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HIGH TECH TOOLS, OLD FASHIONED TOUCH

**Telemedicine enhances provider interaction
with patients to obtain better outcomes**

Page 24

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24 COVER STORY

HIGH TECH TOOLS, OLD FASHIONED TOUCH

Telemedicine enhancing provider interaction with patients to obtain better outcomes

29 TRANSPORTATION ARTERY, TRANSFORMATIONAL IMPACT

Ohio River Bridges Project already routing cash into the region – but full effect will come after congestion is relieved

34 AND NOW, THE INVESTOR FARMER

Long-term agribusiness land ventures sprout as asset diversification play and hedge against inflation

40 CONFRONTING WHAT WE DON'T WANT TO SEE

A Kentucky initiative is raising awareness that domestic violence can and does visit workplace

44 ENDOWMENT FUNDS LOOKING LONGER-TERM

Investment strategy for Kentucky colleges and universities includes more private equity

48 KENTUCKY PAVES WAY FOR CARMAKER CAREER TRAINING

AMTEC collaboration created by KCTCS assembles U.S. auto manufacturing industry's future worker pipeline



On the Cover

Kentucky healthcare providers have an ever more sophisticated array of telemedicine tools at their disposal, but best like the tools that improve their level of interaction with patients.

Departments

4 Perspective

6 Fast Lane

16 Interstate Lane

17 Kentucky Intelligencer

18 Corporate Moves

19 On the Boards

20 Lane One-on-One:
Monty Boyd
President and CEO
of Wayne Supply Co.



43 Viewpoint

47 The Lane List

50 Spotlight on the Arts

51 Exploring Kentucky

54 Passing Lane

56 Kentucky People



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Lane Communications Group
is a member of

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OF AREA BUSINESS PUBLICATIONS

The Lane Report is published monthly by:

Lane Communications Group
201 East Main Street 14th Floor
Lexington, KY 40507-2003
editorial@lanereport.com

For more information and
advertising rates contact:

PHONE: 859-244-3500

The annual subscription rate is \$29.
(Kentucky residents add \$1.74 sales tax.)
Newsstand price is \$4.50.

Send check or money order to:

Circulation Manager

THE LANE REPORT

201 East Main Street 14th Floor
Lexington, Kentucky 40507-2003
or go to lanereport.com/subscribe

THE LANE REPORT corrects all significant errors that
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PERSPECTIVE

A WARNING FROM OUR FOREFATHERS

Citizens have obligation to hold government accountable

BY PAT FREIBERT

FOR most Americans, the debate over the role of government is an academic exercise. Whether government should function in a role limited to those powers explicitly enumerated by the constitution or whether it should expand further to mirror the "nanny states" of Europe, is not a compelling daily concern.

But current events in Washington and across the nation have produced disturbing scenes broadcast on American television and computer screens.

Americans watched as a parent was forcibly escorted from a school meeting in Baltimore. During the meeting's written question and spoken answer segment on Common Core curriculum, this parent was not allowed to ask questions or speak. The images of the parent being physically ejected from the meeting did not depict liberty or freedom. Rather, the images exemplified a government that knows better than the citizens it serves and does not tolerate dissent.

Other powerful images recently witnessed by Americans are those of metal barriers placed around iconic Washington, D.C., monuments. Barriers were erected to keep our nation's World War II veterans away from the monument commemorating their service to this country.

Federal security personnel were posted nearby and prevented 90-year-old World War II veterans from approaching the monument dedicated to their sacrifice and valor. Though this monument, as well as others, is an open-air monument that costs little or nothing to "open," access was denied to publicly highlight the broad-based pain associated with the government shutdown.

Many of these elderly veterans made special trips to the nation's capital to visit the monument dedicated to them and their fallen comrades. Later pictures showed younger military veterans lifting the barriers and stacking them in front of the White House, ensuring that their older brothers in arms were not denied access to the monument honoring them.

The swell of anger of American citizens toward the federal government for this travesty was palpable and real. Many wonder if the federal government

has forgotten why it exists, if it has forgotten that it exists to protect Americans and ensure their freedoms.

In some ways, it seems the federal government has forgotten. But our founding fathers anticipated that very threat. In 1788, James Madison told the Virginia Convention: "I believe there are more instances of the abridgement of the freedom of the people by gradual and silent encroachments of those in power, than by violent and sudden usurpations."

Those who make and enforce the nation's laws should be proud to live under the same laws as all other American citizens. Instead, the president and members of Congress have granted themselves subsidies and exemptions from the cost of healthcare insurance provided by Obamacare. Their staff members and other special interests – selected by the White House – have also been gifted with exemptions from the costs of Obamacare.

Preferential treatment of special interest groups anointed by the White House can be described as nothing other than cronyism. Americans may rightly wonder how a U.S. chief executive can alter, by political whim and the stroke of a pen, the law of the land without the advice or consent of Congress.

The federal government is so big and so powerful that nobody, presently, seems to know how to tame its gargantuan bureaucracy. It was Lord Acton, professor of modern history at Cambridge University, who famously said, "All power tends to corrupt, and absolute power corrupts absolutely." He lived from 1843-1902 and made that observation well before our federal government swelled to its current massive size and scope, and a century before unchecked corruption was revealed at the Internal Revenue Service and several other federal agencies.

The troubling images on our televisions and computers should serve to remind Americans that the role of government – and its accountability to us – is more than an academic exercise. It is important to each of us, and we each have an obligation play an active part.

Consent of the governed is essential to a democratic republic. That consent is based on the active expression of opinion by the governed and the acceptance, by those elected to represent the people, of those opinions and wishes. ■



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

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STATE: STUDY SHOWS KENTUCKY 8TH-GRADE STUDENTS EXCEED INTERNATIONAL SCIENCE AND MATH AVERAGES



U.S. Census photo

When the academic performance levels of Kentucky 8th-graders were compared against four international benchmarks, nearly 80 percent of the Kentucky students reached the intermediate level or above and more than 40 percent scored high or above.

KENTUCKY'S efforts to improve its education system are paying off, according to a new study released last month that shows Kentucky 8th-grade students scored as well or better than their international counterparts in math and science.

The study, U.S. States in a Global Context, links results on the **2011 National Assessment of Educational Progress (NAEP)**, known as the Nation's Report Card, with scores on the **Trends in International Mathematics and Science Study (TIMSS)**. Based on United States students' NAEP scores, the study predicts students' TIMSS scores and compares them with the actual TIMSS scores of students in 47 education systems around the world.

Kentucky's average score of 534 in science exceeded not only the average of public school students in the United States (522) but also the TIMSS average score (500), putting Kentucky in 24th place among all the state and international education systems in the study and on par with Kansas, Michigan, Indiana, Hong Kong and England.

In mathematics, Kentucky's score of 505 put it ahead of the TIMSS average score of 500, but just below the national average for public schools (507). Kentucky's 36th place score was comparable to the scores of Hawaii, South Carolina, England, Alberta (Canada), Hungary and Australia.

"This is a good yardstick on how well Kentucky students measure up to students in other states and nations," said Education Commissioner Terry Holliday. "That's important not only for those who will one day be competing for jobs, but also for Kentucky as we work to build a better educated workforce that can attract higher paying jobs and new businesses that will secure the state's economic future."

STATE: LECTRODRYER, AMERICAN PRINTING HOUSE AND GM NAMED KENTUCKY MANUFACTURERS OF THE YEAR

LECTRODRYER, American Printing House for the Blind and General Motors Bowling Green Assembly Plant have been named as winners of the 2013 Kentucky Manufacturer of the Year award, presented by the **Kentucky Association of Manufacturers**.

The awards are based on a company's performance in innovative and entrepreneurial leadership, recognized leadership that makes a key contribution to the quality of life in the community and state, and active involvement in organizations that advance industry and manufacturing.

Richmond-based Lectrodryer won the small-business category. The company produces custom-designed absorption and purification equipment for use in hydrocarbon refining, chemical processing, gas manufacturing and refining, solvent drying, sewage treatment and power generation for companies on every continent except Antarctica.

American Printing House for the Blind Inc., a nonprofit organization headquartered in Louisville, won in the mid-size business category. APHB was founded in 1858 and is the official supplier of educational materials for the nation's vision-impaired children and is also a strong supporter of other nonprofit and charitable causes.

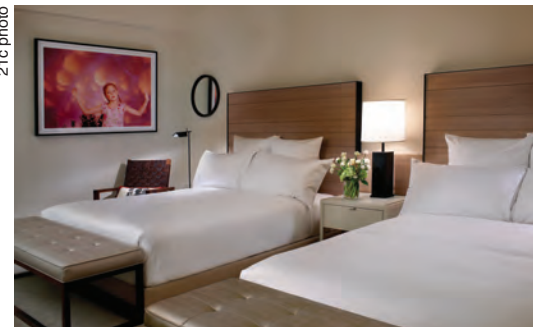
General Motors' Bowling Green Assembly Plant, winner of the large-business category, is a major employer in the region. In 2013, GM pledged more than \$215,000 to various community entities ranging from education to arts and entertainment.

In addition to the company awards, Dale Budke was named KAM's employee of the year. Budke is a production supervisor for **Moulding and Millwork** in Jeffersonville, Ky.

LOUISVILLE: INC. LAUDS 21c MUSEUM HOTELS FOR ITS U.S. JOBS CREATION RATE

21c Museum Hotels, a Louisville-based boutique hotel company and restaurant group, was recently recognized by *Inc.* magazine for the number of jobs the company has generated over the past several years.

Inc.'s Hire Power Awards recognizes the private businesses that have generated the most jobs in the past three years. 21c has nearly tripled its number of full-time employees over the past two years, placing it among the top 100 private business job-creators in the country. The company ranked No. 58 overall and



21c photo

Louisville-based 21c Museum Hotels has expanded this year with the opening of hotel properties in Cincinnati, pictured here, and Bentonville, Ark.

was the No. 1 job creator in the travel industry as well as the No. 1 Kentucky-based company.

"Hiring talented people to serve our guests and to help drive our business is crucial to our continued growth," said Craig Greenberg, president of 21c Museum Hotels. "We've created 215 new full-time positions in a growing hospitality company and have also focused on promoting from within. It is gratifying to watch our company and our team thrive in a culture of creative leadership and to be recognized by *Inc.* as a top job creator."

In the past year, 21c opened new hotel properties in Cincinnati, Ohio, and Bentonville, Ark., growing from a single hotel property and a standalone restaurant in downtown Louisville to encompass three hotels, four restaurants and more than 500 employees. Construction is currently underway on a hotel property in Durham, N.C., and a project has been announced for Lexington, Ky., as well.

21c was also named to this year's *Inc.* 5000 list of America's fastest growing companies, with a three-year growth rate of 673 percent.



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BUSINESS BRIEFS

ASHLAND

■ **Accu Medical Waste Services** has opened a medical waste plant in the Paul Coffey Industrial Park that uses steam to sterilize up to 50 tons of medical waste per day. Once sterilized, the waste is compacted and hauled to nearby landfill. Although the million-dollar facility is currently operating with only a two-member staff, Accu President Jim Parks told *The (Ashland) Independent* that the plant could ultimately employ up to 30 employees and operate 24 hours a day.

CAMPBELLSVILLE

■ **INFAC North America Inc.** has completed a \$6.5 million expansion of its manufacturing operation in Campbellsville. The new 100,000-s.f. assembly, manufacturing and warehouse facility will allow for increased production of brake and transmission control cables for the automotive industry. The company is adding 20 full-time positions to the existing 60-member staff to support the additional work.



COVINGTON

■ Covington-based **Bexion Pharmaceuticals** has been awarded a \$2.9 million Small Business Innovation Research "Bridge Award" from the **National Cancer Institute**. The funding will be used to fund a Phase I clinical trial to evaluate a therapy for certain brain tumors.

CRESTVIEW HILLS

■ **Roeding Insurance Group** is now part of **Houchens Insurance Group**, a Bowling Green-based regional and international insurance broker. Roeding, which is headquartered in Crestview Hills and also has an office in Lexington, will maintain its name as well as its current management structure and employee group. Houchens Insurance Group is comprised of **Van Meter Insurance**, **Employers Risk Services Inc.**, **Center of Insurance**, **Insurance Specialists**, **Curneal and Hignite**, and **Blake, Hart, Taylor & Wiseman**, making it one of the nation's largest employee-owned insurance agencies with more than \$250 million in gross sales.

DANVILLE

■ **Centre College** has received an anonymous gift of \$1 million to fund foreign language study and comprehension by students and faculty. Seventy-five percent of the gift is intended for study abroad grants to qualified students who have completed two years of foreign language study at Centre and want to travel to a country where that language is spoken. The remaining 25 percent of the gift is intended for Centre language faculty to travel to nations where the language they teach is spoken. Centre currently offers courses in Catalan, Chinese, French, German, Greek, Hebrew, Japanese, Latin and Spanish.



FORT MITCHELL

■ Former U.S. Rep. Ben Chandler has joined the three principals of **Strategic Advisers**, a Northern Kentucky-based public relations and government-relations firm, to form a new government relations firm called **Omni Advocacy Group**. Omni Advocacy Group now will handle the government-relations work previously provided by Strategic Advisers. Strategic Advisers will continue to provide public relations and digital media consulting services and the company will work closely with Omni to provide PR and grassroots services to the government-relations firm and its clients.

FRANKFORT

■ **Beam Inc.**, the parent company of **Jim Beam Distillery** and **Maker's Mark Distillery**, has sold its bottling plant in Lewiston, Maine, to **Sazerac Co.** and plans to move the bottling of its **Pinnacle Vodka** and **Calico Jack Rum** to Kentucky,

where more than two-thirds of the company's global annual volume is produced. The transition to Beam's recently expanded facility in Frankfort is slated to be complete by the end of the first quarter of 2014.

BOWLING GREEN: GERMAN AUTO SUPPLIER TO HIRE 90 AT NEW PRODUCTION PLANT

BILSTEIN Group, a family-owned automotive supplier headquartered in Germany, plans to establish a new production plant in Bowling Green that will create 90 new full-time jobs.

Founded in 1911 in Hagen, Germany, Bilstein Group has grown to be one of the world's largest suppliers of cold-rolled products. The company is building the plant in Bowling Green to better serve its North American automotive industry customers. The company plans to construct a 150,000-s.f. facility in the 72-acre Kentucky Transpark.

Design of the new facility is currently in progress, with construction slated to begin in the spring of 2015. The plant is expected to be operational by early 2018.

The company's announcement marks the fourth German-owned site-location project to develop in Kentucky within the last year. European companies, which employ nearly 26,000 people across the commonwealth, have a strong presence in Kentucky, accounting for 170 of Kentucky's 400-plus foreign-owned businesses.

LOUISVILLE: BOURBON POURS MILLIONS INTO JEFFERSON COUNTY'S ECONOMY

BOURBON has become big business in Kentucky and according to the results of a University of Louisville study on the economic impact of the distilling industry, Jefferson County is benefiting from the boom in a big way.

The study, commissioned by the **Kentucky Distillers' Association**,

reports that the distilling industry provides 4,200 jobs in Louisville, resulting in \$263 million in payroll, \$32 million in tax revenue and \$50 million in capital projects in 2012.

Furthermore, an increase in worldwide demand for bourbon has produced a wave of capital investments in Louisville: More than \$50 million in projects is now underway. In addition, distillers account for more than \$10 million in corporate and philanthropic giving to community causes, events and attractions.

Bourbon tourism is also on the rise. **Heaven Hill's** new **Evan Williams Bourbon Experience** will open later this year in downtown Louisville, becoming the eighth official **Kentucky Bourbon Trail** stop and the first in Louisville. According to the report, Jefferson County could realize more than \$2.5 million a year in spending from bourbon tourism.

"Bourbon... helps create jobs, it draws visitors and the 'cool factor' helps attract and retain talented young professionals," said Craig J. Richard, president and CEO of **Greater Louisville Inc.** "However, changes to Kentucky's tax code are needed if we are going to be successful in increasing investment and protecting our state's signature industry from global competition."

Richard said relief is needed for the ad valorem "barrel tax" that's assessed each year on aging barrels in Kentucky warehouses. According to the KDA, the tax is not assessed on any other alcohol beverage such as beer, wine or whiskey, and is the only one of its kind in the world. The ad valorem tax is one of seven taxes levied on every bottle of spirits in Kentucky, with 60 percent of every bottle going to taxes.



Kentucky produces 95 percent of all the bourbon in the world and much of that production occurs in and around Jefferson County.



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BUSINESS BRIEFS



Allegiant photo

HEBRON

Both **Allegiant** and **Frontier Airlines** have announced plans to expand flight service out of the **Cincinnati/Northern Kentucky International Airport** (CVG) in February. Allegiant will be adding nonstop service between CVG and **Orlando Sanford Airport** (SFB) and **Ft. Myers/Punta Gorda Airport** (PGD), while Frontier will add nonstop service to Trenton, N.J.

HIGHLAND HEIGHTS

■ **Northern Kentucky University** is now offering a bachelor science degree in data science, the first bachelor's program of its kind in the Midwest. Data scientists are a new breed of technologist who utilize sophisticated mathematical, communication, analytical, business and computational skills in a wide variety of businesses. The NKU program includes a business analytics track and a computation intensive track.

LEXINGTON

■ **Brightway Insurance**, a national independent insurance retailer, has opened its first Kentucky location in Lexington. The Florida-based company, which offers customers multiple insurance carrier options under one roof, operates more than 100 locations nationwide. The Lexington franchise is owned by Hamilton Alverson.

■ Lexington-based information technology company **NetGain Technologies** has expanded into a new market with the acquisition of **U.S. Tek**s, a managed information technology services partner headquartered in Birmingham, Ala. The acquisition marks NetGain Technologies' fifth expansion in three years. Most recently, the company acquired **NCDTech**, a leading provider of managed IT services and business technology consulting in the St. Louis area. As in the past, NetGain Technologies will leave U.S. Tek's current team in place.



■ A new report recently released by the **Kauffman Foundation** ranks Lexington No. 10 in the country in the small to mid-metropolitan category for **high-tech startup density**. The city ranked No. 4 for the largest increase in startup density since 1990. The report noted startup communities are being touted as the next new thing in economic development, especially in the high-tech and information technology sectors, and are important drivers of economic growth.



■ Lexington-based **Fazoli's** is launching a new fast-casual Italian restaurant concept that will debut in Baltimore in early 2014. **Venti-Tre** (the word for 23 in Italian) will feature a "modern Italian" menu that allows guests to choose a piada, pasta or salad and then customize it with an assortment of 23 different meats, vegetables, cheeses, dressings, sauces and other toppings. The restaurant

will also feature an Italian soda bar in addition to beer, wine and soft drinks. Prices are expected to range from \$9 to \$11.

■ Lexington-based **Space Tango**, the nation's first business accelerator specifically for space enterprises and entrepreneurs, is accepting proposals for funding and acceptance to its space business accelerator. In the initial round, Space Tango will accept up to six companies from across the United States and globally. Each enterprise will receive funding of up to \$20,000 and will participate in an intensive 12-week onsite program that will provide all of the services, advisors and networks necessary to successfully start and grow an entrepreneurial space-driven business. Possibilities involve small, high-value satellites and space platforms; the international space station; and opportunities in biotechnology, exomedicine, novel materials, energy, education and game design and development.

LOUISVILLE: FULLY LEASED, THE NUCLEUS HOUSES RESEARCH & ENTREPRENEURS

NUCLEUS, a **University of Louisville Foundation** initiative developed to foster innovation and economic development, hosted local and state officials last month to celebrate the grand opening of **The Nucleus**, an eight-story, 200,000-s.f. building that will house researchers and entrepreneurs.

The Nucleus is the first new multi-tenant building to open in downtown Louisville in more than 20 years.

Already 93 percent leased, the building's flagship tenant is **Atria Senior Living**, one of the nation's largest operators of senior housing services. Other initial tenants include: **Advanced Cancer Therapeutics**, **XLerateHealth**, **University of Louisville Institute for Optimal Aging**, **University of Louisville Physicians** and **University of Louisville Office of the Executive Vice President for Research and Innovation**.

Nucleus was established in 2008 by the University of Louisville Foundation to integrate UofL resources with those of the region to transform Louisville into a major research and innovation hub. Nucleus works to provide a full compendium of technology, business and economic development services and programs that help researchers, entrepreneurs, and start-up companies achieve success.



Vicki Yates Brown, president and CEO of Nucleus, spoke at the Oct. 23 opening of The Nucleus, the first of four planned research, technology and office buildings. Attending the opening were (from left) Gov. Steve Beshear, University of Louisville President James Ramsey and Louisville Mayor Greg Fischer.

LEXINGTON: PRIVATE BENEFACTORS GIVE \$45M TO GATTON COLLEGE EXPANSION

A N official groundbreaking ceremony was held last month for a \$65 million expansion and renovation of the **University of Kentucky's Gatton College of Business and Economics**.

The project will expand the college's facilities by 40 percent, increasing it to 210,000 s.f., and will include a new finance learning center with an advanced classroom featuring a simulated trading environment that will include digital displays feeding real-time financial and market information. Other highlights include a 500-seat auditorium designed for special events and large lectures; a new behavior research lab; 20 new classrooms; 40 collaborative study rooms; and a special-events hall with audio-visual components.

The expansion and renovation of the Gatton College is part of UK's overall capital improvement plan approved earlier this year by the **Kentucky General Assembly**. No state tax dollars will be used in any of the UK construction projects, which include the Gatton project, a new science building on campus, and improvements to Commonwealth Stadium and UK's football facilities. UK President Eli Capilouto, who presided over the groundbreaking ceremony, expressed his gratitude to the Gatton College's benefactors, who collectively have made more than \$45 million in pledges and contributions toward the expansion.



The expansion of UK's Gatton College of Business and Economics is scheduled to be complete by the spring of 2016.



