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A SHOT OF 'BOURBONISM' FOR KENTUCKY HOTELS

More than \$600 million in hospitality sector projects
will add 2,000-plus rooms across state

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LANE ONE-ON-ONE:
DR. JAMES L. HURLEY
President, University of Pikeville



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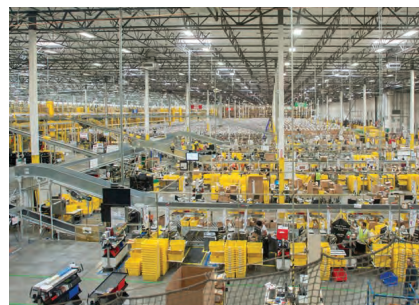
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Driven in large part by growing bourbon tourism, which is being called "bourbonism" by Louisville officials, the hotel industry in Kentucky is ringing up strong growth with more than 2,000 new rooms planned or already under construction.

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PERSPECTIVE

HIGH TAXES, LOW GROWTH

Look at history for key
to economic success

BY PAT FREIBERT

YOU can almost hear America's huge sigh on April 15, when another IRS deadline has passed and the whole nation seems to exhale in a collective expression of relief for another year. It is a sorry situation when American taxpayers fear the government's tax collectors. Reports of widespread corruption, cronyism and incompetence within the IRS do nothing to inspire confidence in the fairness or competence of those federal employees charged with separating American taxpayers from incomes earned through their own labor.

High taxes and excessive regulatory burdens directly and negatively affect economic growth and job creation. Census figures confirm that American businesses and individuals are pulling up roots from high-tax states and moving to lower-tax states with less burdensome regulation like Arizona, Colorado, Florida, Montana, Nevada, South Carolina and Texas. The higher-tax states they are abandoning include California, New York, New Jersey, Illinois, Massachusetts and Maryland. Once the most populous state, New York dropped to fourth place in the latest census figures on population. New job creation depends on a growing economy, and economies just can't grow where high taxes impede growth.

Toyota did not leave California for Texas for a better climate, or for any other reason except to escape high taxes. High taxes depress job growth. Excessive regulatory burdens also depress job growth.

When companies and individuals flee high-tax states, they head straight for states like Texas or Florida. Why? Because they are looking to reduce their tax burdens. This phenomenon also exists at the international level as well. U.S. companies are buying foreign firms to change residence and nationality to avoid the heavy taxation of headquartering their business in the United States – which has the highest corporate income tax among Western nations. Factories are also established in foreign countries in order to become or remain profitable. Economists refer

to this phenomenon as “the inversion epidemic.” Whatever it is called, it results in negative consequences to America's economy.

Art Laffer (Laffer Curve originator) and his co-authors have shown in “An Inquiry into the Nature and Causes of the Wealth of States,” that “high taxes do indeed depress job growth, whereas states with lower taxes outpace the others in job growth decade after decade.” We should heed the lesson on economics taught to us long ago by former Presidents John F. Kennedy and Ronald Reagan. In the 1960s, President Kennedy cut taxes, the economy grew and the national treasury experienced significant increases as a result. In the 1980s, President Reagan cut taxes, the economy grew and the result was the greatest peacetime expansion of the economy ever recorded at that time. This is history and cannot be denied, so why do we have to re-learn this economic lesson over and over, every few years?

Our nation is presently experiencing record collection of taxes, yet even that it is not enough for politicians in the administration – they want more. Politicians and bureaucrats attempt to fund more and more programs for more and more people, even in the face of staggering debt and deficits. The founding fathers and our governing documents never intended this profligate taxing and spending. What the country really needs is tax reform – not tax increases.

It is good to remember the sacrifices and struggles of America's forefathers, and to understand that the principles of those early Americans need constant nourishment and support if we are to continue as a free people. Excessive debt is an enemy to a free society. Most Americans accept that taxes are necessary to operate government. However, the explosion of “revenue needed” for more and more services must be addressed. Needs must be prioritized and our spending must be limited to existing revenue.

