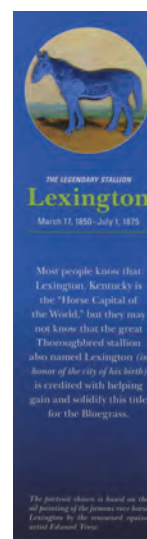
He universally impressed and mentored those he worked with on WEG. Kelly left our world a better place, for which we say, "Thank you, Jack."

Read All About It: Blue Horse Is a Winner!

LEXINGTON Convention and Visitors Bureau officials have enhanced their successful embossed blue horse sticker program branding Lexington as the Horse Capital of the World.

Formerly issued on plain white paper, the stickers are distributed now on bookmarks that include a brief history of the great Thoroughbred stallion Lexington, who became world famous as the top sire in America for 14 years from 1861 to 1875.

The blue sticker campaign began in 2009, based on a colorized version of a noted painting of the prolific steed. It was a clever idea to capitalize on the Alltech 2010 FEI World Equestrian Games that brought participants and spectators from all 50 states and some 60 foreign countries to Lexington.



KENTUCKY PEOPLE

LOUISVILLE: BEAM OPENS DOWNTOWN LOUISVILLE GLOBAL SERVICES CENTER



Beam Inc., the parent company of well-known spirit brands that include Jim Beam and Maker's Mark bourbon, opened its new \$1.7 million global services center in downtown Louisville on July 15. Beam employees were joined by company executives and local officials to officially open the new facility, which will bring financial and human resources activities under one roof. Pictured here on the dais are (from left) Beam President North America Bill Newlands, Beam Master Distiller Fred Noe, Beam Vice President Global Business Services Tom McPartlin and Louisville Mayor Greg Fischer.

LOUISVILLE: WOODSONGS OLD-TIME RADIO TAKES SHOW ON THE ROAD TO IRELAND



Lexington singer and songwriter Michael Johnathon (center) took his WoodSongs Old-Time Radio Hour to Europe last month, hosting a live program on July 18 at the Convention Centre Dublin. The event was part of The Gathering Ireland 2013, a tourism and economic initiative by the Irish government to draw all of the country's native sons and daughters back for a year of celebration. The WoodSongs program was sponsored by Kentucky Bourbon Barrel Ale, which is owned by Ireland native Dr. Pearse Lyons.

LOUISVILLE: KENTUCKY CHAMBER OF COMMERCE HOSTS ANNUAL MEETING, SUMMIT



More than 700 business leaders attended the Kentucky Chamber of Commerce Business Summit and Annual Meeting last month in Louisville. (Left) Former Gov. Paul Patton (right), who recently retired as president of the University of Pikeville and is now the institution's first chancellor, was among several dignitaries present at the annual meeting. Pictured with Patton are (from left) Craig Preece, chief financial officer of Booth Energy, and his wife, April; and Rebecca Gohmann, chief counsel for Booth Energy. (Below, left) A reception before the dinner offered chamber members a chance to network with one another. Pictured (from left) are Donna Moloney, senior advisor for strategic initiatives at Alltech; Deidra Lyons, director of Alltech corporate image; Dr. Pearse Lyons, Alltech founder and president; Barry Stumbo, president of the Saint Joseph Hospital Foundation; Michelle Ripley, president of the Commonwealth Fund for KET; Jana Joseph, operations manager for Alltech corporate hospitality; and Elizabeth Conway, director of corporate communications at Brown-Forman. (Below, right) Karen Lesler, deputy executive director of the Office of Research and Public Affairs at the Kentucky Cabinet for Economic Development, enjoyed a laugh with Raymond Griffith, executive staff advisor for the Cabinet for Economic Development, before the start of the meeting. (Right) David Gergen, senior political analyst for CNN and former advisor to four different U.S. presidents, was the keynote speaker for the event.



A woman with blonde hair, wearing a blue and white striped shirt, is cheering with her right arm raised high. She is in the foreground, and behind her is a large, dense crowd of people in a stadium, all appearing to be cheering. The background is a clear blue sky.

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Supporters of KET who make a gift of \$1,000 or more to the **KET Fund for Excellence** are eligible to receive the exclusive benefit of a reserved parking space for the 2013 University of Kentucky home football season. Premier spaces are available at KET's Network Center, located adjacent to Commonwealth Stadium.

Thank you for making a difference to all Kentuckians through your support of KET's quality educational programs and services!

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