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BUSINESS BRIEFS

LEXINGTON

■ **Lexmark International** continues to expand its reach with the acquisition of healthcare data management provider **PACSGEAR** for \$54 million. "As the healthcare industry continues to digitize its differing forms of content, from X-rays and MRIs to insurance forms, providers are struggling to deploy solutions that will help manage their unstructured information challenge," said Paul Rooke, Lexmark's chairman and CEO. "The acquisition of PACSGEAR further differentiates Lexmark's solutions by better enabling healthcare organizations to capture and process digital content, and then ensure it is connected with the applications and people that need it most so they can deliver the best patient care possible." PACSGEAR has a global footprint, with clients in more than 50 countries and approximately half of all U.S.-based hospitals.



■ The **Center for the Advancement of Science in Space** has announced an agreement with **Kentucky Space LLC** to facilitate biomedical research on the international space station. Dr. Mahendra Jain, principal investigator for Kentucky Space LLC, a Lexington-based enterprise that focuses on space solutions, will study regeneration in planarians, which are flatworms capable of rebuilding body organs and nervous systems after damage. Since gravity, and the lack thereof, influences the way cells behave and their ability to rebuild tissue, studying planarians in space may reveal new aspects of how cells rebuild tissue, which could lead to breakthroughs in medical treatments for humans.

■ The **Saint Joseph Heart Institute** has successfully completed a new heart procedure that presents an alternative for patients who are too ill for open-heart surgery. It is the first time the minimally invasive MitraClip procedure, which is part of a clinical trial, has been completed in Kentucky. "In the past, the only option to help patients with congestive heart failure was to band-aid the symptoms with medication," said Dr. Robert Salley, executive director of cardiovascular services. "This is a huge opportunity to increase the health and quality of life for many patients."



■ **Thomas & King**, a Lexington-based restaurant franchise company, announced plans to sell its **Applebee's Grill and Bar** franchise operations to **RMH Franchise Corp.**, a Nebraska franchise company that currently owns and operates 60 Applebee's restaurants in 10 states. The acquisition brings its total number of Applebee's to more than 140, making RMH the second-largest

Applebee's franchisee in the U.S. RMH said it intends to hire many of the Thomas & King employees in the Lexington corporate office. For those not offered positions with RMH, many will have the opportunity for continued employment with Thomas & King, which will continue to own and develop **Johnny Carino's** Italian restaurants as well as new business opportunities.

■ **Phinix LLC**, a Lexington-based company that specializes in carbon management for the aluminum industry, has been awarded \$608,863 from the **U.S. Department of Energy** for a project that involves developing new technology to recover high-quality magnesium from aluminum-magnesium scrap. By recovering and reusing aluminum-magnesium scrap, Phinix's technology could reduce the need for manufacturing new, expensive primary metals while developing a sustainable and low-cost advanced manufacturing process. Phinix's project was one of only 33 projects selected share in \$66 million in funding from the DOE's Advanced Research Projects Agency-Energy.

■ After 63 years serving the **University of Kentucky** as **Kennedy Book Store**, the business has officially changed its name to **Kennedy's Wildcat Den**. While Kennedy's will continue to sell textbooks, the growth of the store's apparel, gift and souvenir departments have grown to be a major part of the business and the name change is reflective of that shift.



VERSAILLES: BOURBON BOOM CONTINUES WITH WOODFORD RESERVE'S EXPANSION

BROWN-Forman has announced plans to renovate and expand the visitor center at its **Woodford Reserve Distillery** in Versailles, underscoring the fact that the bourbon industry continues to be a significant economic driver in the Bluegrass State.

The company already announced earlier this year that it would invest \$35 million to expand its operations with the addition of new bourbon maturation warehouses, new stills, improvements to the bottling line and other upgrades designed to increase capacity, efficiency and production.

Woodford Reserve joins a list of Kentucky distilleries that are expanding to meet increased customer demand. This year alone, **Wild Turkey**, **Barton 1792**, **Maker's Mark** and **Buffalo Trace Distillery** have all announced expansion projects, representing millions in investment. In fact, the popularity of bourbon has become so strong that in May, Buffalo Trace Distillery announced that demand was outpacing supply, resulting in temporary product shortages.

Woodford Reserve's expansion of its visitor's center reflects that popularity. The \$1.5 million project will include a dedicated tasting room and updates to the retail shop, as well as general improvements, modifications and upgrades.



Since opening in 1996, the Woodford Reserve has seen the number of annual visitors steadily grow: In 2012, the center welcomed approximately 135,000 visitors.

FLORENCE: MUBEA'S \$60M EXPANSION TO CREATE 150 MORE AUTO SECTOR JOBS

MUBEA, a Germany-based automotive parts supplier, has opened a new \$60 million manufacturing facility at its North American headquarters in Florence, creating more than 100 new jobs. That figure is expected to grow to 150 by the end of 2014.

Mubea uses lightweight technologies with innovative technical processing methods to create high-performing automotive parts used in the production of lighter vehicles. The new facility will utilize tailor rolled blanking, a high-tech manufacturing process that is unique to Mubea and has previously only been used at two of the company's facilities in Germany.

"The new Mubea tailor rolled blank facility is the only one of its kind in North America," said Doug Cain, chief executive officer of **Mubea North America**. "The innovative technology we've brought to Northern Kentucky is a key factor in our continuing successful growth."

As a result of the lightweight products Mubea produces, automotive manufacturers are able to build lighter vehicles that are more fuel-efficient.

Mubea established its U.S. headquarters in Northern Kentucky in 1982 and now occupies 800,000 s.f. in eight locations, with one in Elsmere and the remainder in unincorporated Boone County. With the additional jobs being created by the new facility, Mubea will employ some 1,150 full-time employees at its Northern Kentucky operations.

The new 75,000-s.f. facility is located in the Northern Kentucky Industrial Park, which is home to more than 200 companies, including **Mazak**, **Sweco** and numerous other international advanced manufacturers.

I'M SO EXCITED TO BE
ABLE TO RUN AND PLAY
WITH MY CHILDREN,
SOMETHING I COULD
NEVER DO BEFORE.

- Shannon Denson
Asthma Patient



For many people, participating in a marathon is an accomplishment. For Shannon Denson, it was a miracle. In 2012, Shannon received bronchial thermoplasty treatment at University of Louisville Hospital for severe asthma, which she had suffered from since she was nine years old. The treatment changes the lives of those with asthma, and for Shannon, it gave her the chance to live her life on her own terms. "When I think back to 2003, almost dying in the back of an ambulance with an aggressive asthma attack, I know that except for the persistence and caring treatment of the doctors and pulmonary team at University of Louisville Hospital, I wouldn't be where I am today."

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BUSINESS BRIEFS

LOUISVILLE

■ Brown-Forman Corp.

plans to open a new head office in Amsterdam that will oversee the Louisville-based company's European operations. The opening of the European head office follows significant recent activity in the region, which accounted for 30 percent of Brown-Forman's total net sales in fiscal 2013. The company plans to relocate key members of its European leadership team from Louisville to Amsterdam, where it will ultimately employ a staff of approximately 40, and also plans to move its **Finlandia** global brand team from Louisville to Amsterdam.



BROWN-FORMAN



■ **Kindred Healthcare Inc.** has paid \$14 million to acquire **TherEX Inc.**, a Franklin, Tenn.-based company that provides on-site, hospital-based rehabilitation services in 11 states. TherEX will be incorporated into Kindred's **RehabCare** division, which ranks as one of the nation's largest contract rehabilitation managers, providing therapy services to more than 535,000 patients annually. In 2012, TherEX generated approximately \$20 million in revenue.

■ **Greater Louisville Inc.**, the city's metro chamber of commerce, has laid off eight staff members, enacted hiring and travel freezes, and reduced outside services and contractual obligations, measures that GLI President and CEO Craig J. Richard said will enable the organization to "achieve a strong financial position to better serve our mission." Richard said the staff reductions – which included GLI's chief financial officer and two vice presidents – were not simply a cost-cutting measure but part of a broader vision to strengthen GLI's focus on economic development activities and member services. The layoffs, combined with the recent resignation of the chief administrative officer and another staff member, leave GLI with a total of 36 employees.

■ **Republic Bancorp** has terminated its agreement to acquire **H&R Block Bank** and withdrawn its application with the **Office of the Comptroller of the Currency** to convert it to a national bank, according to a report by the Associated Press. Republic has not released any further details about the decision, but H&R Block Inc. President and CEO William Cobb has said his company will explore options with other suitors.



H&R Block photo

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MARION

■ **Siemens** has completed a \$2 million expansion of its facility in Marion, where it engineers control systems for railways and transit authority. The project added 95,000 s.f. of space to make way for the production and installation of technology for wayside buildings. The Germany-based company is adding 50 full-time jobs to its existing 200-member Marion staff as a result of the expansion.



MERCER COUNTY

■ **American Farm Investors**, a Lexington-based company that acquires profitable farms with investor funds and manages them to maximize potential, has acquired its fourth property, an 83-acre grain operation in Mercer County. The farm will produce corn, wheat and soybeans, producing an annual income of 3 to 6 percent for the 10 syndicated investors in the property. The corn and wheat have already been contracted for sale to a Kentucky bourbon distillery.

MUHLENBERG COUNTY

■ **Louisville Gas and Electric** and **Kentucky Utilities** plan to build a \$700 million natural gas combined-cycle generating station in Muhlenberg County that will create approximately 40 permanent full-time jobs and several hundred construction jobs in western Kentucky. The plant will have about 700 megawatts of capacity and is expected to be online by 2018. The companies are also looking to build a 10-megawatt solar facility at one of its existing generating stations that is expected to be operational in 2016. An exact location for the solar facility has not yet been determined.

HAZARD: KENTUCKY POWER GETS OK TO BUY ELECTRICITY FROM BIOMASS PLANT



The **ecoPower Generation** plant in Hazard will use low-quality timber and wood waste to produce electricity.

THE Kentucky Public Service Commission has approved a 20-year contract that allows **Kentucky Power Co.** to purchase electricity generated by a biomass-fueled plant near Hazard.

The 58.5-megaWatt **ecoPower Generation-Hazard LLC** biomass plant will burn various wood wastes and low-quality timber to generate power.

Although the biomass power is more expensive than electricity from other sources, the PSC noted a law enacted by the **Kentucky General Assembly** earlier this year that directed the PSC to consider factors other than cost in any case in which a utility seeks to purchase power from a biomass energy facility approved by the Kentucky State Board on Electric Generation and Transmission Siting. The PSC historically has applied a least-cost test to proposals to produce or purchase power.

According to testimony given by Kentucky Power, construction of the **ecoPower** plant will employ 230 people for two years. The plant will employ 30 people and create an additional 225 jobs for loggers and truckers. The utility maintains that the **ecoPower** contract will also spur economic development in its service territory and diversify its generation portfolio, which now relies largely on coal. Kentucky Power has about 173,000 customers in 20 Eastern Kentucky counties.

Kentucky Power said the generating capacity provided by **ecoPower** is needed both to replace capacity that will be lost because of reductions in power production at the company's Big Sandy plant near Louisa and to help meet its future need for power.

The company has also received conditional approval from the Kentucky Public Service Commission to purchase half interest in **Ohio Power Co.**'s Mitchell power plant near Moundsville, W. Va., to help replace the coal-fired unit being closed at the Big Sandy plant. Purchasing half of the Mitchell plant will cost significantly less than bringing Big Sandy's larger unit into environmental compliance: The Mitchell purchase will cost about \$536 million, whereas upgrading Big Sandy to meet stricter EPA air quality rules would cost nearly \$1 billion.

STATE: KY AMONG 7 STATES CHOSEN FOR U.S. TEACHER-TRAINING PILOT PROGRAM

KENTUCKY is one of seven states chosen to participate in two-year pilot program to train future teachers. The Council of Chief State School Officers created the **Network for Transforming Educator Preparation** to help states ensure that all new teachers are ready on the first day of their careers to prepare their students for college, work and life.

Over the next two years, the network will work with educators, training programs, colleges and universities, and school districts to improve the way states prepare the teacher workforce. The network will use practices already being used in several states that have been found to be effective.

Kentucky and the six other states – Connecticut, Georgia, Idaho, Louisiana, Massachusetts and Washington – are joined by 17 national organizations that have committed to support the states' efforts to accelerate change in educator preparation and entry into the profession.

LEXINGTON: GRANT BOOSTS RESEARCH BY UK ON CARBON CAPTURE TECHNOLOGY

THE University of Kentucky is working to advance technology to capture carbon dioxide from new and existing coal-burning power plants, funded by a major grant from the U.S. Department of Energy.

The National Energy Technology Laboratory, part of the DOE Office of Fossil Energy, has selected the UK Center for Applied Energy Research for the three-year, \$3 million project.

The announcement comes on the heels of regulations proposed Sept. 20 by the Environmental Protection Agency to sharply reduce carbon emissions from new power plants – a development that presents serious challenges to the coal industry, which currently lacks cost-effective technology that would enable it to comply with the proposed lower limits.

“Technologies for carbon capture, utilization and storage will be crucial in sustaining coal as a viable fuel under increasing carbon constraints,” said CAER Director Rodney Andrews. “The technology is feasible, but it is not yet ready for full-scale implementation. That’s why this project is so important.”



Researchers with UK's Center for Applied Energy Research are working to achieve a 90-percent carbon dioxide capture rate by 2020.

BUSINESS BRIEFS

PIPPA PASSES

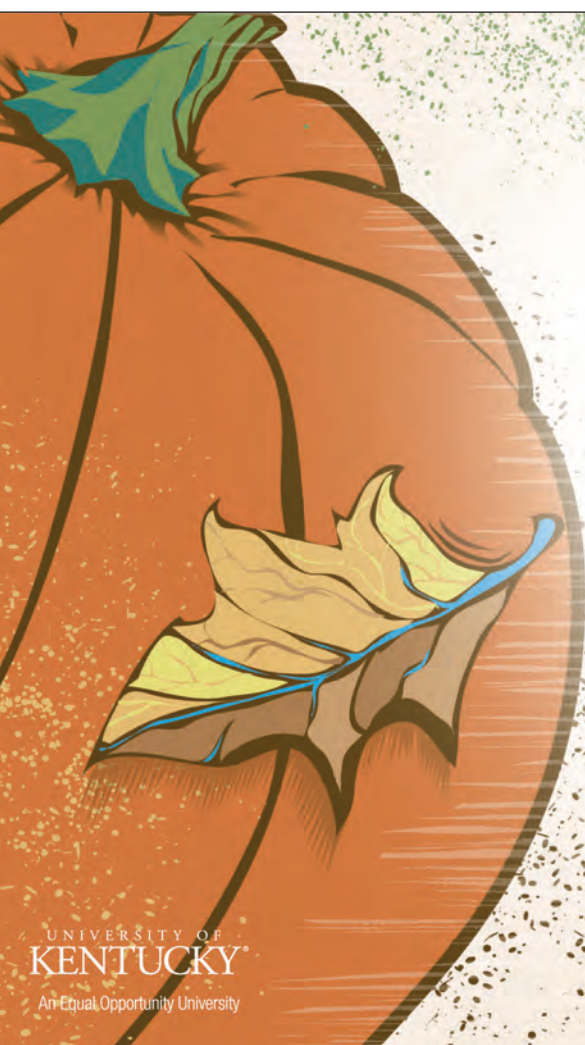
■ Alice Lloyd College has received a private donation of \$1 million, a gift that represents one of the largest donations in the history of the small liberal arts school. The donation from Julianne “Judy” Perry, which was made in memory of her late husband, G. Chad Perry III, will be used to fund four presidential scholarships, school officials said. The scholarships will cover the cost of tuition, room/board, fees, and books and will provide continued financial assistance throughout graduate and/or professional school.

SIMPSONVILLE

■ Louisville Business First reports that Trumbo Farm Service LLC, a Shelby County commercial farming operation, has bought the former Leggett & Platt Inc. plant in Simpsonville for \$762,500. Trumbo plans to use most of the 122,000-s.f. space for its farming operation and will lease 20,000 to 40,000 s.f. Leggett & Platt, which at one time had as many as 600 employees in Simpsonville, closed the facility in 2009 in response to a decreased demand for the metal swivel chair and recliner components made at the plant.

UNIONTOWN

■ Little Kentucky Smokehouse is doubling the size of its facility with the construction of a second 40,000-s.f. facility at its existing Uniontown site. The family-owned company, which was founded in 2003, produces hams for national customers’ private labels as well as its own brands, Little Kentucky Smokehouse and Premium Kentucky Farm. The \$2.2 million expansion will allow the company to meet increased demand for its products and will add 18 full-time jobs to the existing 70-member staff.



WITH ALZHEIMER’S,

EVEN THE SIMPLE JOYS OF LIFE BECOME A DISTANT MEMORY.

At the UK Sanders-Brown Center on Aging, we believe hope is on the horizon. That’s why, through research and clinical programs, we’re tirelessly searching for breakthroughs that lead to successful aging. But we can’t do it alone. Join the fight against age-related diseases such as Alzheimer’s.



SANDERS-BROWN
CENTER ON AGING

www.centeronaging.uky.edu

INTERSTATE LANE

Business news from Indiana, Ohio, Tennessee and West Virginia

BUSINESS BRIEFS

INDIANA

■ **Heartland Automotive**, a subsidiary of Japan-based **Shigeru Co.**, is building a new facility on its 27-acre campus in Lafayette to help meet increased customer demand for its interior and exterior automotive parts. The company currently employs 90 full-time employees and plans to add up to 224 more jobs by 2016.

■ Minnesota-based **Wayzata Home Products** is investing \$12.1 million to purchase and refurbish the former **Ford-Visteon** facility in Connersville, Ind. The facility will be used to house Wayzata's cabinet fabrication, finishing, assembly and distribution operations. Wayzata is the parent company of **CliqStudios.com**, an online retailer of kitchen cabinets. The company plans to hire up to 309 employees by 2018.

■ **Exo-s US**, a Canada-based supplier of injection and blow-molded thermoplastic systems, is moving operations from two Michigan plants to a 191,000-s.f. facility in Howe, Ind., creating up to 250 new jobs by 2016. The move to Indiana will allow the company to support increased customer demand "while holding the line on cost," said Todd Fowler, plant manager of the company's Three Rivers, Mich., facility.

OHIO

■ **Cooper Tire & Rubber Co.**'s stockholders have approved the sale of the company to **Apollo Tyres Ltd.**, an India-based tire manufacturer, in a deal valued at \$2.5 billion. Cooper Chairman, CEO and President Roy Armes, said the transaction "will create a \$6.6 billion leader in the tire industry with a strong global footprint that includes a presence in the world's largest tire market of North America as well as in the fastest growing geographies of India and China." Cooper is headquartered in Findlay, Ohio.



TENNESSEE

■ **Great Lakes Cheese Inc.** is investing \$100 million to open a 330,000-s.f. manufacturing facility in Manchester, Tenn., that will be the Ohio company's ninth facility nationwide and its first in the Southeast. The privately owned company manufactures, packages and distributes a portfolio of cheese products under private labels and the **Adams Reserve** brand. The company anticipates employment at the Manchester plant to reach 200 by 2019.



■ **9to5 Seating**, a California-based company that specializes in the design and production of ergonomic office seating, has announced plans to move its China-based manufacturing Union City, Tenn., creating more than 500 new jobs. The company will move into a spec building in the Northwest Regional Industrial Center, where it will produce a newly developed product line under the brand name **Made in America (MIA) Seating**. The company anticipates beginning production in early 2014.

■ **Leisure Pools** is opening a new facility in Knoxville that will become the corporate headquarters for the company in North America. The company is purchasing the former **Sea Ray** plant, which consists of more than 350,000-s.f. of space in multiple buildings on an 80-acre site. (Sea Ray is moving its headquarters to downtown Knoxville to join parent company **Brunswick Boat Group**.) The Knoxville location will employ a staff of approximate 240 who will serve the company's growing customer group along the East Coast. Leisure Pools currently operates a manufacturing facility in San Antonio, Texas, that supplies products to 250 dealers across the United States and Canada.

■ Growing demand for personal technology assistance is driving **Asurion**, a Nashville-based provider of technology solutions and protection plans, to expand its Nashville operations. The company is opening a support solutions center in early 2014 that will house 800 personal technology support technicians as well as management and operational professionals.

TENNESSEE: \$800 MILLION HANKOOK TIRE PLANT WILL ROLL OUT 1,800 NEW JOBS

HANKOOK Tire is investing \$800 million to build a state-of-the-art tire manufacturing plant in Clarksville, Tenn., that will create 1,800 new jobs.

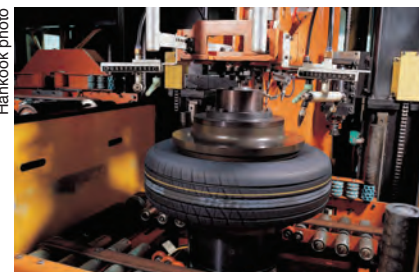
The company has selected a 469-acre site in the Clarksville Corporate Business Park and is scheduled to begin construction on a 1.5 million-s.f. facility in 2014.

Founded in 1941, the South Korea-based company has become one of the fastest-growing tire companies in the world. It currently has approximately 20,000 employees worldwide and operates seven manufacturing facilities in four countries and five research and development centers.

The Clarksville plant, which will produce high-end performance tires, will be the company's first production facility in the United States and is expected to begin tire production by 2016.

Hankook executives said the Clarksville site provides an ideal location for the company, offering an extensive transportation network that includes rail, plane and interstate highway networks as well as regional access to the Mississippi River.

Tennessee officials cheered the announcement and noted that the state's automotive sector continues to lead Tennessee's post-recession economic recovery, generating more than 12 percent of the state's job creation since the recession and more than one-third of the manufacturing sector's output growth since 2010. Tennessee's automotive industry includes 910 companies employing more than 113,000 workers.



Hankook's new plant in Clarksville will be the company's first U.S. manufacturing facility.

INDIANA: CATAMARAN WILL HIRE 205 AT JEFFERSONVILLE PHARMACY COMPLEX



Catamaran has already begun hiring pharmacists, pharmacy technicians and call center personnel for its new specialty pharmacy in Jeffersonville, Ind.

CATAMARAN Corp., a provider of pharmacy benefit management technology and services, plans to locate a specialty pharmacy facility in Jeffersonville, Ind., creating up to 205 new jobs by 2015.

The Jeffersonville facility will support the company's national specialty brand **BriovaRx**, which delivers personalized, holistic care to patients with complex and chronic health conditions.