High taxes do indeed have negative consequences, such as a slow or failing economy unable to generate job creation. We can abandon the current anti-growth policies presently in place and re-establish sound taxing policies that have seen our nation through hard times in the past. ■



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

A photograph of a University of Louisville campus during autumn. In the background is a large, multi-story red brick building with many windows. In the foreground, three female students are walking along a paved path. The student on the left is wearing a brown jacket and a bright blue scarf. The student in the middle is wearing a dark blue sweatshirt with the Greek letters ΣΚ. The student on the right is wearing a colorful patterned sweater and blue jeans. To the left of the students, there is a black signpost with a red banner that reads "WITNESS THE REVIVAL". Below the banner, there is a black and white portrait of a man and some text. The trees around the building have orange and yellow autumn leaves. The sky is blue with some light clouds.

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FAST LANE

A compilation of economic news from across Kentucky

LOUISVILLE: HILLERICH & BRADSBY LOUISVILLE SLUGGER BRAND SOLD TO WILSON SPORTING GOODS FOR \$70M



Hillerich & Bradsby has been a fixture in Louisville for more than 130 years.

HILLERICH & Bradsby has sold its Louisville Slugger division to Wilson Sporting Goods Co. in a \$70 million cash transaction that includes sales and innovation rights in addition to the iconic brand itself.

Under the terms of the agreement, H&B will become Wilson's exclusive manufacturing partner for wood bats and will manufacture all Louisville Slugger-branded MLB, Minor League Baseball, amateur player and souvenir wood bats for Wilson. H&B will continue to manufacture wood bats at its downtown Louisville factory.

H&B will also maintain ownership and continue to operate its highly successful Louisville Slugger Museum and Factory and Gift Shop, which has become an important part of the Louisville's tourism business. H&B's Bionic Gloves division and Powerbilt golf brand are not part of the agreement with Wilson.

The change in ownership will result in 52 of the company's 273 employees being cut.

"The decision to sell the Louisville Slugger brand was a difficult and serious one to make," said H&B Chief Executive Officer John A. Hillerich IV. "The Hillerich family, and those closest to the brand, firmly believes that a new business model is necessary to realize the enormous potential of this brand in the future. We recognized from our first conversation with Wilson that they would be a great partner and steward of the brand our family created and so many have nurtured for 131 years. The Wilson brands – Wilson, DeMarini and ATEC – all have great presences in baseball and softball. Wilson has the financial resources, research and development staff and structure, and the experience with big brands to create great synergy and grow the Louisville Slugger business, ensuring that it will remain synonymous with baseball for decades to come."

STATE: KENTUCKY'S BUSINESS PLAN COMPETITION AIMS TO CREATE A CLIMATE OF STUDENT ENTREPRENEURSHIP

STUDENTS from 15 colleges and universities across Kentucky will participate later this month in the Cabinet for Economic Development's Idea State U, a nationally recognized business plan competition designed to encourage innovation and entrepreneurship on the college level.

Nearly 35 teams of undergraduate and graduate students participated in March in the program's regional competition, where they pitched new concepts and plans for what could become the next big business. On April 24-25, the top eight teams from each of three regional competitions will compete in the Idea State U finals, with the best ideas winning a share of up to \$100,000 to get their companies up and running.

Members of each team will deliver elevator pitches and formal presentations before a panel of judges. The judges will not only determine the winners, but also provide valuable feedback and advice to all participants. Cash prizes are weighted to provide larger awards to teams whose entries are more fully developed and therefore more likely to succeed. Most of the money can only be claimed as reimbursements for specified business expenses after the team forms a legal company in Kentucky.

The student teams also will continue to work with the Kentucky Innovation Network to pursue their business goals. Consisting of 13 offices throughout the state, the network helps entrepreneurs and small business owners at any stage – whether it is just starting with an idea or already having an established business – and works with them to plan, build and launch their business.