Catamaran, which is headquartered in Illinois, has nearly 4,000 employees across North America and operates 11 other specialty pharmacies across the country. In addition to managing more than 250 million prescriptions each year, the company also designs drug benefit plans and provides customized reporting and data analysis services to help individuals and organizations control health costs.

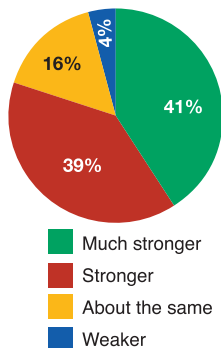
Indiana has become a leader in the life sciences industry, with life sciences exports making up a third of the state's total exports. The state is home to more than 1,600 life-science-related companies that employ approximately 55,000 people.

A SEASON OF HOPE

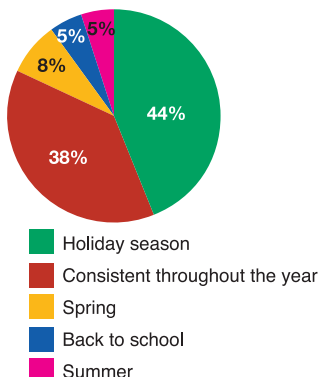
Small-business owners expecting much stronger holiday sales for 2013

A recent survey of small-business owners found that most are very optimistic about their holiday season sales this year. That outlook follows a period of healthy small-business growth: 76 percent of survey respondents reported increased revenue for the first six months of 2013 vs. the same period in 2012. The July survey asked small-business owners the following questions:

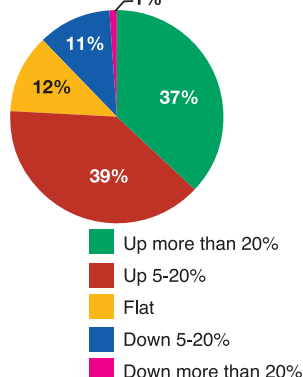
HOW DO YOU EXPECT THIS YEAR'S HOLIDAY SEASON TO COMPARE TO 2012'S?



WHEN DO YOU MAKE MOST OF YOUR SALES?



HOW ARE YOUR SALES SO FAR IN 2013 COMPARED TO 2012?



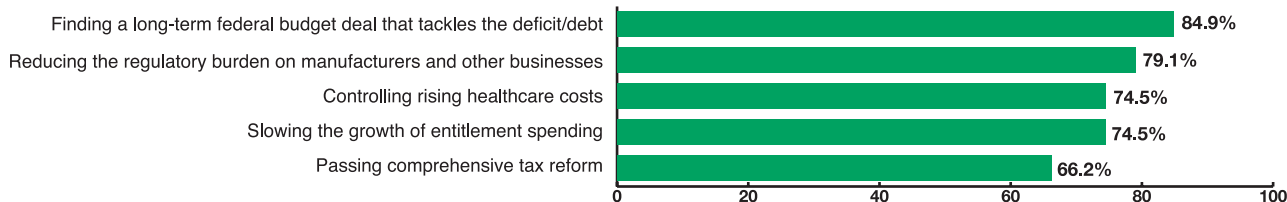
Source: Kabbage Inc.

BUILDING IT BETTER

Manufacturers: Addressing U.S. fiscal challenges critical to industry's health

Results from the latest National Association of Manufacturers survey reveal that America's manufacturing leaders are very concerned about the challenges they face in relation to U.S. political policies: 90 percent say that addressing the nation's fiscal challenges was either moderately or very important for their company and 80 percent feel that comprehensive tax reform is important for their business.

TOP POLICIES THAT MANUFACTURERS WANT TO SEE FROM POLICYMAKERS IN THE NEXT 12-18 MONTHS



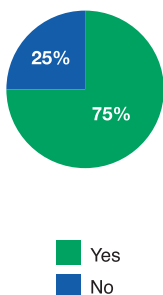
Source: National Association of Manufacturers

THE MILLENNIAL MINDSET

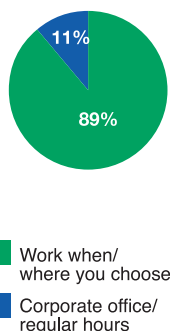
Younger generation finds little appeal in traditional workplace structure

As Millennials – the population group born between the early 1980s and the early 2000s – move into the workplace in larger numbers, employers are seeing a shift in how their employees approach a job and what they deem important. A survey of 2,000 freelancing Millennials asked the following questions:

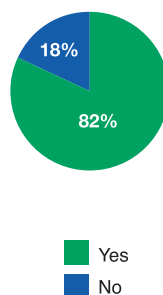
DO THE BENEFITS OF BEING AN ENTREPRENEUR OUTWEIGH THE DOWNSIDES?



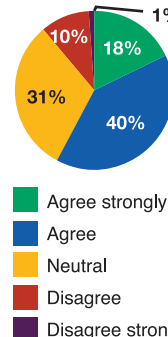
FOR WHICH OF THE FOLLOWING COMPANY TYPES WOULD YOU PREFER TO WORK?



IS THE IDEA OF HAVING ONLY ONE JOB FOR LIFE APPEALING TO YOU?



DO YOU AGREE THAT THE STANDARD WORKDAY (9 TO 5, 8 TO 4, ETC.) IS BECOMING OBSOLETE?



Source: Millennial Branding/oDesk/Genesis Research Associates

CORPORATE MOVES

New leadership for Kentucky businesses

ADVERTISING/MARKETING

■ **Kim Steadman** has been named senior director—partner development for Louisville-based IMC.



Kim Steadman

Emily Wickerham has been named senior director—client services for the agency.



Emily Wickerham

ARTS

■ **Andrew Kipe** has been named executive director of the Louisville Orchestra.



Andrew Kipe

ECONOMIC DEVELOPMENT

■ **Madison Silvert** has been named president and chief executive officer of the Greater Owensboro Economic Development Corp. Silvert succeeds **Nick Brake**, who has been named superintendent of schools for the Owensboro Board of Education.



Madison Silvert

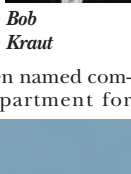
■ **Billie Peavler** has been named executive director of the Business & Education Network, a subsidiary of Commerce Lexington Inc.



Billie Peavler

FOOD/SPIRITS/HOSPITALITY

■ **Bob Kraut** has joined Louisville-based Papa John's International Inc. as senior vice president and chief marketing officer. Kraut comes to the company from Arby's Restaurant Group, where he was senior vice president of brand marketing and advertising.



Bob Kraut

GOVERNMENT

■ **Mary Reinle Begley** has been named commissioner of Kentucky's Department for

Behavioral Health, Developmental and Intellectual Disabilities. Begley succeeds **Betsy Dunnigan**, who retired at the end of October.

■ **Kathy W. Stein** has been appointed circuit judge for the 22nd Judicial Circuit, Division 6. Stein, a Lexington attorney, previously served in the General Assembly as a state senator and representative.

■ **Mike McGregor** has been named chief district engineer for the Kentucky Department of Highways' District 1, headquartered in Paducah. **Sherri McGeorge Chappell** has been named chief district engineer for District 11, headquartered in Manchester.

HEALTHCARE

■ **Steven L. Monaghan** has been named president of Kindred Healthcare Inc.'s hospital division. Monaghan succeeds **Jeffrey P. Winter**, who is stepping down from the position but will continue to serve as a senior advisor and network development consultant.

■ **Joseph J. Gilene** has been named president of Saint Joseph Hospital in Lexington.



Joseph Gilene

LEGAL

■ **Margaret S. Barr** has joined the Lexington office of McBrayer, McGinnis, Leslie & Kirkland PLLC.

MANUFACTURING

■ **Rob Posthauer** has been named general manager of sales for GE Appliances.

MEDIA

■ **Matt Cacciato** has been named president and chief executive officer of Wazoo Sports, a regional and national sports production company based in London, Ky.



Matt Cacciato

DEPARTURES

■ **Steve Stevens** has announced that he is stepping down as president of the Northern Kentucky Chamber of Commerce, where he has served in that capacity for eight years.

■ **TJ Carlson**, chief investment officer of Kentucky Retirement Systems, is leaving the post at the end of the year to accept the position of chief information officer for the Texas Municipal Retirement System.

■ **Erik Dunnigan** has announced that he will step down as commissioner for the Kentucky Department for Business Development at the end of November to accept a business development opportunity in Lexington within the private sector.

NONPROFIT

■ **Barbara Bellissimo** has been named executive director of The Fund for Transforming Education in Kentucky.

TECHNOLOGY

■ **Steve Sanders** has been promoted to vice president of internal audit for Paducah-based Computer Services Inc. (CSI).

TRANSPORTATION

■ **Timothy N. Haizlip** has joined the Louisville Regional Airport Authority as maintenance director.

OTHER

■ **Gary Miles** has returned to Feeding America, Kentucky's Heartland as executive director. Miles served in the position at the Elizabethtown food bank from 1998 to 2011.

■ **Paul Harless** has been named operations manager of the Continental Refining Co.'s Somerset refinery.

■ **John L. Petersen** has joined ePower Engine Systems Inc. in Florence as executive vice president and chief financial officer.



John Y. Brown III
Owner

Laura Emberton Owens
Senior Partner

Virginia B. Gray
Member

Paris E. Hopkins
Member

NEW VISION

A bright Kentucky future depends upon the unity of its citizens, business leaders, and public servants.



Government Relations and Public Affairs

ON THE BOARDS

Kentuckians named to organizational leadership roles

AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS

■ Kentucky Transportation Cabinet Secretary **Mike Hancock** has been elected president of the American Association of State Highway and Transportation Officials, a nonprofit, non-partisan association representing transportation agencies in the 50 states, District of Columbia and Puerto Rico.

COMMISSION ON SMALL BUSINESS ADVOCACY

■ **Michael E. Goldston**, **Jason F. Looman**, **Patricia A. Krausman** and **Jack McCann** have been appointed to the Kentucky Commission on Small Business Advocacy. Goldston, of Central City, is president at Brewco Inc. Looman, of Villa Hills, is president and general manager at Steinert US Inc. Krausman, of Radcliff, is center director of the University of Kentucky Small Business Development Center in Elizabethtown. McCann, of Middlesboro, is dean of the school of business at Lincoln Memorial University.

FACILITYONE

■ **Lee Todd**, former president of the University of Kentucky, has joined the advisory committee of Louisville-based software company FacilityONE.

GOD'S PANTRY FOOD BANK

■ God's Pantry Food Bank in Lexington has announced its 2013-2014 board of directors: President – **Cheryl James**, Office of the Chapter 13 Trustee; First Vice President – **Kent Barber**, Barber Law; Second Vice President – **Dave Harper**, retired; Treasurer – **Holly Branham**, Fifth Third Bank; Secretary – **Carla Blanton**, Carla Blanton Consulting. Board members: **Mindy Barfield**, Dinsmore & Shohl; **Ken Brandenburgh**, KEBCO Inc.; **Bob Bucholz**, dentist (retired); **John Burkhard**, Ford Motor Co. (retired); **Dave Emmert**, UPS; **Liz Fair**, Toyota; Dr. **Don Frazier**, University of Kentucky Medical Center (retired); **Grant Gabbard**, The Allen Co. Inc.; **Jeff Ginnan**, Central Bank & Trust Co.; **James Labbe**, Chase Bank; **Benjamin Caudill**, Kentucky Bank; **Jane Winkler Dyche**, attorney; **Alison Lundergan Grimes**, Kentucky secretary of state; **John-Mark Hack**, Local Food Association & Marksburg Farm Market; **Jerry Hale**, Keeneland; **Carlean Hefner**, Ludwig Blair & Bush; **Wendy McCarty**, Kroger; **Scott Morris**, Rhino Energy; **Gregory R. Schaaf**, United States Bankruptcy Court; **Kathy Scorsone-Stovall**, Clear Channel Radio Lexington; **Lisa Smith**, Columbia Gas of Kentucky; **Charles E. Ward**, Dinsmore & Shohl; and **Harvie Wilkinson**, U.K. Gatton College of Business and Economics.



Bob
Buchholz



Liz
Fair



Jim
Labbe

HARRY S. TRUMAN SCHOLARSHIP FOUNDATION

■ The United States Senate has approved the nomination of Dr. **Michael W. Hail** to serve on the board of trustees of the Harry S. Truman Scholarship Foundation. Hail is an associate professor of government in the Institute for Regional Analysis and Public Policy at Morehead State University, is assistant dean of the School of Public Affairs, and is director of the MPA and government graduate programs.

HILLERICH & BRADSBY CO.

■ **David Heath**, **Kirk Perry** and **Doug Cobb** have joined the board of directors at Hillerich & Bradsby Co., the parent company of Louisville Slugger. Heath retired as vice president of global sales for Nike Inc. in 2009. Perry is president of Procter & Gamble's global family care division. Cobb has been founder, CEO and director of numerous start-up and high-growth enterprises and also served as CEO of Greater Louisville Inc.



David
Heath



Kirk
Perry



Doug
Cobb

KENTUCKY CHAMBER OF COMMERCE

■ The Kentucky Chamber of Commerce has announced its board of directors for 2014. **Elizabeth McCoy**, president and CEO of Planters Bank, will chair the board. **Wil James Jr.**, president of Toyota Motor Manufacturing of Kentucky, has been named chair-elect. Serving on the 2014 executive committee are: **Paula Hanson** (treasurer) – Dean Dorton Allen Ford, Lexington; **Kevin Canafax** – Fidelity Investments, Covington; **Dan Bork** – Lexmark International Inc., Lexington; **David Gray** – Baptist Hospital East, Louisville; **Stephen P. Branscum** – Branscum Construction Co., Russell Springs; **Rusty Chevront** – Brown-Forman Corp., Louisville; **Joseph W. (Joe) Craft III** – Alliance Resource Partners, Lexington; **Charles E. (Buzz) English Jr.** – English Lucas Priest & Owsley, Bowling Green; **Deirdre Lyons** – Alltech Inc., Nicholasville; **Lynn Parrish** – Marwood Land Co., Pikeville; and **Tierra Kavanaugh Turner** – TKT-Nectir Global Staffing, Louisville. Newly elected board members include: **Don Bloomer** – Citizens National Bank, Somerset; **Bobby Clue** – Somerset-Pulaski County Chamber of Commerce, Somerset; **Brent Cooper** – C-Forward Inc., Covington; **Winston Griffin** – Laurel Grocery Co., London; **Candace McGraw** – Cincinnati/Northern Kentucky International Airport, Cincinnati; **Brad Rives** – LGE and KU Energy, Louisville; **Helen Sims** – Superior Care Home Inc., Paducah; **Nicholas Simon** – Publishers Printing Co., Shepherdsville; **Kennan Wethington** – Anthem Blue Cross and Blue Shield of Kentucky, Lexington; **L. Tracee Whitley** – Bingham McCutchen, Lexington; and **Stephen Williams** – Norton Healthcare Inc., Louisville.

KENTUCKY LEAGUE OF CITIES

■ The Kentucky League of Cities has announced its 2013-2014 officers and board members: President – Midway Mayor **Tom Bozarth**; First Vice President – Bardstown Mayor **Bill Sheckles**; Second Vice President – Williamsburg Mayor **Roddy Harrison**; and Immediate Past President – Lyndon Mayor **Susan Barto**. Board members: City Clerk **Debbie Batliner**, Simpsonville; Mayor **Jim Barnes**, Richmond; City Manager **Donovan Blackburn**, Pikeville; Mayor **George Cheatham**, Greensburg; Mayor **Claude Christensen**, Sadi-ville; Councilmember **Ann Deatherage**, Carrollton; Mayor **Eddie Girdler**, Somerset; Mayor **Tom Hardesty**, Shelbyville; Mayor **Bill Kelley**, Middlesboro; Mayor **Dan Kemp**, Hopkinsville; Mayor **Paul Meier**, Crestview Hills; Mayor **Teresa Rochetti-Cantrell**, Mayfield; and Mayor **Teddy Preston**, Louisa. Region 1: Mayor **Steve Austin**, Henderson; Mayor **Gayle Kaler**, Paducah; and Mayor **Bill Wells**, Murray. Region 2: Mayor **Nancy Camp**, Elkton; Mayor **David Jackson**, Madisonville; and Commissioner **Pamela Smith-Wright**, Owensboro. Region 3: Councilmember **Sherman Bowman**, Bon-nieville; Mayor **Jeffrey Edwards**, Monticello; and Mayor **Bruce Wilkerson**, Bowling Green. Region 4: Mayor **Bill Dieruf**, Jeffersonton; Councilmember **Marty Fulkerson**, Elizabethtown; and Mayor **Don Pay**, Taylorsville. Region 5: Mayor **Daniel Bell**, Taylor Mill; Mayor **James Hamberg**, Southgate; and Mayor **Rick Skinner**, Williamstown. Region 6: Mayor **Edwinna Baker**, Lawrenceburg; Mayor **Bernie Hunstad**, Dan-ville; and Mayor **Russ Meyer**, Nicholasville. Region 7: Mayor **Troy Rudder**, London; Mayor **Willard McBurney**, Corbin; and Mayor **George Saylor**, Manchester. Region 8: Mayor **David Perkins**, Morehead; Mayor **Bob Porter**, Paints-ville; and Mayor **Martin Voiers**, Flemingsburg. At-large Directors: Mayor **Sherry Carran**, Cov-ington; Mayor **Chuck Charles**, Ashland; Mayor **Rhonda Trautman**, Glasgow; Mayor **Brian Traugott**, Versailles; and Mayor **Gary William-son**, Mount Sterling. Louisville and Lexington Directors: Mayor **Jim Gray** – representative for LFUCG, Region 6; Mayor **Gregory Fischer** – representative for Louisville Metro, Region 4.

KENTUCKY RETIREMENT SYSTEM

■ **David Rich** has been elected to the board of trustees of the Kentucky Retirement System. Rich is a retired Louisville firefighter.

LOUISVILLE REGIONAL AIRPORT AUTHORITY

■ **Lesa Seibert** has been appointed to the board of directors of the Louisville Regional Airport Authority. Seibert is president of Lou-issville-based Xtreme Media.

NATIONAL GOVERNORS ASSOCIATION EDUCATION AND WORKFORCE COMMITTEE

■ Gov. **Steve Beshear** has been named chair of the National Governors Association Educa-tion and Workforce Committee.

NORTHERN KENTUCKY UNIVERSITY

■ **André R. (Khafre) Ward** has been appointed to serve on the Northern Kentucky University board of regents. Ward is president and chief executive officer of The Khafre Ward Corp. and specializes in human resource development.

LANE ONE-ON-ONE

Kentucky's leaders express their opinions



Monty Boyd

Monty L. Boyd is president and chief executive officer of Wayne Supply Co., one of the oldest and largest Caterpillar Inc. dealers in the United States. The company has a strong presence in and around the Bluegrass State, providing Caterpillar services in all 120 Kentucky counties and 17 counties across southern Indiana. In addition to his responsibilities with Wayne, Boyd also serves as president of the Kentucky Equipment Distributors and serves on the board of directors of the Associated Equipment Distributors, the Kentucky Association of Highway Contractors, the Kentucky Coal Association, Kentuckians for Better Transportation and the Boy Scouts, and is a member of the Louisville Rotary Club. Boyd holds a bachelor's degree in mechanical engineering from the University of Nebraska and earned his MBA from the University of Louisville.

'WAYNE SUPPLY HAS BEEN SUCCESSFUL FOR 100 YEARS'

President/CEO Monty Boyd discusses his company's focus on making the right long-term decisions and eliminating short-term errors

BY ED LANE

Ed Lane: Wayne Supply Co. was founded in 1913 and is celebrating its 100th anniversary this year. You have been an employee, executive or owner of the company for more than 25 years. You became president in 2005 and bought the firm in 2008. Why did you initially decide to work for Wayne Supply?

MB: I was an employee of Caterpillar, calling on dealerships as a factory representative, and Wayne approached me about working for their company. I was very familiar with how well Wayne Supply was managed, and just knew I had a good career opportunity with the company.

EL: Caterpillar is Wayne's major product. In addition to the rental and sale of Cat products, the company also provides a network of maintenance and repair services facilities. What percentage of the business is directly related to Caterpillar products and services?

MB: Over 75 percent of our business is related to Caterpillar sales, rentals, parts and service.

EL: How many employees and locations does Wayne Supply have?

MB: Wayne employs over 1,200 people and operates in 16 different locations throughout Kentucky and Southern Indiana.

EL: Over the years, Wayne Supply has diversified its product lines and services. How has this initiative helped to boost and stabilize sales for the company?

MB: The two major business categories Wayne Supply serves are the mining and construction industries. Both have very cyclical business activity, so we have targeted other industries that would either be counter-cyclical or not have the large swings typically experienced in mining and construction. That strategy has helped Wayne level its revenue swings and maintain a more stable and compounded growth. Diversification makes it much easier to properly size the business and manage it.

EL: What are some examples of other products and services that Wayne Supply now offers?

MB: In addition to Caterpillar services focused on mining and construction, Wayne also operates a power systems division that offers several Cat diesel-engine generator sets. We also supply diesel engines for the marine industry. In addition to the power systems division, Wayne sells and services Thomas Built Buses, which almost every school district in the state operates. Wayne has a full line of agricultural equipment and represents many manufacturers in

that segment. Some of the main product lines are Claas Lexion Combines and AGCO Tractors. As an ExxonMobil lubricants dealer, too, we offer a full line of ExxonMobil products.

EL: What types of technology systems does Wayne market?

MB: Wayne has two methods to distribute its technology products. One is through a separate company, Cytec Mid-south, which is the Trimble representative and offers machine control systems in our geographic area. Within Wayne's technology division, we also distribute agricultural technology equipment for GPS guidance, crop yield and equipment for the mining industry. For underground mining, the latest technology is proximity units, which basically detect how close a continuous mining machine is to an operator, to make sure miners are a safe distance from an operating machine.

EL: You mentioned that Wayne has 16 locations. Recently the company expanded into the Hopkinsville, Somerset and Owensboro trade areas. How does that recent expansion fit into the company's diversification strategy?

MB: Hopkinsville and Owensboro are top agricultural markets in Kentucky; that's why we put locations there. Of course, Wayne now also offers construction and rental equipment, works on school buses, and provides Cat parts and service in those markets. But the primary reason for locating in Hopkinsville and Owensboro was the size of their agricultural markets. With Somerset, it's a mix. There are significant industry, construction and agribusiness opportunities in that area. As we evaluate markets, Wayne wants to be able to serve several significant market segments. Our retail and service center facilities are specifically designed and built to provide parts, service and equipment on all the product lines we offer within each trade area.

EL: When Wayne expands into new markets, does it acquire existing real estate and facilities, or build a new building?

MB: Each location is a different scenario. Wayne prefers to find an existing building that meets its operational criteria. We were not able to do that in Hopkinsville, so we selected an industrial park and built a new facility there. In Owensboro, we were able to find an existing building with the necessary acreage required for inventorying our equipment. And in Somerset, we're actually leasing a facility.

EL: When you're evaluating a market to determine if there's enough sales potential to support Wayne's business operations, are there certain statistical data that you analyze?

MB: Basically we evaluate SIC (Standard Industrial Classification) codes, and based on those data we can predict the level of opportunity from machine sales, repairs and service standpoint. Over our 100 years of operational history, we know the population of equipment that's actually physically located in a trade area. We take that (market's activity) information and analyze it to calculate the level of parts and service revenue a machine should create there on an annual basis.



The management of Wayne Supply regularly visits the firm's 16 locations to meet with employees to discuss operations.

EL: A significant part of Wayne Supply's Caterpillar sales is related to coal mining. The EPA's tougher emission standards and delays in issuing licenses for new mines, as well as the lower cost of natural gas, have reduced coal production levels in Eastern Kentucky and West Virginia. How seriously has this impacted Wayne's revenue from coal mining operations?

MB: It's had a significant impact on our revenues – again, because of the large dependence Wayne has on the mining and construction industry. Our mining revenues pretty well track the annual production of steam coal (used for power production). The annual production of coal is down significantly, about 20 percent, and our mining-related revenues track that. Wayne has downsized some of its operations that serve the mining industry in the eastern

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LANE ONE-ON-ONE

part of the state. Reduced coal production is having a major impact on us.

EL: How did Wayne Supply become involved with Bucyrus Equipment?

MB: Caterpillar Inc. purchased Bucyrus International Inc. for \$8.8 billion on July 8, 2011. Caterpillar sold the sales, service and parts distribution business for Bucyrus Products to Cat dealers that support mining operations, which includes Wayne Supply. All mining equipment now has a single brand – Caterpillar.

EL: Timing is everything. If the coal mining business is currently declining, Wayne's investment in the former Bucyrus business is also on a downward trend.

MB: It is. Caterpillar made that acquisition as the market was turning down, so it has not performed at the level Caterpillar and Wayne Supply expected at the inception of the purchase. This type of deal was made with the view of it being a very long-term acquisition.

EL: With the current U.S. economic recession now in its fifth year and ongoing pressure on Wayne's business operations because of reduced construction, mining and road building, what is your view of future economic conditions?

MB: Wayne's business really prospers during times of infrastructure being built, construction dollars being spent, natural resources being extracted and mined. That's what really drives Wayne Supply's business, particularly in its Kentucky and southern Indiana territory. And over the last five years all of those areas have been significantly depressed, which places a very heavy load on Wayne from a business standpoint.

EL: Do you anticipate that U.S. coal, hopefully mined in West Virginia and Kentucky, will be exported to countries like China and India to fulfill their energy needs, and what is your forward-looking forecast for that opportunity?

MB: The EPA rulings on coal-fired power plants and its increased restrictions on carbon dioxide emissions will significantly reduce the amount of steam coal utilized in the United States. For the central Appalachian coalfields to sell its full production, some coal will have to be exported. I think we'll see an increase in the export market. Even though the United States has kind of turned its back on coal as an energy source, the rest of the world has embraced coal as an energy source. We're going to see tremendous growth overseas for electricity produced by coal. That will open up opportunities in the export market, but certainly other areas in the world that produce steam coal are also going to compete for that business.



CEO Monty Boyd is pictured with a sampling of Caterpillar's current machine line.

EL: You buy a business, macroeconomic conditions start tanking on you, sales are off, and pressure is on the bottom line – how do you deal with these issues?

MB: I try to manage stress. I always exercise and take care of myself. I view my role as trying to solve problems that come up daily, to take them one at a time, to put plans together and then work through them. Wayne's been in that mode for 24 months in the mining industry. We're managing through it. We've remained profitable – though not at the levels we would like to achieve. I mentioned Wayne has had some downsizing, but not nearly as much as the markets we serve have declined. I hope we're close to not having to downsize any more.

EL: Has your long-term business experience with Caterpillar helped you navigate Wayne Supply through one of America's longest recessions?

MB: It certainly has. Relationships between Caterpillar Inc. and its dealers are very long-term. As a team, the manufacturer and the distributors of Cat products take a long-term view of the markets that we serve. This approach has helped Wayne get through this recession. We focus on making the right long-term decisions and eliminating short-term errors. And I think that's one of the reasons that Wayne Supply has been successful for 100 years.

EL: You announced plans to move some of your corporate operations to 10001 Linn Station Road in Louisville. What is the status of this new \$2.4 million office facility? What parts of your company will operate from that facility?

MB: When Wayne Supply and Walker Machinery (Caterpillar's Bucyrus operations) were consolidated, the plan was to gain synergy for both companies. Each of those companies had back-office structures, and we wanted to combine them at one location to support the entire enterprise. Over time there will be cost savings from the efficiencies we will gain by having one accounting and one human resources area for the

company. Our estimates are that we will achieve a fast payback on this office building investment.

EL: The Ohio River Bridges Project now underway involves heavy construction in the Greater Louisville/Southern Indiana area. (See article on Page 29 in this issue.) Is this multibillion-dollar project creating a new business opportunity for Wayne?

MB: Absolutely. Wayne has already experienced growth in its business in the Louisville market directly related to construction of the bridges. We expect that will continue during the bridges' construction phase. But longer term from a business standpoint, the bridges project will expand regional transportation and stimulate economic conditions within the Greater Louisville/Southern Indiana market. So we're also very enthusiastic about the long-term potential.

EL: And even if there were firms that were using Caterpillar equipment that they own and bought from another market, you still have the opportunity to provide service and repairs while they are on the construction site in Kentucky.

MB: Wayne technicians are equipped with field service trucks to go out and service equipment right on site, and we are already providing parts and service to some of these machines. That's exactly what the contractors are doing, and they have also bought and leased some new machines.

EL: Kentucky's Road Fund revenue has been growing and this indicates that increased state highway construction will be budgeted during upcoming fiscal years. Does Wayne have a number of road contractors who are using its products?

MB: Yes, we do. If we compare roadbuilding in Kentucky to surrounding states within our geographic region in the

United States, Kentucky has fared very well compared to other states. Kentucky's road funding levels have been increasing, and the Kentucky Transportation Cabinet has cost-effectively used its funds during the economic downturn. Highway construction is a major component of our business.

EL: When do you expect the U.S. economy will again be robust? Do you have a forward-looking forecast?

MB: I wish I had a crystal ball. Whayne manages its business very closely on a day-to-day basis. We do a lot of planning. Our management team just completed a business strategy with projections and where we think Whayne Supply will be in the next five years. We prepare very detailed annual plans. Our outlook right now is for a gradual economic recovery coming on into '14. We're seeing recovery in 2013 from a construction standpoint. Our ag market has been fairly active; we project it will have continued growth in 2014. Presently, we don't expect any recovery in the mining industry at least until 2015. Overall we expect '14 will be very similar to what we've experienced in 2013.

EL: How would you rate the effectiveness of Louisville Mayor Greg Fischer?

MB: Mayor Fischer, from the dealings

that I have had with him and my observations, has taken a very business-like approach to government. Because he was a very successful businessman, the mayor has applied 'best practices' in his management style. He's being very effective as mayor.

EL: The Affordable Care Act, commonly known as Obamacare, will have a major impact on companies. Have you assessed what the impact may be on your operations? Do you have a plan yet as far as the kind of health insurance coverage Whayne will offer to its employees?

MB: We absolutely have. We've been studying healthcare insurance options extensively. Healthcare benefits have already added a significant amount of cost to our organization. Whayne is a company that truly cares about its employees. I read some companies are shifting their employees to health exchanges. That concerns me as a business owner because I'm saying, what is the right thing for our employees? Our insurance costs are going up, but our employees are very highly skilled individuals, and it is important for Whayne to retain them. And our view right now is that Whayne wants to continue to offer a company-sponsored plan to sup-



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ply our employees with the health coverage that they deserve. Retaining our employees and attracting good, talented people is an advantage for our company. That's our path, even though health insurance is going to be more costly going that direction. ■



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



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One of Kentucky's latest telemedicine products is Anywhere Care, which KentuckyOne Health launched Nov. 1. It gives users around-the-clock access to doctors and nurse practitioners for medical diagnosis, treatment planning from any Internet-connected computer with a web-cam and microphone. It costs \$35 per use.

High Tech Tools, Old-Fashioned Touch

Telemedicine's priorities are increased provider-patient contact and better outcomes

BY JOSH SHEPHERD

IN 1956, the movie "Forbidden Planet" introduced audiences to Robby the Robot. A triumph of special effects for that time period, the self-ambulating robot gave the world some of the most enduring pop-culture images of how technology may one day be applied to serve people's needs.

Perhaps, though, a more prophetic vision of the use of robotic technology in contemporary healthcare may be seen in a 1976 movie, "Logan's Run." One of its critical scenes depicts a plastic surgeon operating a machine equipped with robotic arms and surgical instruments designed to perform various types of enhancement surgeries.

The machinery was huge and clunky, but the idea of applying imaging and

robotic technology as an extension and enhancement of a medical provider's skills was visionary for its time.

In a very real sense, the real world application of "robot" technology in contemporary healthcare has matched or even exceeded the vision of science fiction. When it works best, the ever newer technology allows more frequent and better contact between providers and the patients who need their expertise – with participants quickly and naturally focusing on their human interaction rather than the high-tech process.

Visitors to the Kentucky Clinic in Lexington are, by now, so familiar with the self-propelled courier robots, Bot-1 and Bot-2, traveling their pre-programmed paths between the medical

lab and the old Chandler Medical Center that they rarely draw much notice.

In many hospital pharmacies, robots perform service like an elaborate vending machine. They store, organize and track all the medications that a hospital keeps in stock, use bar-code readers to fill prescriptions, and even prepare the night cart for inpatient distribution. When not engaged in an order, the robots are also programmed to monitor expiration dates and properly dispense with out-of-date pharmaceuticals.

On billboards in most of Kentucky's larger cities, hospitals frequently buy advertising space to promote their acquisition of da Vinci Surgical Robot Systems. Since 1999, when Intuitive Surgical Inc. of Sunnyvale, Calif., first introduced the da Vinci surgical robot, its use has exploded across the country. The stationary system was designed to enhance minimally invasive cardiac surgery by combining high-definition imaging and specialized microsurgical tools that can reach places within the body a surgeon's hands can't.

Since its introduction, da Vinci surgical systems have been adapted to perform a wide array of minimally invasive procedures, decreasing disruptions that complicate treatments and healing for kidney and bladder disorders, cancer treatments and more.

The technology is now almost a decade old and the machines themselves very similar to that classical conception of science-fiction-type robots. Their functions are more refined and precise, but they are still only elaborate devices designed to relieve medical professionals of tedious functions or to extend a surgeon's skills.

Healthcare reform efforts have fueled the development of what can best be described as medical outreach technology.

Medical robots and cart-based telemedicine

In 2007, the then-Owensboro Medical Health System – now simply Owensboro Health – in collaboration with Dr. Kerri Rummel, chief of the University of Louisville's Neurology Department, was one of the first hospitals in Kentucky to experiment with an exciting new application for robot technology.

The hospital was facing a crisis, said Dr. Robert Knight, director of the OH Emergency Services Department. One of its two staff neurologists had accepted a new position, which left the hospital short-handed in a critical specialty. Meanwhile, a new interventional treatment called thrombolysis was being introduced for acute stroke patients.

"There are plenty of good outcomes that arise from this treatment, but there

are also plenty of potentially bad outcomes because it involves increased bleeding during the procedure,” Knight said. As ED director, he preferred to have access to a specialist for a consult before performing thrombolysis. “It was impossible for our one remaining staff neurologist to be on call 24-7 to advise us.”

Rommel and UofL offered OMHS a solution. UofL was interested in the clinical applications of robot technology, particularly with outreach to partner hospitals. They offered to purchase an RP-7 robot developed by In-Touch Health, a company in California.



Dr. Robert Knight,
Emergency
Services
Department
Director,
Owensboro
Health

“This was a no brainer for us. UofL was buying the equipment and giving it to us with no risk. What we got out of it was round-the-clock access to a specialist at a time when we needed them,” Knight said.

The RP-7 robot, which is still being marketed, is outfitted with a high-definition video screen that projects an image of the doctor’s face and a moveable video camera on the top of the video screen.

Rommel can control its camera and move the robot down halls and into rooms using a laptop or tablet computer in her Louisville office, Knight said. It has an electronic stethoscope and attachments on the machine that allowed for two-way conversations – in privacy if necessary – between Rommel and ED doctors or the patient in Owensboro.

“In the first few years we had it, we used that robot a lot,” Knight said. “It ‘rounded’ on patients admitted by the neurologist

when our on-staff neurologist was off. We used it for consults with Dr. Rommel in the emergency department, and the robot was also used to monitor premature newborns in our neonatal unit.”

Patient response was uniformly positive. Usually after a few moments, patients and doctors reported that the technology “disappeared.”

“We got no patient push back whatsoever about the unit,” he said. In fact, one unexpected benefit to the patient was in cases when they would be transferred to Louisville. Patients had already established a familiar relationship with Rommel through the machine. “They had seen and talked with her on screen; they knew her. In all the time that we really used the robot, it worked well for us.

Owensboro Health’s use of the robot declined after its successful recruitment of new neurologists, decreasing the need for direct access to the UofL Neurology department.

“Our new facility has allowed us to increase our medical staffing and brought with it new specialists we didn’t have before,” Knight said, referring to the \$385 million, 477-bed medical center that opened in June.

However, he said, this type of robot still could be useful in a smaller community hospital that has less access to specialists – or even primary care doctors.

Ultimately, the robot proved useful for the outreach function it could perform in the absence of a local specialist much more so than for the fact that it moved on its own and acted very similar to robots seen in science fiction.

A diminished use of the robot in recent years reflects new developments in how medical programs are



Owensboro Health photo

Owensboro Health uses the ROBOT-Rx® and MedCarousel® system to automate most of the tasks at its medical center inpatient medications pharmacy such as storage, dispensing, returning, restocking and crediting of bar-coded, unit-doses.

approaching the advances in broadband connections and shared information in communication and imaging technology.

“Robots are very sexy technology,” said Rob Sprang, director of the University of Kentucky’s Telehealth Program. “However, when you consider the time it takes to guide a robot from one patient room to another, it doesn’t seem to be a very productive use of a physician’s time.”

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COVER STORY

A doctor with KentuckyOne Anywhere Care conducts a practice interaction with a patient. The program implemented Nov. 1 gives users around-the-clock access to doctors and nurse practitioners for medical diagnosis, treatment planning from any Internet-connected computer with a web-cam and microphone. Anywhere Care providers can prescribe non-controlled substances and refer patients for a follow-up clinic visit or to an emergency department.



Rob Sprang,
Telehealth
Program
Director,
University
of Kentucky

While less suggestive of the human form, newer cart-based telemedicine devices perform the same function as a robot. The difference is its components are wheeled around on site manually rather than driven remotely by a motor. Sprang has been involved with the development of telemedicine since its inception in the mid-1990s. In those early days, components were as large, clunky and fitfully reliable as their early science fiction counterparts. The technology held telemedicine systems back. In the last seven years, the technology has not only improved dramatically, it has gotten cheaper and more reliable.

KentuckyOne Health photo



"Where we used to be proud to handle the transfer of megabytes of information, the technology is handling gigabytes and terabytes today. Also, when you turn something on, you know it's going to work," Sprang said.

Companies with a background in secure videoconferencing are finding new markets with telemedicine. One of the new businesses to explore this frontier is Trinity Audiovisual Systems, based in Louisville.

Trinity began life as a secure video-communications company with lucrative federal government and law enforcement contracts. In an age in which it is becoming increasingly difficult to maintain top-secret communica-

tions, Trinity emerged as a market leader in the field.

John Jennings, chief technology officer and assistant vice president of Trinity's Midwest operations, said the company recognized three years ago that it needed to diversify and found the healthcare industry was a natural fit.

"Healthcare is becoming a shared technology industry," Jennings said, "but it needs a secure environment for such things as electronic health records and private communications among healthcare providers, their patients and in consult with other doctors. It was logical for Trinity, a company specializing in secure communications, to deliver services to an

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industry that was in desperate need of secure communication solutions.”

The Health Information and Patient Privacy Act that required stringent security protocols to protect patient information didn’t bother the company. It had been producing secure communication in top-secret circles for nearly two decades, Jennings said.

“There are so many areas in broadband communications that are not secure. We encountered situations in which healthcare providers were conferencing about patients using Skype. Internet social media platforms are not even remotely secure platforms,” he said.

Two years ago, Trinity introduced its own portable telemedicine platform. Its engineers and designers conferred with a client concerning their needs and created a portable platform that a hospital staff person can move easily from one hospital bed to another.

“These days, we’re not being asked so much for devices as much as we are being asked for secure software systems that can be uploaded to a laptop, tablet or even a smart phone,” Jennings said. “We can work with any kind of endpoint device.”

“I have seen fully automated robots that do much the same thing as a telemedicine platform, but I have also seen price tags of nearly \$100,000. Portable units tend to run much cheaper,” Jennings said.

Even In-Touch – the leader in robot technology – has developed a manual version of its RP-7 telemedicine robot.

Trinity is finding that the market for their products is more with long-term-care facilities and home-care companies than hospitals. The pilot project that led Trinity to more fully develop its telemedicine service came with a contract between it and Signature HealthCARE, the progressive Louisville-based company that runs several long-term-care facilities. Buyers are leaning toward telemedicine carts with a mounted video screen, high-resolution cameras and microphones, and a fixed tablet or laptop device and other related acute-care peripherals. Systems are getting to the point where patients and doctors can have direct remote encounters at the workplace, in the home, at a long-term-care center, or even in another doctor’s office.

Regional and community hospitals are looking at portable telemedicine



University of Louisville photo

Via an In Touch medical robot, Dr. Kerri Rimmel, on display screen, consults with Dr. Robert Knight, standing beside bed, chief of emergency medicine at Owensboro Health, and a patient in Owensboro.

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Dr. Alex Abou-Chebl, on display screen, director of neurointerventional services with the University of Louisville School of Medicine, interacts with a patient remotely via an In Touch medical robot.

units as a way to connect patients with specialists without forcing either party to travel to see each other.

Virtual urgent care

Underscoring Jennings' comments about the rising demand for secure software rather than hardware, KentuckyOne Health is launching its new Anywhere Care service this month.

Anywhere Care allows Kentuckians to get in contact with a healthcare provider by phone or by web camera 24 hours a day, seven days a week, including when they are away from home.

Though in its earliest stages of implementation, the Anywhere Care service takes telemedicine to the next logical evolutionary step. People experiencing a sudden illness no longer need to go to a clinic, emergency room or physician's office to consult a physician. Via a toll-free number, they can schedule a phone call or video chat on their computer or tablet.

Anywhere Care participant patients will be explaining their symptoms with a primary care physician or nurse practitioner within 30 minutes of their call, according to KentuckyOne Health, the state's largest care system with more than 200 locations and 15,000 employees. Furthermore, the practitioner being consulted



can prescribe medications (with the exception of controlled substances) or recommend over-the-counter treatments.

Patients pay directly for the telemedicine consult, which is \$35. Health insurance is not billed for Anywhere Care services, but the simple flat rate is cheaper for the patient than an ER visit or a visit to an urgent care clinic. If symptoms warrant, the practitioner will refer patients for a follow-up visit to a clinic.

KentuckyOne's Anywhere Care service is the result of a partnership between the Kentucky healthcare firm and Carena Inc., a Seattle-based telemedicine company.

KentuckyOne Health also recently launched special telehealth clinics in Wolfe and Powell counties equipped to let patients there have videoconference visits with remote doctors and practitioners.

Other future directions

If the direction of medical reform continues along the path blazed for it in the Affordable Care Act, then Sprang said remote patient monitoring may be one of the bright futures for applied medical technology.

"We are moving to a place in a reformed system of healthcare where we no longer wait until a patient gets sick and then care for them, but to actually try and keep patients from getting sick," he said.

The vast improvements in Bluetooth and Internet-based communication that have fueled the rapid development of telemedicine are enabling hospitals to introduce advanced patient monitoring systems in their intensive care units.

Owensboro Health announced in October that its 32 ICU beds would receive 24/7 remote monitoring from the Christ Hospital Critical Connections program, which is based in Cincinnati. The service does not replace ICU staffing, but it does use a powerful in-room video monitoring system to detect changes in skin color or eye movement

or other warning signs of a potentially fatal event.

Another example of applied patient monitoring systems involves a study conducted in North Carolina with some 700 patients who, in a 90-day period, accounted for an inordinate number of inpatient stays at a hospital.

These patients, Sprang said, had a tendency to resist altering their behaviors to improve their health. The hospital conducting the study outfitted participants' homes with a cellular or Bluetooth-based communication hub that linked to a patient-monitoring station at the hospital. The home hub connected to an ordinary bathroom scale, a blood pressure cuff and a pulse oximetry device to monitor a patient's progress after an inpatient hospital stay.

Each day, participants would use the connected devices and staff at the remote monitoring station would review the results. If there were warning signs – an abnormal weight increase, a rise in blood pressure – a provider called the home and to ask the person if they had been engaging in behaviors that contributed to their poor health.

The hub remained with the patients 90 days, and their hospital re-admissions rate dropped 65 percent below the norm. This was only one study, but application of basic telemedicine technology "seemed to have a positive result with people," Sprang said.