LOUISVILLE: HUMANA TO SELL ITS OCCUPATIONAL HEALTH SUBSIDIARY FOR \$1B CASH

LOUISVILLE-based healthcare company Humana Inc. has announced a definitive agreement to sell the stock of its wholly owned subsidiary Concentra Inc. to MJ Acquisition Corp. for \$1 billion in cash. MJ is a joint venture between Welsh, Carson, Anderson & Stowe XII, a private equity fund, and Select Medical Holdings Corp., a company that operates 113 long-term acute-care hospitals, 16 inpatient rehabilitation facilities and 1,023 outpatient rehabilitation clinics across the United States.

Concentra is one of the nation's largest providers of occupational health, urgent care and physical therapy services to employers and consumers across the United States, with more than 300



Concentra is one of the nation's largest providers of urgent care, occupational health and physical therapy services, and treats more than 14 percent of all work-related injuries nationwide.

medical centers and 170 onsite clinics in 40 states. The company's revenue for 2014 was approximately \$1 billion.

Humana acquired Concentra in December 2010 as part of a series of efforts to expand convenient, affordable high-quality healthcare for its membership base.

"Though Concentra's operations did not ultimately align with Humana's strategy as well as we had originally anticipated, we believe Humana and Concentra have gained valuable insights into consumer behavior over the past several years that will serve us both well moving forward," said Humana President and CEO Bruce D. Broussard. "We expect Humana will continue to invest in other primary care assets, including MSOs (medical services organizations), as we continue to expand our integrated care delivery model."

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BUSINESS BRIEFS

BOWLING GREEN

■ **NHK of America Suspension Components** (NASCO) is investing \$15.2 million to construct a new building next to its existing Bowling Green facility that will house a compact line for the manufacturing of automotive suspension coil springs. The company also plans to add other equipment for the processing of steel wire used in suspension coils. The new facility will allow NASCO to increase its production by 20 percent. NASCO has been doing business in Bowling Green since 1986 and currently employs 280 people.

BULLITT COUNTY

■ **Four Roses Distillery** has unveiled plans to build a 60,000-s.f. bottling facility in Bullitt County. The company is investing \$8 million in the project, which is expected to be operational by spring 2018 and will create 30 new jobs. The bottling facility represents the second Four Roses expansion in Bullitt County within less than a year. In September, the company opened a 2,500-s.f. visitor center that is expected to draw more than 20,000 visitors annually.



CALVERT CITY

■ **Wacker Chemical Corp.** is investing \$60 million to expand its Calvert City operations, where it produces polymer binders used in materials such as construction chemicals, paints, carpeting applications, adhesives, lacquers and fiber composite. The expansion, which will create 15 new jobs, will allow Wacker to meet increasing demand for its products.

COLUMBIA

■ A new 3,000-s.f. welding center has been added at Adair County High School's KY Tech satellite campus that will bring hands-on job and career training directly into the classroom. The new facility is a satellite program of the **Lake Cumberland Area Technology Center**, which is overseeing the day-to-day operations and classroom training. More than 100 students are currently enrolled in the program.

CRESTVIEW HILLS

■ Beginning this fall, **Thomas More College** will offer a new major in the study of law. The program offers a foundation in both legal theory and practice and will prepare students not only for law school but also for professional opportunities in areas such as regulatory agencies, small businesses, public offices or nonprofit organizations. According to the Bureau of Labor & Statistics, current research indicates that many organizations are showing a high demand for degrees that reflect abilities to conduct legal work in business and institutional settings.



DANVILLE

■ **Ephraim McDowell Regional Medical Center** has invested \$100,000 to purchase a robot that can destroy highly contagious germs such as MRSA, C-diff and even Ebola. The Xenex robot moves throughout the hospital and uses high-intensity ultraviolet light to eradicate the DNA of contagions.

FLORENCE

■ **Mazak Corp.** recently completed a major expansion of its Northern Kentucky manufacturing facility that is part of a \$30 million investment in the company's Northern Kentucky operations. The project, led by **Paul Hemmer Co.**, involved a two-bay expansion that added 91,000 s.f. as well as a new 5,800-s.f. office mezzanine. Mazak is a leading provider of machine tools and systems and employs 750 at its North American headquarters and manufacturing campus in Northern Kentucky.