It suggests one future direction for medical technology could be a "virtual" return to the age-old home visit doctors conducted in the days before there were even telephone lines strung across the landscape. Technology has made an incredible impact on the quality and efficiency of care, but at its heart, the circuitry is all about creating more effective human connections. ■

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



UofL's Dr. Alex Abou-Chebl, left, one of the fewer than 15 interventional neurologists in the country, talks to Dr. Kerri Remmel, on display screen, director of University (of Louisville) Hospital's Stroke Center, via an In Touch medical robot.

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Twelve-foot diameter casings lay on the causeway ready to form the underwater support for the Downtown Crossing's piers.

Transportation Artery, Transformational Impact

Ohio River Bridges Project already routing cash into the region – but full effect will come after congestion is relieved

BY SEAN SLONE

THE largest, costliest bridge project in the state's history is now taking shape simultaneously on both sides of the Ohio River. With two states taking the lead on different bridges and different sections – sometimes in unexpected places – the project holds the promise to connect the Louisville-Southern Indiana region in new ways, alleviate a critical bottleneck in the nation's mid-section and create important economic development opportunities for both states.

The work itself is a multibillion-dollar financial infusion for the region with scores of individual contracts gen-

erating thousands of paychecks the next few years.

Now that construction is underway, an expanding community of workers overseeing and building the project is already providing a shot in the arm to the region's economy. But even after years in the planning, some still question whether the project is the right one for the region at this time and whether the tolls that will be needed to pay for it will have an adverse effect on area commuters and businesses.

Underway and on schedule

Construction cranes dot the Louisville skyline. Orange barrels and signs warn of the occasional lane closure. It's all part of a

long-in-the-works project that Kentucky and Indiana transportation personnel and an expanding army of contractors and subcontractors finally began to construct this summer. The \$2.6 billion Ohio River Bridges Project includes:

- The Downtown Crossing, which is being overseen by the Kentucky Transportation Cabinet (KYTC) and includes a new I-65 bridge with six northbound lanes, a revamped Kennedy Bridge with six southbound lanes, and the reconstruction and reconfiguration of the interchanges on both sides of the river, including fearsome Spaghetti Junction where I-64, I-65 and I-71 come together in downtown Louisville. At a cost of \$860 million by itself, the Downtown Crossing project is roughly 10 times larger than any project the cabinet has let previously.

- The East End Crossing, which is being overseen by Indiana and includes a new 2,510-foot cable-stayed bridge connecting Prospect, Ky., and Utica, Ind., eight miles upstream from downtown Louisville. It includes new highways to complete the I-265 outer loop around the region. The project incorporates a 1,700-foot twin-bore tunnel on the Kentucky side, 19 additional bridges and other infrastructure improvements.

"On the Downtown Crossing, piers are beginning to rise out of the river and a

INFRASTRUCTURE

wider interstate is beginning to take shape on both shores,” said Chad Carlton, a KYTC communications subcontractor and spokesman for the project. “On the East End Crossing, excavation is progressing on the tunnel on the Kentucky side to connect the Gene Snyder Freeway (I-265) to the new bridge. Crews have also begun work on the foundations for the bridge piers and are constructing a new interchange in Southern Indiana.”



Ron Heustis,
East End
Crossing
Project
Manager,
Indiana
Department of
Transportation

Ron Heustis, project manager on the East End Crossing for the Indiana Department of Transportation, said the project is on schedule, and both states expect to meet the planned completion dates: October 2016 for the East End Crossing and December 2016 for the Downtown Crossing.

“Fortunately, Indiana and Kentucky worked diligently to identify and plan for the many challenges that a project of this size entails: environmental, historic preservation, traffic maintenance, excavation and construction to name a few,” Heustis said. “That planning is now paying off as construction has started with no major problems. As the project moves forward, new challenges may emerge, but the states and the developer teams they’ve contracted with have vast experience and are able to deal with situations that might arise.”

Both Heustis and Carlton said the project has already proven to be a model for bi-state cooperation, something that’s important on a multifaceted, multiyear, multibillion-dollar project of such regional significance.



Construction next to Kennedy: A barge full of equipment being used to construct Tower 5 is shown next to Kennedy Bridge in Louisville.

“While each state and its selected construction team is focused on its half of the project, the two states are in constant communication to ensure that everyone stays informed and involved,” Carlton said. “We’re all in this together.”

Heustis agreed communication has been a key to the project’s success to date.

“We’ve been able to work across state lines and political party lines toward a common goal that will benefit the entire Louisville-Southern Indiana region,” he said. “A bi-state management team of Indiana, Kentucky and federal highway managers meets regularly to review progress and keep everyone informed and up-to-date. These managers are on-site daily and maintain regular contact to ensure the success of the project.”

The two states took different paths when it came to how to finance and deliver the bridge projects.

Kentucky is using the design-build approach on the Downtown Crossing.

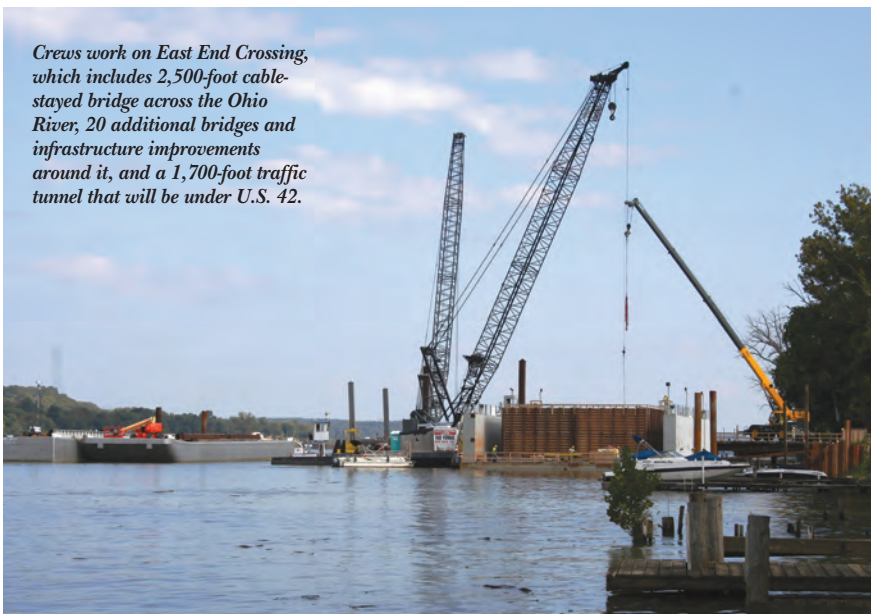
The state awarded a contract to Walsh Construction Co. of Chicago to design and build the project, and a transportation infrastructure authority is issuing toll revenue bonds to help cover construction costs.

Indiana is employing a public-private partnership with WVB East End Partners, a consortium of regional, national and international firms that will design, build, finance, operate and maintain the East End Crossing. The American Road & Transportation Builders Association awarded the East End Crossing its project of the year award in July, calling it a prime example of public-private partnerships in practice.

Immediate direct economic impact

The size and scope of the Ohio River Bridges Project mean it already has an economic footprint, one that is expected to grow in the months ahead. Teams of surveyors, inspectors, consultants, carpenters, ironworkers, pavers and subgrade specialists are at work. Truckers are hauling materials to and from multiple worksites. Drilling, blasting and excavating work has begun on the tunnel that’s part of the East End Crossing project. Steel construction specialists and welders will soon be on the job as well.

“Scores of subcontractors and hundreds of workers are part of the bridges project,” said Carlton. “The two firms leading the construction – Walsh Design-Build Team for the Downtown Crossing and WVB Partners for the East End Crossing – will be adding more companies and workers in the coming year as work intensifies. ... The bridges project has a \$2.6 billion price tag, which creates a huge infusion of dollars into the regional economy. You can see the direct impact in good-paying construction jobs, the demand for construction-related equipment and services.”



Crews work on East End Crossing, which includes 2,500-foot cable-stayed bridge across the Ohio River, 20 additional bridges and infrastructure improvements around it, and a 1,700-foot traffic tunnel that will be under U.S. 42.

Andy Barber, KYTC project manager on the Downtown Crossing, cited an even more concrete example of the economic impact of the bridge construction workforce. He recalled one day shortly after construction began when he pulled into the parking garage at the Yum Center next door to the Presbyterian Church headquarters building where KYTC and Walsh share an office in downtown Louisville.

"I look around and I see all these brand new Ford F-150 and F-250 (trucks) that were purchased (by Walsh) from All-state Ford here in Louisville," he said. "I'd say over a million dollars of Ford trucks, which are made here in Louisville."

Another example: Some of the staff of VINCI Concessions, the French company that's part of the WVB consortium leading the way on the East End Crossing, have reportedly become big fans of the Louisville Bats minor league baseball team and were frequent visitors to Slugger Field this summer. No word on how many hot dogs were consumed in the process.

"This is not a 'build the project and disappear tomorrow' type of deal," said Robert Morphonios, CEO and project director for WVB East End Partners.



"We're here for a long run. We've got a lot of management here. We have a lot of people who have permanently moved their residence here for this project. They've bought houses in the area. We have a large workforce that's eating in the restaurants and buying groceries in the stores."

Morphonios said hundreds more will join them by around next June, when work on the East End Crossing is expected

Excavation continues at the East End Bridge tunnel site at U.S. 42 and the Gene Snyder Freeway.

to reach peak capacity. WVB and Walsh are both bringing in staff from all over the world with experience on similar projects. In addition, they're drawing from the region to fill administrative jobs in areas like IT and construction management. Much of the field labor will be local hires.



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The Other Ohio River Bridge Project

The Downtown and East End Crossings aren't the only Ohio River bridges on the state's horizon. Also planned is a new span between Cincinnati and Northern Kentucky, directly to the west of the existing Brent Spence Bridge, to relieve traffic congestion along Interstates 71 and 75. The 50-year-old Brent Spence also would be renovated to improve safety and visibility.

Last month, a \$4 million study commissioned by the Kentucky Transportation Cabinet and the Ohio Department of Transportation narrowed down the list of finance and procurement methods to two options:

- **Design-Build:** The states would finance the project through a combination of federal and state funds, a federal loan and bond funding. They would put out a request for proposal for contractors to respond to with designs and plans. The contractor selected would build the project. The collection of tolls would help repay the loans and bonds.

- **Availability Payment Concession:** A contractor would finance and build the project and be repaid on a regular schedule over a period of years. The repayment would be made possible by the collection of tolls.

The study, which evaluated the procurement methods in terms of cost factors, schedule benefits, market conditions and other criteria, eliminated two other finance and delivery models:

- **Design-Bid-Build:** The traditional approach under which a state transportation agency designs a project and submits it for bids. A contractor is selected and builds the project. The state looks to traditional sources of federal and state funds to pay for the project.

- **Toll Revenue Concession:** An approach under which a contractor finances and builds the project and recoups its costs through collection of toll revenue. The private partner is responsible for funding the design, construction, maintenance and operation of the project.

Govs. Steve Beshear and John Kasich are expected to announce the preferred plan by mid-November.

Whichever plan is chosen will likely face opposition from Northern Kentucky lawmakers who are adamantly opposed to tolling the existing Brent Spence Bridge to help fund the new span. If all goes well, though, construction on the new bridge could begin in 2015 and the \$2.5 billion project could be complete in 2019.

Meanwhile, local government and business leaders in the Henderson area are pushing for construction of a new Interstate 69 bridge over the Ohio River to Evansville. They plan to lobby officials in Frankfort, Indianapolis and Washington for the estimated \$1.2 billion project, which they'd like to see built within the next eight years. —Sean Slone



Both Walsh and WVB are working with local unions to put together the workforce and provide training opportunities.

In addition, both firms are working with local consultancies and other subcontractors that employ local people. Morphonios said WVB has set goals for working with disadvantaged business enterprises and for employing women and minorities on the project.

Long-term promise even larger

But it is the long-term promise of the Ohio River Bridges Project that really has many excited about the future of the region's economy once the project is complete. Kentucky and Indiana transportation officials say that by improving cross-river mobility, the bridges project will have a transformational impact on transportation in the region.

"The I-65 Kennedy Bridge and the Kennedy Interchange have become, over the years, a choke point for commuters and commerce," said Carlton. "The new bridges, roadways and interchanges will improve safety, reduce congestion and create a much more robust logistics infrastructure. All of these attributes will have a positive impact on economic vitality and quality of life for people and businesses in the region. From its founding, Louisville has been a crossroads for travelers and a regional hub for commerce. Without the bridges project, the region risked becoming a center of gridlock in Middle America, delaying and discouraging motorists, truck drivers and business travelers."

Heustis also believes the bridges project's goals of easing traffic congestion and connecting roadways will help to stimulate the economy.

"Because of our central location – within a day's drive of more than half the U.S. population – the Louisville-Southern Indiana region has developed into a national logistics and distribution hub, so it's vital that we maintain and improve our transportation infrastructure," he said.

Construction of Tower 5 next to the Kennedy Bridge – off the Indiana shoreline – is underway.

Indiana officials say the promise of the new bridges has already paid dividends. Heustis points to Amazon's decision to locate one of its fulfillment centers in Jeffersonville, Ind. even before bridge construction began. The company expects to hire more than 1,000 employees at the \$150 million facility by 2015.

"Amazon officials said the bridges project was a major factor in their location decision," he said. "And that's just the tip of the iceberg. When these bridges open to traffic in late 2016, economic development officials expect many more companies to consider opening facilities in the region."

The existing business community is also bullish about what the bridges project will deliver.

"The trajectory of our economic well-being is on an upward climb," said Kerry Stemler, president and CEO of KM Stemler Co. Inc. and chairman of the board of Greater Louisville Inc. – The Metro Chamber of Commerce. "This project serves as a catalyst for driving economic growth in our region and for the future."



Kerry Stemler, President/CEO, KM Stemler Co. Inc.; Chairman of the Board, Greater Louisville Inc.

Court challenges of project reject so far

But the Ohio River Bridges Project has not been popular in all quarters. Even as the project has moved forward, some continue to question its size and design, its cost and the future tolls that will become a fact of life once the bridges are complete.

A group called the Coalition for the Advancement of Regional Transportation announced in October it would appeal a federal judge's ruling dismissing its chal-

lenge of the project to the 6th U.S. Circuit Court of Appeals in Cincinnati. CART claims Indiana and Kentucky broke federal civil rights laws by discriminating against minorities when they adopted a tolling plan that would disproportionately affect those residents. The group also alleges violations of federal funding regulations and environmental law and said the project will endanger the region's air and water quality.

U.S. District Judge John G. Heyburn II rejected all those claims in an initial ruling in July.

A post on the CART website from the group's President David Coyte outlines some of its concerns: "The inevitable sprawl encouraged by the Bridges Project will consume precious farmland, impact water supplies and require expensive investments. The East End Bridge, particularly, will siphon money out of the urban core, leaving vacant buildings, fewer jobs and fewer tax receipts for the urban government to maintain basic infrastructure and services. Think Detroit."

A few years ago, another group known as "86-64" proposed what it said was "a less expensive alternative that would build only the East End Bridge, reduce the complexity of Spaghetti Junction and reconnect downtown to the Ohio River." It would have, as the group's name suggests, torn down the elevated portion of I-64 that runs between downtown and the river and replaced it with a boulevard. A number of other cities around the country have torn down or are considering tearing down urban highways that run through the middle of town to create more pedestrian-friendly communities.

But the two-bridge plan is what continues moving forward now.

Preliminary tolling rates set

In September, a bi-state panel set the initial rates for tolls that will help pay for the bridges project, which will be collected electronically. Frequent commuters with transponders will pay \$1, other cars will pay \$2, box and panel trucks \$5 and tractor trailers \$10. Motorists who don't use transponders and must be tracked by video camera identification of their license plates will pay higher rates due to higher administrative costs. The toll rates are expected to increase an average of approximately 2.5 percent a year.

A number of residents expressed their opposition to the toll levels during public meetings this summer. Trucking companies in the area have said the tolls could cost them hundreds of thousands of dollars a year. But state officials say the tolls are needed to pay for the costly project.

Kentucky Gov. Steve Beshear and others note that tolls have become a necessary financing tool in building new

transportation infrastructure projects around the country as construction costs have escalated and available federal dollars for projects have dwindled. Moreover, officials point out that while the East End, Downtown Crossing and Kennedy bridges will be tolled, the Sherman Minton and Clark Memorial bridges will not, which means drivers will have options available. Critics counter that this will result in congestion on those bridges and lower than forecast traffic on the new tolled spans.

Still, transportation officials say the reaction of the broader community to having the Ohio River Bridges Project finally underway has been largely positive.

"For a region that has been talking about new bridges for decades, the biggest reaction from citizens has been, 'Wow! They're really building them,'" Carlton said. ■

Sean Slone is the Program Manager for Transportation Policy at The Council of State Governments in Lexington.

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And Now, The Investor Farmer

William O. "Bill" Peterson of Peterson Farms with a 12-row combine after harvesting corn in central Kentucky in October.



Long-term agribusiness land ventures sprout as asset diversification play and hedge against inflation

BY MARK GREEN

FARMLAND investing, an asset-diversification strategy pitched as a hedge against inflation, is testing the ground in Kentucky. Well established in U.S. grain belt states such as Iowa, it's a financial product that meshes with the agribusiness trend of consolidating farm parcels and row-crop operations into larger units for more efficient and profitable.

One Bluegrass-based agriculture land investment operation was launched two years ago and in September bought its fourth Central Kentucky farm. Another commonwealth financial adviser is among the principals in a Nashville-based partnership that closed its initial \$7 million farmland investment fund in October.

Meanwhile, one member of the commonwealth's Agricultural Development Board, which invests Kentucky's national tobacco Master Settlement Agreement money, believes the state should become the first in the nation to certify "investment-grade farmers" – who have at least a 10-year history of success raising crops, who own sufficient equipment and machinery, and who can demonstrate access to financing for additional operations.

It's a long-throw investment, says Brian Luftman, a Lexington native who spent nearly a decade in the Chicago Board of Trade financial community before returning



Brian Luftman, Founder, American Farm Investors

home to launch American Farm Investors in 2011. His experience buying and selling agricultural commodities has convinced him farm land should be one of the soundest assets available over the coming 10 to 15 years – because he expects the U.S. inflation rate to rise as a result of federal monetary policy that has added at least \$1.3 trillion to the money supply.

Expectations that higher inflation is inevitable have risen the past five years as the Federal Reserve's quantitative easing policy continued to fertilize the money supply. Inflation generally does not devalue hard assets such as real estate and precious metals as it does money.

Folk sage Will Rogers is credited with advising: Put your money in land; they're not making any more of it. The farmlands investment community likes to cite that Rogers financial planning hint, adding that global population growth and especially middle-class growth in China and India suggest ongoing strength for grain prices – and hence good performance for U.S. grain farms.

There is no debate that land is generally a hedge against inflation, but Univer-

sity of Kentucky agriculture economics professor Greg Halich says farmland investing is tricky business best practiced by agribusiness experts.

Ag land values are sensitive to cyclical farm commodities prices that can make big swings, Halich said. Additionally, a property's farm commodity productivity can change with the weather.

"This is not a low-risk investment, particularly with where commodity prices have been the last few years," Halich said. However, he has made investment purchases of Kentucky farmland himself.

"A wise investor can do fine," he said, "but it's not something that someone who does not know a lot about it necessarily wants to do."

Land prices linked to commodities markets

There are many potential variables to weigh in pricing farmland, and each piece of property is different. Values are influenced heavily by productivity, accessibility, competition and distance to market. Soil quality and depth are important, as is physical relationship to water sources.

And there is the weather: Famously unpredictable, it affects crop production and can heighten the swings in supply and demand that drive commodities prices – hence land values – through cycles even when rains and temperatures are normal.

Corn prices were high the past two years, especially in 2012 when widespread U.S. drought, including in Kentucky, withered production, cut supplies and pushed a bushel briefly to historic highs topping \$8. That was more than double the price of two years earlier.

This, of course, prompted farmers to put in one of the largest corn plantings in history in 2013, whose good growing conditions are yielding a historic bumper crop. As this year's largest-ever harvest was taking place in late October, a bushel of corn was selling back in the \$4 to \$4.50 range.

Farm land values are derived from crop prices, but the relationship is exponential rather than linear, said Halich. He explained that it is profitability that ultimately imparts land value rather than mere revenue, noting that "200-bushel (an acre) corn ground is not worth twice 100-bushel corn ground – it's worth four to five times as much."

Additionally, as in any business, the true impact of market price swings depends on production costs. In farming, the land characteristics already cited in combination with weather conditions create varying

levels of input expenses. Energy prices are a big factor, too, and have fluctuated significantly in the past decade.

For example, consider a farm operation whose financial break-even point is at \$3.60 a bushel for corn. A \$2 per bushel increase in market price from \$4 to \$6 would increase revenues nearly by 50 percent, but increase profits 500 percent from 40 cents a bushel to \$2.40. If a farm's costs put its breakeven at \$3.80 a bushel, that same 50 percent increase in revenue would boost profits 1,000 percent – from 20 cents a bushel to \$2.20 a bushel.

Of course, prices also drop – and so do profits. Farmers have faith that over the course of years they can stay on the plus side of episodic cost and price swings.

What goes up likes to stay up

Halich believes one of the best opportunities to get Kentucky farmland is before an appreciation cycle. Such a cycle recently passed, having occurred prior to and early on in the high-grain-price environment of 2011 and 2012 that pushed grain farm property values up quickly.

Land purchased when corn was \$5.50 to \$6 or \$7 a bushel with expectation that commodity prices would remain in that range is now worth less, he explained. But buyers today will have difficulty obtaining it at a valuation based on the current \$4.50 a bushel corn prices. "Land values are a bit sticky," Halich said.

The futures market expects corn prices to range from \$4.25 to \$4.75 a

bushel during the next two to four years, he said. However, once owners have seen higher prices, they are very reluctant to let go of the thought that higher prices will return.

When it comes to land prices "psychology is more important than reality," Halich said.

Meanwhile, Luftman said, grain production land is worth twice as much as cattle farm land.

On his own, Luftman bought an Illinois grain farm when he was in Chicago and sold it before moving back to Lexington, Kentucky, he said, offers some "pretty darn good deals" on farmland. And regarding grain production property in general, Luftman is convinced, "I don't see a safer investment for the next 10 years."

He founded American Farm Investors in 2011 and through October had formed investor groups to purchase four Central Kentucky grain farms that average 125 acres. Individual deals vary, but AFI averages 12 investors for each at a participation of \$80,000. No investor is putting a large portion of their overall assets at risk. A minimum investment is \$50,000.

AFI leases all its property to Peterson Farms of Loretto, Ky., in Marion County, an experienced family venture that now has approximately 15,000 acres of corn, wheat and soybean operations encompassing 60 to 70 farms from just west of Elizabethtown to just east of Danville.

"Our emphasis is on production," said William O. "Bill" Peterson, one of



Greg Halich,
*Agriculture
Economics
Professor,
University
of Kentucky*



Albert Peterson of Peterson Farms and Brian Luftman of American Farm Investors with a 16-row planter.

the four principals and a former director of operations for the University of Kentucky research farm.

Investment land leased to veteran farmers

Peterson Farms and AFI sign six-year leases, which allows for three two-year crop-rotation cycles of corn, soybeans and wheat. While the business plan is to own and lease its farms long-term, Luftman said, each investment group “can get out early” if a majority of a farm’s investment group wants to sell. The plan is to conduct formal proxy votes after five year, he said.

AFI’s vetting process aims to assemble groups with similar long-term investment horizons, Luftman said.

higher consuming middle classes is generating investment opportunities in food/agriculture, timber and energy; demand for grain products is going to increase. Shifts away from fossil fuel toward ethanol and biofuels will also increase demand for grain. The world’s arable land diminishes annually due to development and desertification. And meanwhile, price inflation creates a need for hard assets with absolute value to counter the diminished worth of a unit of currency.

Bottom line: Good farm land is a good investment.

That’s very similar to the view expressed by John Farris, founder and president of Commonwealth Economics

purchase the land at attractive valuations and manage the property in order to generate return on their investment.”

It’s a multistep process requiring special expertise.

The big four agriculture property investment entities are major owners of farmland in Iowa, Illinois, southern Minnesota and western Indiana. Grain-producing farmland in Iowa is acknowledged as the best; flat property with deep soil sells routinely for \$10,000 to \$20,000 an acre – very close in size to a football field, minus its end zones. It’s a mature market with many farms that are thousands of acres apiece; the average farm was 330 acres in 2007, the most recent year that USDA figures cover, with Monona County averaging 606 acres a farm.

Larger properties can be managed more efficiently and achieve the scale appropriate for investment. The four majors typically want at least 1,000 acres. Alone, an individual investor’s \$50,000 or \$100,000 is enough for only 10 to 30 acres.

In Kentucky, farm size averaged 164 acres in 2008, according to the USDA. Agriculture land values vary widely with the differences in geography and soil quality from the mountainous east to the flatter and deeper-soiled west. According to an unscientific survey earlier this year by the University of Kentucky Agriculture Extension Service, average cropland values ranged from \$5,900 an acre in the 11-county Bluegrass subregion and \$5,800 in the 15-county Mid West subregion of the state to \$2,500 an acre in the 27-county South East.

Kentucky’s best farmland, according to experts, is in a pair of Western Kentucky clusters: in Daviess, Henderson and Union counties, which border the Ohio River, and directly south in a strip including Christian, Logan, Simpson, Todd and Trigg counties, which border Tennessee.

“You probably have areas of Kentucky that are as productive as Iowa,” Halich said.

They would not be as valuable, though, since other factors are not as favorable.

Farming increasingly a high-tech specialty

“I’m not an agricultural specialist. I’m a financial specialist,” Luftman said.

There are, however, tools he uses to assess prospective cropland – for example, taking soil samples and using a metal probe to measure soil depths can confirm a field’s potential. Corn has a root system that grows at least a foot deep, Luftman said, and in general the deeper the soil the better a field’s production.

“At (soil depth of) one foot or less, you have cattle land,” he said.



Brian Luftman of American Farm Investors measuring soil depths on an 83-acre farm in Mercer County.

“I’m not telling them to put 100 percent of their portfolio into a farmland investment,” Luftman said. In fact, he won’t allow such an exposure. “They are doing 5 to 10 percent.”

It is a diversification strategy on the opposite end of the spectrum from getting rich quick.

“The stock market is up 20 percent this year,” Luftman said in mid-October. “I’ll never get 20 percent (in one year) from one of my farms.”

The emphasis is on safety and protection against inflation in the long run. The qualms Halich expresses notwithstanding, Luftman shares the bullish view on well-selected grain farms of the four major agriculture land investment entities: TIAA-CREF of New York; U.S. Trust of Dallas; Ceres Partners of South Bend, Ind.; and Hancock Agricultural Investment Group of Boston.

Their collective perspective is: World population growth with development of

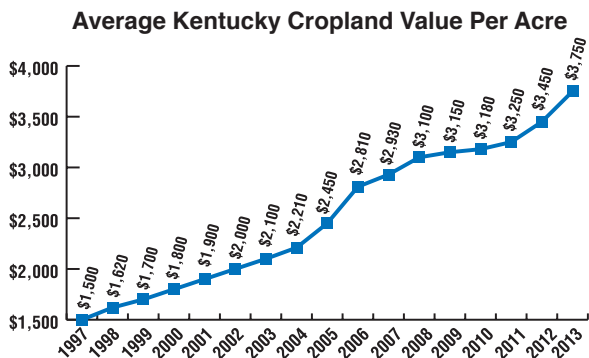
in Lexington and a principal in LandFund Partners LP, a Nashville-based private equity fund formed for farmland property investment. Farris is a former senior economics consultant with the World Bank and spent two years as secretary of the Finance and Administration Cabinet in the Ernie Fletcher administration.

“Farmland is an excellent alternative asset in the portfolios of many investors, partly due to its long history of non-correlation to traditional asset classes such as stocks and bonds,” Farris said. “It has also shown a long history of positive annual returns.”

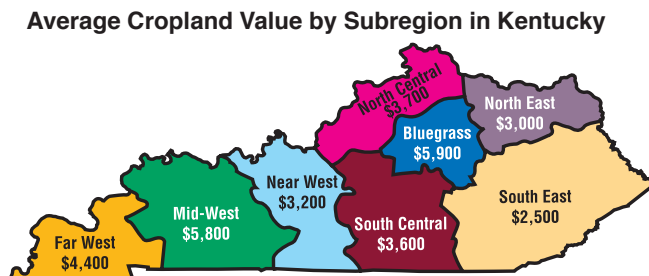
Access to investment farmland is a challenge

A big challenge for investors, however, is to get their assets into agricultural property.

“It is difficult for the average investor to gain access to farmland,” Farris said. “It is an even more difficult proposition for an investor to identify farmland,



Source: USDA National Agricultural Statistical Service



Estimated value per acre based on a January 2013 survey of Agriculture and National Resource County Extension Agents. Total of 63 completed surveys.

Source: UK Cooperative Extension Service, UK College of Agriculture

Luftman leaves the true agricultural expertise to the Petersons, who trace their continuous farming roots back at least 14 generations to the Van Wyckoff family who farmed modern-day New York City's Manhattan Island in the 1640s. The present Peterson Farms business that focuses on growing grain was incorporated in 1975 and includes approximately 15 full-time employees, nearly all of whom are members, relatives or have married into the family, said CEO Bernard Peterson.

At harvest time, the number of employees doubles and goes beyond the family.

"You will not find in the state of Kentucky a more high-tech operation," Bill Peterson explained, as he drove along rural Marion and Nelson County roads, pointing out various farms the family leases. Peterson's explanations were interrupted briefly by calls he took handfree via an iPhone on the dash that had linked to the Ford Super Duty pickup's Bluetooth system – workers at one of the farms busy that morning had a question about equipment being delivered for use in the ongoing harvest.

Peterson Farms replaces or adds to its machinery and equipment every year, and a single combine today can cost \$350,000, said Bernard Peterson. "It's a very capital-intensive business."

The trend in U.S. agribusiness is toward larger and more efficient devices, and Peterson Farms now uses a 24-row planter – double or triple the size typical for many Kentucky farms, but only half the size of machines working the largest U.S. grain belt farms. Peterson has its own farm fueling center and bulk storage facilities for fertilizer, pest control and other soil augmentation chemicals.

The Petersons also keep added grain storage capacity. In 2013, they expect to produce 1.5 million bushels of corn, 400,000 bushels of wheat and 300,000 bushels of soybeans. A new crop last year was 600 acres of canola; this year they are growing 1,000 acres.

Adequate equipment and machinery is essential to better production and lower unit price, the Petersons have learned.

"We have become acutely aware of the value of timeliness," Bernard Peterson said. They have learned that their

overall equipment cost per acre is lower if they buy new farm machines every year. Also, he said: "We wear them out."

One of the newest additions to their operation is a natural-gas-fired grain dryer that creates a wider time window for harvest operations, which must occur when grain moisture content is appropriate for storage. The bumper 2013 harvest will involve 1,500 semi truckloads delivering 1,000 bushels each of corn to the grain bins in Loretto.

Much progress but an even greater potential Peterson Farms makes intensive use of data analysis developed by the UK Agriculture Extension Service to improve management practices and track the financial performance and profitability of individual farming enterprises. Their grandfather was one of the founders in 1962 of the Kentucky Farm Business Management Program, Bill and Bernard Peterson said.

"It gave us the data very early on in our business to build good decisions onto," Bernard Peterson said. "I would give those people a lot of credit."

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Today's high-tech farm equipment is GPS guided and able to use soil quality data to vary the depth and density of seed plantings and of chemical applications multiple times in a single field. And Peterson Farms enhances the capabilities of the new equipment it buys with add-on technology, Bernard Peterson said.

Farming practices have evolved so much, he said, that "it's not even kin to what we were doing 15 years ago." Even so, the Petersons think they've only scratched the surface of what new agribusiness technology will allow.

"We are at just 1 percent of what can be done," according to Bernard Peterson.

That's good enough to attract the attention not just of American Farm Investors but the four major farmland investment firms as well.

"They've all been in our office," Bernard Peterson said. Peterson Farms has gotten offers to buy its business as well as to buy its more than 4,000 acres of grain farms so it can be leased back to the Loretto agribusiness.

Peterson Farms' plan, however, is to remain "a big family business ... for a long time," he said. "We're a bunch of brothers that work together."

The Petersons don't want to sell, but they do think Kentucky agribusiness could benefit from increased farmland investment.

Certifying investment-grade farmers?

Long-time Fayette County horse, tobacco, corn and livestock farm owner Frank Penn agrees. He is a member of the Lexington-Fayette Planning Commission and the Kentucky Agriculture Finance Corp. board.

The majority of today's Kentucky farmers and farm owners are small in scale and do not generate enough income to pay for land. "Most farmers owe more than they own," Penn said.

To compete and succeed in today's economy, he said, Kentucky agribusiness operations need to integrate vertically and produce value-added products, he said. For example, rather than selling corn to a processor or feedlot operator, a farm could feed livestock that generate higher gate receipts. Land owners should sell furniture rather than timber, baked goods rather than wheat, wine rather than grapes, cheese and finished dairy rather than milk.

These operations require capital that Kentucky land owners and most of the farmers who lease it do not have the ability to obtain it through conventional

channels. Outside investors have the money, though, and could create long-term financial structure and security that allow farm operations here to shift to value-added operations that create jobs and increase income, Penn said.

The major ag land investment firms are looking at Kentucky but so far are staying with the large farm model they can achieve in Iowa, according to the Petersons and others.

Penn has an idea on how to change the playing field, however.

"You've got to have what I call investment-grade farmers," he said. Penn believes Kentucky should become the first state to certify farm operators with proven track records of success, who own sufficient equipment to farm at larger scales and who have proven access to lines of credit that will enable them to make the ongoing equipment and machinery investments necessary to operate productively.

"Most states do not see agriculture as economic development," said Penn. "They see factories, they see manufacturing, they see all types of stuff as economic development, but they don't see agriculture."

A certification program for farmers, Penn said, will bring more business to those who have the capability to take on more operations, and it will be an incentive towards better agribusiness productivity.

It also would attract outside investment dollars to Kentucky land – upgrading an asset that cannot be removed, said Penn, who has made a practice during extensive travel around the world over the years to examine land usage.

If the inflation that Luftman, Farris and the large agriculture land investment firms expect takes place, money definitely will shift to land and other hard assets, Penn said.

"Money chases stability," he said.

Kentucky will be in a better position to attract money seeking stable agribusiness operations if it creates a program to certify investment-grade farmers, Penn said. "I've been playing with this



Brian Luftman on the floor of the Chicago Board of Trade, where he spent about 10 years working before returning to Lexington and founding American Farm Investor in 2011.

(idea) for about three years."

The ability to contract with a certified farmer who will conduct quality operations, he believes, will boost investor confidence in the future value of an ag land investment in Kentucky.

Meanwhile, grain price levels after the big 2013 harvest comes in will affect land values and the calculations of owners, farmers and investors.

UK ag economics professor Halich said he hears many individuals and experts profess to know what grain prices will be in the future, but has a system to measure the commitment of their analysis:

"Do you have any money in the futures market?" he said. "If you don't have anything in there, you're probably not very certain of what you're saying." ■

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



Frank Penn, Farmer and Member, Kentucky Agriculture Finance Corp. Board

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Confronting What We Don't Want to See

A Kentucky initiative is raising awareness that domestic violence can and does visit workplace

BY ZEYNAB DAY AND KASEY TYRING

SOMEONE knows – someone always knows. This truism along with the fact that the “someone” is usually a co-worker has helped spark a new coalition intent on educating Kentucky businesses about preparing for when domestic violence comes to work.

The Kentucky Commission on Women, the Mary Byron Project and the Kentucky State Police have joined their collective knowledge and resources to help business leaders become proactive about protecting employees who are victims of domestic violence and those who work in close proximity with them.

Domestic violence is unpleasant and so contrary to the emotional control

workplaces prefer that the inclination is to avoid the subject lest an unsavory pot get stirred.

The coalition is working on programs to inform Kentucky employers, small and large, about why it's in their interest to have policies addressing domestic abuse reporting and implement safe practices for those who are most at risk. Crimes of passion can and do come to the office, store or shop floor, and those who have prepared can avert, lessen or prevent disturbance, injury or worse.

Marcia Roth, executive director of the Mary Byron Project and board member for the Kentucky Commission on Women, approached fellow commission

members last winter during their strategic planning session about taking up the challenge of helping to educate Kentucky businesses about domestic violence with regard to workplace safety. Board members voted yes unanimously.

After Roth recruited more help for the initiative through Sgt. Rick Saint-Blancard, commander of the Public Affairs Branch of the Kentucky State Police, a training session for board members took place Aug. 7 at the Governor's Mansion. It revealed many commonwealth business leaders are underprepared for acts of domestic violence in the workplace and that some think they can get rid of the problem by firing the victim.

Targets are often hesitant to inform managers about domestic violence due to fear of retaliation from their employers, said Madeline Abramson, chair of the Kentucky Commission on Women.

“Our feeling is that people should not have to feel their job is at risk if there's a problem,” Abramson said. “Sadly, in some instances the employer response is, if this employee is having domestic violence issues that can spill into the workplace, then we'll just terminate this employee. That's not a good solution for the employer to lose a good employee, and it certainly is not the right solution for the person who is working.”

More common and costly than most realize

Many employers, Roth said, are unaware of how widespread domestic abuse is and what type of risks it poses in their workplace.

Spouses, boyfriends/girlfriends and ex-boyfriends/ex-girlfriends were responsible for the on-the-job deaths of 321 women and 38 men from 1997-2009, according to the U.S. Bureau of Labor Statistics.

“In most things that happen in domestic violence, we want to pretend that domestic violence is a crime that hits invisible people,” Roth said. “I've never spoken anywhere where someone hasn't come up to me and said, ‘I know just what you're talking about; it happened to me – it happened to my aunt, my mother.’”

By the time domestic violence reaches the workplace, Sgt. Saint-Blancard said, the situation has escalated. Workplace confrontations are often preceded by the victim filing for a protective or restraining order. However, job schedules for many employees change little from week to week, making the workplace an easy target.

Beyond safety in the workplace issues, other ramifications include financial losses for Kentucky businesses.

A recent journal article published by the University of Kentucky titled "Intimate Partner Violence, Employment and the Workplace" compiled data on the scope and effects of domestic abuse on the workplace and illustrated how problems from home can surface at work. It reviewed absenteeism, job loss, turnover rates, tardiness and lack of concentration as chasms for productivity loss.

One study found 54 percent of victimized employees were absent three or more days a month due to issues such as shame regarding their situation or injuries, legal issues, depression and partner sabotage, the article states. Abuse at home was touted as the cause of issues ranging from tardiness to job loss.

Productivity can be affected in other ways. Victim stress can cause concentration problems and distractions at work. The UK article states that 71 percent of respondents in a 2005 survey admitted being unable to concentrate because of partner victimization, and 63 percent were unable to complete their jobs to the best of their abilities.

"An analysis of the NCVS (National Crime Victimization Survey)," the article states, "indicates that partner-violence victims incur \$24 million annually

in medical expenses, much of which again is borne by employers."

Medical costs are second only to productivity costs in business financial losses due to domestic violence.

Meanwhile, Roth emphasized, many women who become domestic violence victims have few outside contacts, and this makes co-workers the first choice for advice and comfort.

The journal article states "66 percent of employed or recently employed women who filed for domestic violence orders in the Commonwealth of Kentucky reported (previously) telling someone at work about their partner violence at home."

And those victims often make requests regarding certain needs for dealing with domestic violence, which includes someone to confide in, telephone screening from abusive partners, assistance in creating a secure workplace, scheduling flexibility, information about counseling and how to seek protection, according to the article.

The business of keeping employees safe

Less than 24 hours before the new coalition's training began, a tragedy in Fort Thomas punctuated the need for educating Kentucky businesses about

becoming proactive with domestic violence issues in the workplace.

The morning of Aug. 6, 31-year-old Alisha Waters Mathis was tracked down on the way to work and shot by her estranged husband. According to police, Dennis Mathis chased his wife into her workplace and shot her several times before killing himself. Waters Mathis was gravely injured.

For Kentucky businesses, the job of keeping employees safe has to become part of day-to-day operations, said Dina Bartlett, legal consultant for The Mary Byron Project. The problem, she said, is not just about protecting an employee directly involved but also bystander co-workers and customers.

Bartlett referred to a workplace tragedy last year in a Milwaukee suburb where a domestic dispute escalated into violence at a day spa that employed a victim. Three people were killed, four were injured and several customers wearing bloody bathrobes fled into nearby streets seeking shelter.

"The abuser doesn't just go after his victim," Bartlett said. "He'll take down anyone who gets between him and her — maybe killing four other people along the way."

Many Kentucky business managers and

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company owners have never implemented policies and procedures for dealing with domestic violence in their workplaces. Domestic abuse is mainly viewed as a personal problem that has no place at work and requires no policy. However, Bartlett said, the sheer numbers indicate a proactive response is needed.

Twenty-five percent of all women are victims of domestic violence, she said, and 75 percent of those women are harassed at work. For a company that employs 100 women, those statistics equate to 18 employees being harassed by an abuser. Employers with a “don’t ask, don’t tell” approach could discover their workplaces are more dangerous because they aren’t prepared.

“The ostrich approach is not a very practical one,” Bartlett said. “And being proactive not only helps to insulate businesses from liability, it also produces employees who are more loyal and more productive. Ultimately, taking care of your employees creates a positive effect on the bottom line.”

The federal Equal Employment Opportunity Commission and the Occupational Safety and Health Administration have umbrella regulations that cover many workplace violence issues. Both the EEOC and OSHA mandate that employers provide a safe work environment for employees. In June, the EEOC published a memorandum stating that Title VII of the Civil Rights Act of 1964 as well as the Americans with Disabilities Act have applicability to employees who experience domestic or dating violence, sexual abuse or stalking.

For example, if an employee gets mugged and the employer grants time off for things like doctor’s visits or court hear-



Melissa Newman photo

ings, then those same benefits must be offered to victims of domestic violence.

Small businesses may be more vulnerable to potential liability than larger ones because they often lack a legal arm or a human resources department to consider the possibility of domestic violence in the workplace.

However, Bartlett said, there can be a cost for doing nothing if domestic violence shows up in the workplace no matter the size of the business.

The Centers for Disease Control and Prevention estimates the annual cost of lost productivity due to domestic violence is \$727.8 million (in 1995 dollars), with more than 7.9 million paid workdays – the equivalent of more than 32,000 full-time jobs – lost each year.

Marcia Roth, executive director of the Mary Byron Project, and Madeline Abramson, chair of the Kentucky Commission on the Women, look at the domestic violence resources available to businesses at workplacespond.org.

The grassroots work continues

Eleanor Jordan, executive director for The Kentucky Commission on Women, has worked her entire career to elevate the status of women and girls in Kentucky – first as a legislator and now as the driving force behind the commission.

Jordan believes that whether Kentucky employers realize it or not, domestic violence is coming to work every day.

“It’s not just ‘her’ problem anymore,” Jordan said. “Domestic violence doesn’t just happen one day. It follows her to work every day.”

Jordan said it is important for employers to understand the implications of domestic violence in the workplace as they are often the first defense and resource for victims. She said the Mary Byron Project paired with the Kentucky Commission on Women to spread the word about the implications of domestic violence in the workplace to encourage employers to implement some kind of plan to educate employees and outline safety protocols.

It was not the goal of the partnership to create plans they hope employers will implement, Jordan said, but to inform employers so they can be better prepared to implement a plan of their choosing.

The commission has recruited volunteers and members to discuss domestic violence effects in the workplace with businesses within the local communities. ■

Zeynab Day and Kasey Tyring are students of the Eastern Kentucky University Department of Communication.

Where to Find Help

For businesses: Resources are available to help employers of any size draft and implement effective workplace domestic violence policies. One is workplacespond.org.