FORDSVILLE

■ **Kimball International Inc.** is expanding its **National Office Furniture** facility in Ohio County, adding up to 42 new jobs to the current 181-member staff. The company plans to use the 195,000-s.f. facility for the production of Kimball Hospitality furniture. The move will not only add new jobs to the area, but will also bring product previously made in Asia back to the United States.

GLASGOW: BUILD-READY SITES HELP KY COMMUNITIES ATTRACT NEW BUSINESS

A 24-acre parcel in Glasgow's **Highland Glen Industrial Park** has been officially certified under Kentucky's new Build-Ready program, becoming the state's fourth site to receive that designation.

Build-Ready, launched by the Kentucky Cabinet for Economic Development last year, is intended to give communities an advantage in attracting new businesses by letting them know that they will be able to begin construction almost immediately. With a Build-Ready site, much of the work, besides actual construction, has already been completed, including having community control of the land to be developed; preparing a building pad (prepared ground/soil/environmental studies); conducting preliminary design work, including project costs and construction timeframes; obtaining approved site plan permits and having necessary utility and transportation infrastructure in place.

The Glasgow site also has the advantage of having an 80,000-s.f. spec building within the industrial park that is built to the exact specifications as the Build-Ready site that is set to be complete this spring. That provides potential companies with two options: locating in an existing building or building their own facility on the customizable Build-Ready site.

Two Bowling Green sites and another in Henderson were the first in the state to receive Build-Ready certification.

FRANKFORT: BREEDERS' CUP WAGERING IN OCTOBER GETS KY TAX EXEMPTION

ON March 17, Gov. Steve Beshear signed into law HB 134, which will exempt the pari-mutuel tax on wagering on live races at Keeneland during the two days of the **Breeders' Cup**, Oct. 30-31, 2015.



Looking on as Gov. Steve Beshear signs HB134 are (pictured left to right) Ambrose Wilson IV, secretary of the Public Protection Cabinet; Rep. Dennis Keene and Rep. David Osborne, co-sponsors of the bill; Breeders' Cup President and CEO Craig Fravel; Keeneland President and CEO Bill Thomason; Kentucky First Lady Jane Beshear; and Senate Majority Leader Damon Thayer.

The incentive is provided as a normal course of business in other racing jurisdictions across the United States where the Breeders' Cup is held.

"The Breeders' Cup will have a tremendous economic impact on Kentucky as tens of thousands of horse racing fans from around the world will visit Keeneland the last week of October," said Beshear. "Providing this tax incentive further indicates Kentucky's desire to make the commonwealth a desirable location for the Breeders' Cup for years to come."

When the Breeders' Cup was hosted by Santa Anita Park in 2013, the estimated economic impact on the Los Angeles area was estimated to be \$65 million, according to a study done on behalf of the Breeders' Cup.

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BUSINESS BRIEFS

GHENT

■ **North American Stainless** is investing \$150 million to expand its manufacturing facility in Ghent. The expansion will add a bright annealing line and a cold rolling mill that will produce steel used in appliances, auto trim, cookware, truck trailers, mass transit vehicles, heaters and surgical instruments. The expansion will create 36 new jobs.

HEBRON

■ **Allegiant Travel Co.** continues to expand its service out of the **Cincinnati/Northern Kentucky International Airport (CVG)**. The airline will begin offering seasonal service to Savannah/Hilton Head on Mondays and Fridays, beginning May 8 and running through Oct. 11. Seasonal service to Austin, Texas, will start June 3, operating on Thursdays and Sundays. Allegiant began serving CVG in February 2014 with four weekly flights. With the addition of the newest routes, the carrier now offers more than 30 weekly flights to 11 destinations.

HOPKINSVILLE

■ **Fimco Inc. (dba Ag Spray Equipment)** is consolidating operations from 10 other U.S. locations in Hopkinsville, where it has purchased a 98,000-s.f. facility that is twice the size of its current facility there. Fimco President and COO David Wipson said the company selected Hopkinsville because of its proximity to key customers and markets, supply access and the quality of the available workforce. Fimco is a major manufacturer of lawn and garden sprayers and large-scale agriculture equipment. The expansion will add 15 new jobs to the current 21-member Hopkinsville staff.