For individuals: Reporting is strongly encouraged. If you know of abuse, an anonymous report can be filed with the state’s Cabinet for Health and Family Services hotline at 800-752-6200. Those who need someone safe they can turn to can reach the National Domestic Violence Hotline at 800-799-SAFE (7233).

Mary Byron Project: The Mary Byron Project was established in Louisville in 2000 in memory of the victim of a highly publicized murder. Mary Byron was killed in the parking lot after her shift at a JC Penney hair salon by her former boyfriend, who had just been released from jail. One of its first initiatives was helping establish the Victim Information Notification Everyday program. VINE notifies victims of a

perpetrator’s release from jail and is now implemented in more than 40 states.

Kentucky Commission on Women: In response to President John Kennedy’s federal Commission on the Status of Women, Gov. Edward T. Breathitt in April 1964 commissioned a study and report on the status of Kentucky women. Its findings demonstrated a need for a permanent agency to promote improvement of women’s status, and in November 1968, Gov. Louie Nunn by executive order established the Kentucky Commission on Women.

In 1970, the Kentucky Commission on Women became an official state agency through legislative action. It became part of the Cabinet for General Government as an administrative body attached to the governor’s office in 1980. In January 2008, Gov. Steve Beshear relocated the Kentucky Commission on Women into the State Capitol for the first time in its history.

A LITTLE REBELLION NOW AND THEN

How much longer will Americans tolerate government incompetence?

BY JOHN DAVID DYCHE

WOULD Americans ever really revolt against dishonest, incompetent, intrusive and wasteful federal government? The founders recognized not only a right of revolution but periodic need for rebellion. Current events may be proving them prescient.

There is no reason that citizens should believe anything the current administration says. Examples of its lying are legion.

Director of National Intelligence James Clapper gave a blatantly false answer when asked if the government was collecting data on American citizens. "No, sir. Not wittingly," Clapper said.

Then Edward Snowden, who had access to national security secrets due to botched background screening, leaked documents proving Clapper lied. The government not only spies on citizens, it does so to an extent not even Congress or the administration seems to know.

Outrage over this massive privacy invasion has been muted. Several other scandals have overshadowed the serial revelations of Big Brother-style government snooping. If a Republican administration was in power, mainstream media would be calling for impeachment, but the Obama administration assaults civil liberties with impunity.

The same goes for Obama's patently false statement that those who were happy with their current health insurance could keep it under Obamacare.

This is obviously untrue. Employers and insurers are changing or dropping coverages in droves.

It is also now painfully apparent that the federal government cannot do simple things that are routine in the private sector. The debacle of the healthcare.gov website is the most dramatic example, but there are many others.

A recent Treasury inspector general's report revealed that the Internal Revenue Service has made between \$110.8 billion and \$132.6 billion in improper Earned Income Tax Credit payments between 2003 and 2012. The IRS has wrongly transferred about \$11 billion per year from the law-abiding taxpayers who earned it to others not entitled to it. That same inept IRS bureaucracy now has a major role in administering Obamacare's penalties and subsidies.

Americans who finance such federal fiascos are rightfully angry and suspicious of the federal government. Its primary competence seems to be moving money from those who earned it to others who want it.

The Senate Budget Committee Republicans recently reported that during the five years of the Obama administration the federal government has spent an unbelievable \$3.7 trillion on welfare programs. As of 2012, the Census Bureau says 82.5 million people lived in households on Medicaid, 49 million people got food stamps, 23.2 million were in the

Women, Infants and Children program, and 20.2 million got Supplemental Security Income. CNN says 23 million Americans get some type of federal disability payment. Working Americans have a right to be cynical when they see reports like recent ones from Eastern Kentucky revealing massive disability fraud.

Families who operate on a budget are disgusted that the federal government does not. Washington has amassed a mind-numbing \$17 trillion in debt, prints money to buy its own debt, and now regularly flirts with default that, like so many other events, could collapse our entire economic house of cards.

There is little reason to believe our political system will act responsibly to prevent things from getting worse. Those championing radical fiscal reform will never form a functioning majority against the superior numbers who benefit from the status quo. Moderate compromisers cannot prevail over the political extremes.

History suggests that if an able, inspiring and responsible leader does not emerge soon, an able, inspiring and irresponsible one will. This nation has long believed itself exceptional but now realizes that it is not immune to the dangerous impulses that have always defined human societies.

Jefferson wrote to Abigail Adams, "I like a little rebellion now and then. It is like a storm in the atmosphere." The tea party represents a first rumbling of distant thunder, but darker clouds and more turbulence could be coming. ■




John David Dyche is a Louisville attorney and political commentator for WDRB.com.

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Endowment management must reflect the long-lived nature of postsecondary institutions such as Transylvania University, whose Old Morrison Building (above) is one of the oldest college buildings in the state. It was built in 1833.

Endowment Funds Looking Longer-Term

Investment strategy for Kentucky colleges and universities includes more private equity

BY FRANK GOAD

BOOKSTORE shelves today present many volumes whose sole purpose is to instruct how to invest like top university endowment managers. That people will pay to learn their ways says much about the skill of those guiding these funds.

Kentucky college and university endowments still change strategy only slowly and in small steps. There is a trend, though, toward longer-term private equity investments, often in physical product-based

sectors such as real estate and energy whose underlying assets retain their relative value should inflation depreciate the direct worth of currency.

Endowments are not a traditional money-in, money-out proposition. As reported a year ago in a two-part look at Kentucky college and university endowments by *The Lane Report*, standard practice is to use part of returns earned annually from savvy investing and leave the principal to grow long-term and produce larger returns in the future.

An endowment's two principle functions are: to provide literally perpetual financial stability and income to a school; and to enhance today's learning with endowed chairs, with targeted support for scholarships, visiting teachers and academic specialties such as research grants, and with other donor-designated avenues of support for students and faculty.

Endowment stewards know their success starts and ultimately rests with the school's supporters, the individuals who donate the money they manage.

A successful endowment is a testament to the generosity and loyalty of the school's alumni and admirers. Their financial support is a vote of confidence in the school and its mission – it's how many honor a place and time they regard as central to their success.

"No matter how well we invest and manage our endowment's assets, the generosity of our supporters and alumni remains the most critical part of our success," said Bob Jackson, president of the Murray State University Foundation.



*Bob Jackson,
President,
Murray State
University
Foundation*

Volatile markets, incremental change

More than five years after the severe economic downturn in 2008-2009 that saw some endowments' publicly traded equities lose 40 percent to 50 percent of their value, all Kentucky schools are still cautiously eyeing the financial investment markets.

Scott Owens, assistant controller for Centre College, reflects this careful nature in explaining endowment strategy at the nearly 200-year-old Danville institution.

"While looking at the agenda for our next investment committee meeting, it became obvious that very, very little will change, and the changes to be made are small indeed," Owens said.

While cautious, small changes are the strategy being followed by most schools, they also keep in mind that computerized-trade-driven markets now move much faster than even a few years ago and, in a matter of seconds, an investment gain can turn into a loss.

"The days of 'swing for the fences' are gone – the markets are so volatile," said Susan Krauss, interim treasurer for the University of Kentucky. UK's board of trustees recently approved a shift in asset allocation.

Complicating the management task further, the very long-term outlook they maintain means funds must invest a substantial portion of their assets in lower-risk opportunities, and therefore the gains they earn are often small. To capture those gains, fund managers today must have the authority to move more quickly than in the past. Many investment committees overseeing endowments have given their fund managers more authority to make quick decisions and seize any possible gains. Previously, fund managers had to wait for the next investment committee meeting, meaning many opportunities were lost.

Private equity commitments increasing

Most Kentucky schools maintain a traditional 65 percent stock and equities,

University of Kentucky Endowment Investment Targets

ASSET CLASS/STRATEGY:	PRIOR TARGET	NEW TARGET	CHANGE (PERCENTAGE POINTS)
US Equity	20%	12%	-8%
Non US Equity	20%	12%	-8%
Fixed Income	15%	10%	-5%
Private Equity	7%	12%	5%
Real Estate*	8%	12%	4%
Absolute Return	20%	10%	-10%
Real Return	10%	0%	-10%
Diversified Inflation Strategies*	0%	10%	10%
Long-Biased Long/Short Equity	0%	14%	14%
Global Tactical Asset Allocation*	0%	8%	8%
	100%	100%	0%

*Request for Proposals to be issued to hire one or more new managers in this asset class.

and 35 percent bond strategy long favored by more conservative advisors. Those interviewed for this story have made only small changes to their investment strategies since last year.

Although, echoing the need for quick action, each said they are looking harder at their tactical investment opportunities. They are retiring or reducing long-term bonds and fixed-income investments since the typical return on them is lower than average. This move also helps to balance portfolios and, in Krauss' words, "ensure appropriate vintage year diversification" and avoid holding too many older investments that are underperforming the markets.

Schools are investing more of their money in private equity transactions outside the publicly traded markets that require long-term commitments of funds. Each Kentucky school interviewed said it was doing so. They said they are moving into equities in a wide range of sectors such as oil, gas and other types of inflation-protected commodities; real

estate is prominent for all endowment funds. Private equity maturities range from short- to long-term to provide tactical advantages while offering better returns and varying degrees of liquidity.

"(Our) foundation is maintaining traditional investment exposure, but is gradually tilting towards private placement investments as a complement," James Shaw, vice president of university advancement at Morehead State University, said.

Jackson of Murray State echoed that.

"While we'll always hold bonds as part of our portfolio, we've been moving more money out of them and into private equities," Jackson said. "Our endowment's 13.9 percent return for fiscal year '12 is evidence that has been a good decision."

Morehead State's balance is typical of what many schools are doing, too.



James Shaw,
Vice President
of University
Advancement,
Morehead
State
University

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“(Our) foundation portfolio is made up of 41 percent stocks, 25 percent fixed-income and cash, and 35 percent alternative investments,” Shaw said. “One year ago our allocation was 37 percent stocks, 31 percent fixed-income and cash, and 32 percent alternative investments.”

UK charting a bolder course

The University of Kentucky is taking a different tack than most by adopting a hybrid policy for the disbursement of money back to the school. In the past, specific amounts were set out and the money disbursed regardless of the markets or inflation. Under the new model (approved at June’s fund committee meeting), allowances for inflation (based on the prior year) and the endowment’s total market value are calculated regularly, and distributions are recalculated accordingly. This allows the school to trim spending when inflation is low.

The school is also aligning its portfolios more aggressively than other schools. The accompanying chart is a summary of the asset allocation changes approved. The new asset allocation is designed to achieve a goal of a

7.5 percent long-term average annual return, with low volatility.

The changes, deemed necessary due to today’s lower-return investment environment, include reducing the UK endowment’s long-only equity and fixed-income allocations, increasing its private equity and real estate investment, and putting 20 percent of funds into new “global tactical multi-asset” and “long-biased long/short equity” categories. This change will be implemented in two phases, Krauss said.

Phase One, involving the liquid strategies, is currently underway and will be fully implemented by Jan. 1, 2014.

Phase Two, involving the illiquid strategies (private equity, private real estate and other private real assets), will be implemented slowly over the next several years to ensure appropriate vintage year diversification.

Of particular interest is the new Global Tactical Asset Allocation category that combines U.S. and non-U.S. equities into a single category that is to be managed by a single investment group. This allows the fund managers to respond more quickly to market changes worldwide.

“UK is working to empower the fund



Centre College photo

Students on the way to graduation ceremonies at Centre College in Danville walk past Old Centre, built in 1820. Today’s students and administrators benefit from the returns on investments the school’s endowment fund made decades ago.

managers and give them more freedom to capture opportunities on behalf of the school,” according to Krauss.

While UK has made the most changes, it has the largest endowment. The smaller Kentucky schools are still reeling a bit from the market drop and are investing in an accordingly cautious manner. Shaw of Morehead summed it up the best: “The foundation is maintaining a relatively neutral risk posture today,” and that seems to be the common wisdom. ■

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

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THE LANE LIST

KENTUCKY CASH RECEIPTS FROM FARM COMMODITIES

Ranked from highest to lowest farm receipts (in millions) from 2012

COMMODITY	▼ or ▲	2012	2011	2010
All Commodities	▲	\$5,284,095,000	\$4,918,924,000	\$4,453,443,000
All livestock products	▲	\$2,862,111,000	\$2,747,491,000	\$2,595,806,000
All crops	▲	\$2,421,984,000	\$2,183,433,000	\$1,857,637,000
Poultry	▲	\$1,045,523,000	\$950,811,000	\$953,068,000
Other livestock*	▲	\$882,180,000	\$862,901,000	\$755,038,000
Corn	▲	\$828,795,000	\$818,929,000	\$597,982,000
Soybeans	▲	\$741,325,000	\$576,120,000	\$598,882,000
Cattle and calves	▲	\$656,711,000	\$628,648,000	\$615,515,000
Tobacco	▲	\$384,886,000	\$325,881,000	\$331,579,000
Dairy products	▼	\$219,582,000	\$233,496,000	\$204,239,000
Wheat	▲	\$201,341,000	\$199,375,000	\$81,921,000
Hay	▲	\$142,373,000	\$140,674,000	\$129,980,000
Hogs	▼	\$115,409,000	\$118,977,000	\$107,278,000
Other crops	▼	\$86,329,000	\$86,774,000	\$83,448,000
Vegetables and melons	▲	\$28,515,000	\$25,075,000	\$23,000,000
Fruit and nuts	▼	\$8,420,000	\$10,605,000	\$10,805,000
Aquaculture	▼	\$2,289,000	\$2,317,000	\$2,385,000
Honey	▲	\$811,000	\$495,000	\$911,000
Wool	▲	\$52,000	\$47,000	\$35,000

*Other livestock includes horses, stud fees, mules, sheep and lambs, goats, turkeys, rabbits, bison and all other livestock.

**Other crops include greenhouse/nursery, barley, sorghum grain, popcorn, sunflowers, other seeds, other field crops and mushrooms.

Source: USDA

Cash Receipts for Farm Commodities in Kentucky Top \$5 Billion in 2012

THE University of Kentucky College of Agriculture predicted late last year that the state's 2012 farm cash receipts would top \$5.3 billion – and it was nearly right on the money. Kentucky farm products brought in \$5.284 billion in 2012.

Total receipts were up 7.4 percent in 2012. Receipts for livestock and products were \$2.862 billion, while crops receipts were \$2.421 billion.

At \$1.04 billion (an increase of nearly 10 percent over 2011), poultry continues to be the state's top-dollar product. Cash receipts for poultry accounted for approximately 20 percent of all receipts in 2012.

Soybeans cash receipts grew significantly in 2012, more than 28 percent. Several other commodities had big gains, including: honey (63.8 percent); tobacco (18 percent); vegetables and melons (13.7 percent); wool (10.6 percent); and cattle and calves (4.4 percent). Hay, wheat and corn had minor increases.

Fruits and nuts were down 20.6 percent. Dairy products, hogs, aquaculture and the other crops category also saw decreases.

Kentucky crop prospects for 2013 remain optimistic, according to the United States Department of Agriculture. Yields are projected to be above 2012 levels, according to the Kentucky Field Office of the USDA's National Agricultural Statistics Service.



Cash receipts for poultry accounted for approximately 20 percent of all receipts in 2012.



Soybeans cash receipts grew significantly in 2012, more than 28 percent.



Tobacco cash receipts were up 18 percent in 2012.



Cash receipts for honey were up 68 percent in 2012, growing from \$495,000 to \$811,000.



Ford employee Michael Thomas helps a row of 2010 Ford Explorers move through final assembly at the Louisville Assembly Plant in this file photo.

AMTEC, the Automotive Manufacturing Technical Education Collaborative founded by the Kentucky Community and Technical College System, seek to better prepare highly skilled technicians and manufacturing engineers for work in automobile manufacturing and technology.

trial mechatronics curriculum and assessment tools, partner with colleges to meet the multi-skilled technician gap across the manufacturing spectrum (not just in the automotive sector), research and highlight best practices throughout the nation and internationally, if necessary, to spur educational innovation and create sustainable career pathways for mechatronics technicians into advanced degrees as they progress through their career."

The collaboration began in 2003, said Timothy Burcham, vice president of KCTCS and executive director of KCTCS Foundation Inc. Officials at Toyota Motor Manufacturing Kentucky in Georgetown assessed the plant's workforce projection numbers a decade ago and realized TMMK would face a potential large shortage of skilled workers in 2013, when many of its long-term employees would become eligible to retire.



Timothy Burcham, vice president of KCTCS and executive director of KCTCS Foundation Inc.

"We began discussions with them about how to build a pipeline of replacements," Burcham said. "That led to them giving us financial support to create the Kentucky Center of Excellence in Automotive Manufacturing. We pulled together all of the various pieces of our curriculum that have anything to do with the production process of a car, and that led to a National Science Foundation grant of \$5.5 million in 2005."

Ultimately, the grant led to the formation of AMTEC. TMMK formed its own Automotive Manufacturing Technician training program on its Scott County campus in conjunction with Lexington's Bluegrass Community and Technical College, part of the 16-member KCTCS system. The program is customized to TMMK, but it is derived from and similar to AMTEC.

AMTEC students at dozens of schools work with a wide variety of auto manufacturing facilities – such as Ford Motor Co. in Dearborn, Mich., and Volkswagen in Chattanooga, Tenn. – in several states using a standardized curriculum endorsed by the automotive industry. Manufacturers partner directly with local community colleges to create

Kentucky Paves Way for Carmaker Career Training

AMTEC collaboration created by KCTCS assembles U.S. auto manufacturing industry's future worker pipeline

BY ABBY LAUB

KENTUCKY'S automotive manufacturing industry is navigating a challenging workforce development crossroads.

The U.S. automobile market is poised for a fifth straight year of growth for just the second time since World War II, and demand for Kentucky-made vehicles is at an all-time high.

As of August, Kentucky auto production was ranked third in the nation with more than 657,000 vehicles produced and the commonwealth is on pace to crush last year's production tally of more than 1 million vehicles.

That's great news for Kentucky's four automobile assembly plants and more than 400 auto parts suppliers. The caveat: As more jobs are added and as baby boomers retire, finding skilled workers to take their place can be somewhat of a challenge.

Enter the Automotive Manufacturing Technical Education Collaborative.

Founded by the Kentucky Community and Technical College System, AMTEC is a collaboration of community and technical colleges and industry partners in 14 states that seek to better prepare highly skilled technicians and manufacturing engineers for work in automobile manufacturing and technology. Under the AMTEC umbrella are career pathways to fit unique needs of students and employers, shared best practices and educational models, college curriculum aligned with industry-endorsed skills, and industry-endorsed certification assessments. In 2009, AMTEC became a National Center for Excellence in Advanced Auto Manufacturing.

"The larger impact of AMTEC/KCTCS is multifold as we continue to work with our governmental, educational and economic development communities," said Danine Alderete-Tomlin, executive director of Kentucky Center of Excellence in Advanced Automotive Manufacturing. "We will continue to improve our indus-

a clear career pathway with specific skills and proficiencies – some of which cross over into other manufacturing jobs.

For AMT students at TMMK, the two-year program is very site-specific and has almost a 100 percent success rate of job placement. Toyota recently announced plans to move production of the Lexus ES 350 from Japan to TMMK – a \$531 million investment that will create 750 new jobs. The new production line, combined



Dennis Parker,
Assistant
Manager of
Workforce
Development,
TMMNA

with a large group of employees nearing retirement, has made the AMT program even more crucial to the plant's success.

Dennis Parker, part of the management team at Toyota's North American Production Support Center, played an important role in getting the program started and is an expert in advanced manufacturing training. AMT is designed to attract stellar students into the program, an internship and a job at Toyota, he said.

"We don't think classrooms are very productive learning environments," he said. "What we think is much more effective is a classroom that emulates the working area. The place of learning should look, feel and operate like a place of work so we created a special campus at Toyota and there are no classrooms."

AMTEC nationally recognized

The program is so effective that just this summer, it was honored with the National Career Pathways Network's Career Pathways Partnership Excellence Award.

Stepping into the BCTC campus at Toyota looks almost like it would at the plant just across the street – it's complete with robots, computers, and all kinds of high-tech gadgets to get students workforce ready.

It is a win-win for everyone involved. BCTC gets an incredibly unique and cutting-edge program that no other school has, a new crop of students who

otherwise may not have attended the school, and a chance to influence workforce-ready educational programs on a larger scale. And Toyota gets skilled workers ready to hit the ground running.

AMTEC aims to replicate that success on a larger, national scale. The program's original 2005 goals are to develop workforce standards for maintenance technicians, develop competency measurement tools, prepare the workforce to be globally competitive, increase productivity and develop a worker pipeline for the future. A vast network of partnerships – some of which begin in elementary schools – benefits students, employers and schools alike.

Kentucky has a strong showing in the programs.

"All of the colleges that surround the manufacturing sites in Kentucky – South Central (Bowling Green) and Jefferson in Louisville for Ford – are intricately involved in helping those manufacturers with training," Burcham said. "Not all of the programs are as specific as Toyota is at AMT. Overall, the story is more about what the automotive manufacturing environment is doing to prepare its workforce. It is a national movement through AMTEC to align curriculum that automotive manufacturers as a group agree is necessary to hire workers."

In some cases, it spurs growth at the community colleges involved. KCTCS is building a new facility a short distance from Toyota so the program there can be expanded.

"In that facility we will be able enroll up to 1,200 students, and offerings would be made available throughout the region to other manufacturers, not just Toyota," Burcham said. "There are similar skill sets with partner industries."

Bowling Green Technical College partnered last year with General Motors in creating a FANUC certified robotics training center. The partnership brings to Bowling Green the state's only FANUC certified center, providing critical professional development to current, expanding and new businesses.

GM Corvette Assembly recently completed a \$131 million renovation and is adding up to 250 workers. GM officials are happy that the training of their employees will be handled at a world-class training center located at the BGTC Transpark campus, just five miles from the plant.

AMTEC education, an associate degree program, gives students a broad range of skills, including program logic control, electricity, robotics, welding and more – almost like the liberal arts of manufacturing. The theories and skills can transfer almost anywhere.