LEXINGTON

■ **The Jockey Club Information Systems Inc.** has purchased a majority ownership interest in **Blood-Horse** magazine, a publication that has covered the Thoroughbred industry since 1935. "The Jockey Club stewards believe that a publication with the history, influence and brand recognition of *Blood-Horse* is a considerable asset for the Thoroughbred breeding and racing industry and that there are certain synergies that will make it an even stronger entity as a result of this transaction," said Ogden Mills Phipps, chairman of The Jockey Club. The purchase also includes related digital and custom printing properties of *Blood-Horse*, the **Stallion Register** and *Blood-Horse's* 50-percent interest in **True Nicks LLC** but does not include ownership of *The Horse* magazine, which remains part of the **Thoroughbred Owners and Breeders Association (TOBA)** and will continue to operate separately.



■ Lexington-based **Lexmark International** has announced plans to acquire data services provider **Kofax Limited** for

\$1 billion in cash. California-based Kofax has more than 20,000 customers worldwide, including 80 on the Fortune Global 100 list. The acquisition is expected to double Lexmark's software business.

■ The Kentucky General Assembly has approved \$132.5 million in funding for a multi-disciplinary research facility at the **University of Kentucky** that will specifically focus on health disparities confronting the commonwealth. The \$265 million facility – UK will fund the remaining amount through research contracts and private fundraising – will be located near UK's biopharm and biological biomedical research buildings, allowing researchers across different disciplines to work together in teams to address some of the state's most intractable issues.

■ **Saint Joseph Hospital** is the first facility in Kentucky and only the tenth in the United States to begin utilizing CT technology in the operating room. The **Airo Mobile Intraoperative CT** connects to the hospital's **Curve Image Guided Surgery** system, which is a GPS-like navigation system for the human body. Surgeons say access to real-time CT-images during surgery allows them to make decisions rapidly and enables greater surgical accuracy.

LOUISVILLE: ALMOST FAMILY ACQUIRES N.Y. HOME HEALTH FIRM FOR \$46-53M

ALMOST Family Inc., a Louisville-based company that is a leading provider of home health nursing services, has announced plans to acquire the stock of New York-based **WillCare HealthCare** in a deal that will make it the second-largest acquisition in the company's history.



WillCare is a provider of skilled home health and personal care services that operates 16 branch locations in New York, Connecticut and Ohio. Last year, the company generated \$72 million in revenue.

The acquisition provides Almost Family with a major entry into the New York market – where \$52 million of WillCare's 2014 revenues were generated – and fills an important gap in the company's Northeast cluster. With the acquisition, Almost Family will operate more than 230 branches across 15 states and have an annual net revenue run rate expected to approach the \$600 million mark.

The total purchase price for the stock is expected to range from \$46 million to \$53 million, based on earnings prior to closing and subject to a working capital adjustment.

LOUISVILLE: UofL COLLEGE OF BUSINESS TO CREATE FREE ENTERPRISE CENTER

THE University of Louisville will use a \$6.3 million gift from two foundations to create a new academic and research center in its College of Business.

The **John H. Schnatter Center for Free Enterprise** is named for the founder of Louisville-based pizza chain **Papa John's International**, whose foundation has donated \$4.64 million for its creation. The **Charles Koch Foundation** has contributed \$1.66 million.

"I firmly believe in the spirit of entrepreneurship and the need to equip today's generation with the know-how to launch successful businesses through free enterprise principles," said Schnatter. "We didn't get that kind of training in my day, and I'm passionate about helping ensure that those who start new businesses will now have the resources and tools they need to succeed."

UofL will recruit two tenure-track professors and up to four doctoral fellows plus staff for the center, which will offer classes and a speaker series, conduct research, award fellowships and attract visiting professors. Stephan Gohmann, an economist who joined UofL in 1988 and became its BB&T Distinguished Professor of Free Enterprise in 2009, has been named as the center's new director.