'We are central to their success'

"We are so closely connected to industry in all respects, not just automotive," Burcham added. "These days we are so central to their success because of the sheer demographics. We know how many high school students are being produced at the same time you have this huge exodus of baby boomers in retirement ages. It's an exciting time for us and a very stressful time for us."

The ultimate goal for all involved? A more competitive workforce.

"... The added benefit is that we are building manufacturers with skill sets that any industry would be happy to have," Alderete-Tomlin said. "We specialize in industry-endorsed curriculum and assessments ... There is a lot of national interest in what we're doing. Colleges don't want to have to reinvent the wheel if they have something vetted by industry."

And for the students, there is an automatic career pathway with AMTEC and a chance to be educated with no student debt. AMTEC even is reaching out to young populations, with a high school model in Texas, and events such as robotics camps for kids, Alderete-Tomlin said.

AMTEC is set to increase its industry partners by at least three this year alone, and ultimately hopes to become nationwide. ■

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



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SPOTLIGHT ON THE ARTS

Berea Writer C.E. Morgan Among Winners of \$50,000 Whiting Prize

BEREA writer C.E. Morgan is among 10 emerging authors, poets and playwrights named winners of the \$50,000 Whiting Writers' Awards for showing "exceptional talent and promise."

Pulitzer Prize-winning playwright Tony Kushner, a previous winner, hosted a ceremony in Manhattan last in October to hand out the awards.

Other recipients include fiction writers Hanna Dela Cruz Abrams, Jennifer DuBois, Stephanie Powell Watts and Amanda Coplin; poets Ishion Hutchinson and Rowan Ricardo Phillips; playwright Virginia Grise; nonfiction writer Morgan Meis; and nonfiction and fiction writer Clifford Thompson.

Morgan's first novel, "All The Living," was published in 2009 and garnered her recognition as a rising young fiction writer in 2010 from the National Book Foundation and *The New Yorker* magazine.

Morgan holds degrees from Berea College and Harvard Divinity School. She will use her Whiting Award to finish her current novel about horse racing and race relations in the contemporary South and Ohio River Valley.

Kentucky Arts Council Seeks Nominations for Governor's Awards in the Arts



Laura Ross of Prospect, Ky., received the 2013 Governor's Awards in the Arts – Artist Award.

THE Kentucky Arts Council is seeking nominations for the 2014 Governor's Awards in the Arts. The commonwealth's highest honor in the arts, the awards recognize individuals and organizations that have made extraordinary contributions to the arts in Kentucky.

"For more than 30 years, Kentucky's governors have used these awards to acknowledge the people and organizations that have sustained and advanced the arts in the commonwealth," said Lori Meadows, arts council executive director. "The arts are everywhere in Kentucky and anyone can make a nomination."

The nomination process is coordinated by the arts council. Eligibility is specific to each of the nine award categories: Milner, artist, business, community Arts, education, folk heritage, government, media and national. Depending on the category, eligible nominees must be residents of, located in or have close ties to Kentucky. Past recipients and posthumous nominees are not eligible.

For guidelines, instructions and nomination forms, visit arts council.ky.gov/Opportunities/GovAwards.htm or contact Dan Strauss at dan.strauss@ky.gov or (888) 833-2787, ext. 474.



Jordan Price, Mera Corlett and Ryan Watson of Kentucky Shakespeare display their power2give check with Ashley Spurlock, director of resource development and communications at Fund for the Arts.

KAC Matches Funds for Art Projects Through power2give

THE Kentucky Arts Council is again making \$100,000 available and partnering with the Fund for the Arts in Louisville in fiscal 2014 to provide dollar-for-dollar matching funds to non-profit arts projects through the online crowdfunding tool power2give.org.

Projects must be sponsored by Kentucky Arts Partners program organizations. The council will match up to \$10,000.

In fiscal 2013, the state arts agency provided \$100,000 in matches to 64 KAP organization projects in Covington, Lexington, Louisville, Henderson, Bowling Green, Paducah and other Kentucky communities through power2give.

"The funds we provide ensure the continued delivery of arts and cultural programming across the commonwealth," said Lori Meadows, arts council executive director. "Our Kentucky Arts Partner organizations have been able to leverage this funding to provide greater access to the arts for the people in their communities."

The total impact of agency contributions more than doubled in fiscal 2013 because they match funding by others: 630 gifts totaling more than \$160,000 were made by individuals to projects matched by arts council dollars.

Power2give.org started as an initiative of the Arts & Science Council in Charlotte, N.C. It is hosted in Kentucky by Fund for the Arts in Louisville. Kentucky is the second state to utilize the fundraising tool. The arts council is the first state arts agency in the country to participate in the online fundraising tool.

"From workshops to arts education initiatives, technical support and providing summer arts camp scholarships for children, our KAP organizations maximized every dollar they received to enrich the lives of the people of Kentucky," Meadows said.



Lori Meadows is executive director of the Kentucky Arts Council.

Arts Events Around the State

"The Two Character Play" by Tennessee Williams

The Balagula Theatre Co.
Natasha's Café, Lexington
8 p.m. Nov. 10-13
Balagula.com
888-927-4850

Moscow Ballet Presents The Great Russian Nutcracker

SkyPac, Bowling Green
7:30 p.m., Nov. 21
theskypac.com
270-904-1880

"The FunKiKraKr"

Ashland Youth Ballet
Paramount Arts Center, Ashland
7 p.m., Dec. 7
paramountartscenter.com
606-324-3175

War Horse

Whitney Hall
The Kentucky Center for the Performing Arts, Louisville
8 p.m., Nov. 23
kentuckycenter.org
502-562-0100

The Nutcracker

Lexington Ballet Theatre
Lexington Opera House
2 & 8 p.m., Dec. 14
kyballet.com
859-252-5245

Berea Welcome Center Carvers

Kentucky Artisan Center at Berea
10:30 a.m.-3:30 p.m., Nov. 16
kentuckyartisancenter.ky.gov
859-985-5448

EXPLORING KENTUCKY



At Christmastime, the Maker's Mark Distillery lights its candles for evening Holiday Tours of the property, which is registered as a National Historic Landmark.



Catch the Spirit!

Kentucky abounds with holiday happenings to celebrate the season

BY KATHERINE TANDY BROWN

READY or not, the holidays are upon us again. Some people dig in their heels, kicking and screaming at the season's approach. Like the Grinch, they groan at the sounds of tinkling Salvation Army bells and piped-in carols, merry red-and-green displays of the year's "it" toys, and church bazaars laden with handmade gifts and mouth-watering goodies. They gripe at having to add yet another event to burgeoning calendars and bah-humbug at the thought of pot-bellied Santas and cheery cocktail party chatter.

If you're one of those Scrooges, this month's column is not for you. It's for those Kentuckians who focus on the

holiday through childlike eyes and open their hearts to the joys that seem always to emerge when the days are short and chilly and packed with surprises.

The commonwealth abounds with things to do for those who celebrate, and following are a few selections bound to add a bit of ho-ho-ho to your December.

Look for luminaries at dusk along village paths and tons of twinkling lights on a 31-foot spruce during Holidays at Shaker Village of Pleasant Hill in Harrodsburg the month of December. Festivities include daily holiday buffet lunches, tours of this historic treasure, a shop rife with beautifully crafted cre-

ations, and rides on the horse-drawn Jingle Bell Shuttle. On weekends, you can learn to make a living herb wreath, attend a holiday tea, peek into Mrs. Claus's Workshop and ooh and ahh on evening candlelit walks through Center Family Dwelling. (shakervillageky.org 800-734-5611)

More lights are a-twinkling in Frankfort, where you can ogle jazzy Christmas displays during the Lighting of the Distillery at Buffalo Trace on Dec. 5. Though you may salivate at smelling the "angel share," i.e. the sweet, grainy aroma of aging bourbon, you won't get lit on the annual distillery tour. After a crash course in how these spirits are made, you'll revel in holiday spirit as the Kentucky State University Choir sings, followed by a visit from the king of elves himself, Santa Claus, at this free event. (buffalotracdistillery.com 800-654-8471)



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EXPLORING KENTUCKY



The holidays shine bright at Shaker Village of Pleasant Hill in Harrodsburg. Festivities include daily holiday buffet lunches, tours of the property, rides on the horse-drawn Jingle Bell Shuttle, a peek into Mrs. Claus' Workshop, candlelit walks and more.

In a melodious holiday partnership, Lake Cumberland Performing Arts and The Center for Rural Development in Somerset take you back to the days of letter sweaters, poodle skirts and saddle oxfords with The Letterman Christmas Show on Dec. 21. Known for exquisite close harmony, the trio has presented this show for the past 30 years, featuring holiday songs and a medley of their 26 memorable hits. Get those '60s duds out of mothballs and be prepared for surprises. Some involve the audience. (centertech.com 606-677-6000)

Tucked in a charming 1850s Victorian village in Loretto, Maker's Mark Distillery lights its candles once again for evening holiday tours of this National Historic Landmark property on Dec. 7 and 14. On a walk-through, you'll discover how this popular small-batch bourbon is created, admire huge bright copper tanks and Cyprus fermentation vats, and marvel at the care taken in labeling and hand-dipping each bottle. Afterwards, you can purchase a Maker's Mark souvenir Christmas bottle, warm your innards with holiday refreshments and shop for bourbon-inspired gifts. (makersmark.com 270-865-2099)

Staying in the same historic era, 1851 Historic Maple Hill Manor opens its doors in Springfield for a free Christmas holiday open house every Saturday afternoon in December, complete with luscious refreshments, spirited music and a tour of this gorgeous Kentucky

The jolly old soul will abandon his sleigh for a few Christmastime rail rides on the Kentucky Railway Museum's Santa Express (Dec. 7-8, 14-15, 21-22) and North Pole Express (Dec. 6-8, 13-15, 20-22). Located in New Haven, the museum encourages kids to wear pjs for pictures with you-know-who. On the Santa Express, the "big fat man with the long white beard" and perhaps a reindeer or two, will chat with children during a two-hour ride.

"The North Pole Express is a different experience," said Lynn Kustes, marketing director for the Kentucky Railway Museum. "This train travels to pick up Santa in the evenings when it's dark out-

side and the train is lit with Christmas lights. These tickets sell out pretty fast." (kyrail.org 800-272-0152)

Tickets for the Bluegrass Theatre Guild's play, "Miracle on 34th Street," Dec. 5-8 at the Grand Theatre in Frankfort, are sure to be hot items. A real heartstring-tugger, the story from the 1947 movie pits a six-year-old who has doubts about the existence of Mr. Claus against a department store Santa with magical connections. The classic Grand, built in 1911 as a vaudeville house, is itself a draw since its \$5-million morph into a 428-seat performing and visual arts theater. (grandtheatrefrankfort.org 502-352-7469)

Christmas

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In the month of December, Shaker Village of Pleasant Hill near Harrodsburg has daily holiday buffet lunches, tours of its unique grounds and rides on the horse-drawn Jingle Bell Shuttle.

landmark home. Replete with white columns, four chimneys and lush interior décor, the house is on an alpaca farm, where you can interact with 50 fiber alpacas and llamas and peruse the farm store for presents of Kentucky Proud clothing – caps, scarves, sweaters, et al. – made from soft alpaca fur. (maplehill-manor.com 859-336-3075)

For the past 75 years, folks have been warming winter chills by shaking a leg at the Berea Christmas Country Dance School. Starting on Dec. 26, this week of traditional dance on the Berea College campus includes all sorts of toe-tapping, Appalachian clogging and square



dance, plus advanced classes in dance instruction and calling. There's also singing, music, traditional crafts and parties. All skill levels of adults and teens are welcome. A gala New Year's Eve dance is the icing on this holiday cake. Register by Dec. 1. (berea.edu/ccds 606-985-3431)

This is but a sampling of the myriad holiday happenings across the state. For more, visit the Kentucky Tourism website, kytourism.com. May all you revelers have a ball! ■

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

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U.S. Agriculture: Reduced Impact on Climate Change

WHEN it comes to producing greenhouse gases, it turns out agriculture is not the bad guy some think it is.

Greenhouse gases derive from a number of sources, with the top three being electricity production, transportation and industry. Food production has not been found to be a leading source of greenhouse gases in this country. Since 1990, agricultural emissions have stayed flat, while production has increased significantly. And it's that increase in production that may have resulted in the sector's reduced impact on climate change, according to Paul Vincelli, plant pathologist in the University of Kentucky College of Agriculture, Food and Environment.

There are two ways to measure the impact of any agricultural commodity production on global warming, Vincelli said. One way is to measure how much carbon is emitted into the atmosphere per acre. The other is per unit of agricultural production, such as per bushel of corn.

"In the last 50 years when measurements have been taken, it has been shown that the carbon footprint per unit of agricultural production has gone down substantially," he said, attrib-



uting that to the dramatic yield increases producers have experienced over the past 100 years.

In the developing world, crop yields are often much lower, requiring the cultivation of more land, which Vincelli said can multiply the carbon footprint of food production by as much as three.

"Sure, there's a carbon footprint to agricultural production, and we recognize that, and we want to make it better. Growers are always interested in improv-

ing their environmental impact as well as their bottom line," he said, emphasizing that the ultimate goal is "sustainable intensification."

"The intensification that we've experienced has actually, on a per-unit-of-production basis, resulted in less of an impact on climate change," he said. "That's a really positive message, and I think growers should congratulate themselves for the wonderful work they've done."

Steele Named Chair of House Budget Panel



Rep. Fitz Steele, D-Hazard, right, confers with Rep. Sal Santoro, R-Florence, during the October meeting of the Interim Joint Committee on Appropriations and Revenue.

REP. Fitz Steele, D-Hazard, will serve as chairman of the House Budget Review Subcommittee on Economic Development and Tourism, Natural Resources and Environmental Protection and, in turn, will also be appointed to serve on the House Appropriations and Revenue Committee. He replaces state Rep. John Arnold, D-Sturgis, who resigned amid sexual harassment allegations.

Steele, who is currently chair of the General Assembly's Program Review and Investigations Committee,

was "a natural choice to take on this responsibility," said House Speaker Greg Stumbo.

"He has a deep understanding of this portion of the budget, having served as its vice chair for the past five years," the speaker said. "This committee is in good hands."

Steele said the appointment "is a true honor, and I appreciate the confidence House leaders have put in me."

The budget review subcommittees will craft the House's version of the two-year state budget that will be considered during the 2014 regular session, which begins in January.

More than 50 Species of Trees Available to Kentuckians

NOW'S the time to plan your spring tree-planting activities.

There are more than 1 million acres of land in Kentucky that could benefit from tree planting, according to the Kentucky Division of Forestry. These areas could not only be planted to produce future timber crops, but also be planted to improve wildlife habitat and protect the soil from erosion by wind or water.

In urban areas, planting may be done to improve the environment by reducing the effects of heat, wind, dust and noise, providing privacy screens or just beautifying the urban landscape.

KDF offers seedlings from more than 50 species of trees, including bald cypress, black walnut, white oak, yellow-poplar, dogwood, redbud and others. Seedlings will be available for shipping from January through April; they are shipped in bundles of one, 10 or 100 and range in price from \$5 to \$48 per bundle. They are available on a first-come, first-serve basis.

Kentucky residents can place their orders online at <http://1.usa.gov/SR4XJp>. For specific information about the availability of various tree species and their prices, call KDF's main office at 800-866-0555.

Americans are Losing Health Insurance Coverage by Political Design

Excerpted from an Oct. 29, 2013, editorial in *The Wall Street Journal*

For all of the Affordable Care Act's technical problems, at least one part is working on schedule. The law is systematically dismantling the individual insurance market, as its architects intended from the start.

The millions of Americans who are receiving termination notices because their current coverage does not conform to Health and Human Services Department rules may not realize this is by design. Maybe they trusted President Obama's repeated falsehood that people who liked their health plans could keep them. But Americans should understand that this month's mass cancellation wave has been the president's political goal since 2008. Liberals believe they must destroy the market in order to save it. ...

If too many people keep private policies instead of joining the government exchanges, ObamaCare could fail. HHS has thus reviewed the decisions of people in the individual market and found them wanting. ...

NBC News reported as a "scoop" that the White House knew all along that millions would lose their policies. But HHS's trail of purpose has been there for anyone willing to look. ... In HHS's "regulatory impact analysis" published in the *Federal Register*, the department estimated that between 40 percent and 67 percent wouldn't qualify as a permitted plan, and this was the point – to prevent such policies "from being bought and sold as a commodity in commercial transactions." HHS knew that lightly regulated policies might be popular, especially compared to the restricted choices in the exchanges.

Once customers are herded into the exchanges, HHS has the power to further standardize benefits, further limit choices by barring certain insurers from selling through selective contracting, and generally police the insurers to behave like the government franchises they now are. ...

None of this is an accident. It is the deliberate result of the liberal demand that everyone have essentially the same coverage and that government must dictate what that coverage is and how much it costs. Such political control is the central nervous system of the Affordable Care Act, and it is why so many people can't keep the insurance they like.

Teachers Make a Difference



Amy Mallot photo

Gov. Steve Beshear (left) and Kentucky Education Commissioner Terry Holliday (right) were on hand to honor the recipients of the Kentucky Teacher of the Year awards. Pictured here with Beshear and Holliday are (from left) Kentucky Education Association President Stephanie Winkler, High School Teacher of the Year Joanna Howerton Stevens, 2014 Teacher of the Year Holly Bloodworth and Middle School Teacher of the Year Melanie Trowel.

"Our best hope for the future is to prepare each of our children for a life of promise in this highly competitive and increasingly sophisticated world," Gov. Steve Beshear said. "Our teachers are the ones who are called, day after day, to perform heroic tasks in the classroom – to convey knowledge, train, inspire, mentor, awaken curiosity and show our children not only how to learn but to think."

"Classroom teachers are the most important assets in education, said Education Commissioner Terry Holliday. "These teachers represent the best of the best in Kentucky."

A third-grade teacher at Murray Elementary School in the Murray Independent school district, Holly Bloodworth, is the 2014 Kentucky Teacher of the Year.

Melanie Trowel, a science teacher at Carter G. Woodson Academy in Fayette County, is the 2014 Middle School Teacher of the Year. Joanna Howerton Stevens, a mathematics teacher at Lincoln County High School in the Lincoln County school district, is the High School Teacher of the Year.

The three joined 21 other teachers from across the state honored with 2014 Ashland Inc. Teacher Achievement Awards.



Kentucky Wins! Aims for Gambling Referendum

A coalition of business and community leaders from around Kentucky announced last week the launch of Kentucky Wins!, a grassroots effort focused on allowing the public to vote on expanded gaming.

Co-chaired by Louisville business leaders Ed Glasscock and Jonathan Blue, and Terry McBrayer of Lexington, a, Kentucky Wins! is a group of men and women from across the state, representing large corporations, small independent businesses, teachers, the equine industry and local cities.



"History has shown that when the business community comes together, things happen," Glasscock said. "We have five additional co-chairs to help lead this effort as well as a distinguished executive board of over 50 Kentuckians from various backgrounds who share the goal of making Kentucky competitive again."

By 2015, it is estimated that Kentuckians will export at least \$527 million in gaming revenues to casinos in nearby states, generating tax revenues to build roads, bridges and schools in Indiana, Illinois, Ohio and West Virginia, according to a 2011 Spectrum Gaming Group study.

"Kentucky is falling behind its competitor states as hundreds of millions of dollars are spent outside of our borders every year. It is time for our legislature to craft legislation that keeps dollars in our state and funds critical investments without tax increases," Blue said. "A ballot referendum would allow Kentuckians to vote once and for all to bring expanded gaming to the commonwealth."

Members of Kentucky Wins! plan to travel around the state to spread the word about the effort. Visit kywins.com for more information.

KENTUCKY PEOPLE

LEXINGTON: ORANGE LEAF YOGURT ANNOUNCES PARTNERSHIP WITH UDDERLY KENTUCKY MILK

University of Kentucky basketball coach John Calipari (center) joined Kentucky Agriculture Commissioner James Comer (left) and Orange Leaf Frozen Yogurt co-owner Evan Morris (right) to announce that Orange Leaf will use only Udderly Kentucky milk in the frozen yogurt products sold at its 11 Kentucky stores. Udderly Kentucky milk is 100 percent produced and processed in Kentucky. The brand was launched earlier this year as a means of supporting Kentucky dairy farmers.



Kentucky Department of Agriculture photo

LOUISVILLE: DEMING, MALONE, LIVESAY & OSTROFF CELEBRATES THE FIRM'S FOUNDING PARTNERS



The Louisville-based accounting firm of Deming, Malone, Livesay & Ostroff recently honored its founding partners at an October celebration marking the 38th anniversary of the firm. Pictured here are (left to right) Joel Deming, Bill Malone, John Livesay and Armand Ostroff.

CLERMONT: BERNHEIM FOREST UNVEILS SCULPTURE HONORING CONTRIBUTIONS OF BARRY BINGHAM JR.



Bernheim Forest held a public opening in October of a new sculpture honoring the life and service of the late Barry Bingham Jr., the former publisher of The Louisville Courier-Journal and Louisville Times. Bingham was also a strong supporter of Bernheim, serving on the board of trustees from 1970-2006. Louisville sculptor Matt Weir carved the large-scale, multi-dimensional piece – which is entitled *Earth Measure* – out of massive blocks of stacked limestone. Pictured here admiring the sculpture are (from right to left) Bernheim Executive Director Mark Wourms; Bingham's wife, Edie; daughter, Emily; and grandson, Jim.

LEXINGTON: KEENELAND BUGLER BUCKY SALLEE HANGS UP HIS HORN



After serving for more than 50 years as the official bugler at Keeneland, George "Bucky" Sallee (above left) retired in October. Since accepting the position in the early 1960s, Sallee made more than 10,000 "calls to the post" at Keeneland and missed only one day at the job, when his first wife died on a Saturday in the early 1970s. Pictured above congratulating Sallee is former Keeneland President and Chairman of the Board Ted Bassett, who now holds the title of trustee emeritus. Succeeding Sallee is Steve Buttleman (below), who brings nearly 20 years of experience as a bugler to Keeneland. Buttleman has performed the call to the post at some of the nation's most prominent racetracks, including Churchill Downs, Belmont Park and Oaklawn Park.





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