A \$4.6 million gift from John Schnatter, founder of Louisville-based Papa John's International, is being used by the University of Louisville College of Business to help create a new Center for Free Enterprise.

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BUSINESS BRIEFS

LOUISVILLE

■ **General Electric** engineers and designers have teamed with a group of students from the **Kentucky School for the Blind** to develop an accessory kit of braille overlays for GE's new **Artistry** electric range controls. According to the American Foundation for the Blind, stoves are the least accessible class of appliances, as many have smooth, push buttons on a back control panel. A focus group of students at the school came up with ways to make ranges more user friendly, using puffy paint and brightly contrasting colors to showcase their ideas. GE took those ideas and turned them into the custom-designed Braille kit.



■ Louisville Mayor Greg Fischer has challenged businesses and organizations in Louisville to support his **SummerWorks** program by hiring at least one youth for a summer job. Fischer launched the program in 2011 in response to the elimination of federal funding for summer jobs. Last year, jobs were found for more than 2,100 young people and the program was recognized by the U.S. Conference of Mayors as one of the nation's best summer jobs programs for young people. The SummerWorks team works with employers to make sure they are matched with the job candidate who best meets their needs.

■ The law firm of **Fultz Maddox Hovious Dickens PLC** has changed its name to **Fultz Maddox Dickens**. The name change reflects the departure of R. Gregg Hovious, who has left the firm to begin a new phase of his career.



■ The **Seelbach Hilton** has been named the best hotel in Kentucky by *Business Insider* magazine. Built in 1905, the 321-room hotel is listed on the National Register of Historic Places and recently underwent a \$12 million renovation. The Seelbach also houses **The Oakroom**, the only AAA five-diamond restaurant in the state.

■ Louisville wealth management firm **ARGI Financial Group** has expanded its tax and businesses services division with the acquisition of **OPM Financial LLC**, also of Louisville. With the acquisition, ARGI adds full-service bookkeeping, financial statement reporting, payroll reconciliation, accounts payable and receivable, CFO and business consulting services. OPM's team will be integrated into ARGI and will continue to serve their existing client base. ARGI has averaged 30 percent growth in each of the past five years and has been listed on *Inc.* 5000's list of Fastest Growing Private Companies in America for six consecutive years. To support its continuing growth, ARGI will be moving to a new 37,000-s.f. corporate headquarters facility in mid-June. ARGI also has offices in Bowling Green, Cincinnati, Indianapolis and Grand Rapids, Mich.

■ A Kentucky-focused equity conference will return to Louisville's Churchill Downs on June 5, providing a high-profile forum for professional investors, fund managers and analysts to hear company executives discuss performance and strategies. The **INVESTKentucky Equity Conference** features leading Kentucky public companies as well as economic, political and investment thought leaders. The event brings together Kentucky's most important public companies, regardless of size or industry. Past presenters include food and beverage companies **Yum! Brands**, **Texas Roadhouse Inc.**, **Papa John's International** and **Brown-Forman Corp.**; financial institutions such as **Republic Bancorp**, **Stock Yards Bancorp** and **Community Trust Bancorp**; health-related companies such as **Humana** and **Kindred**; and others across the state.

LOUISVILLE: 21c MUSEUM HOTELS PLANS TO REDEVELOP INDY'S OLD CITY HALL

LOUISVILLE-based **21c Museum Hotels** has announced plans to redevelop Old City Hall in downtown Indianapolis for its next hotel project.

The \$55 million project will include the rehabilitation of the building as well as the construction of a new addition on



A rendering of the planned 21c Museum Hotel in Indianapolis.

an adjacent parcel. The property will feature a boutique hotel with approximately 150 rooms and, like 21c's other hotels, will include a contemporary art museum that will be open free of charge to the public. The property will feature rotating exhibits as well as site-specific installations and cultural programming. The Indianapolis property will also include space for tenants, who will occupy the second, third and fourth floors of the Old City Hall building. 21c will manage the tenant spaces and work with the city to lease space to arts-related tenants.

21c Museum Hotels was founded by contemporary art collectors and preservationists Laura Lee Brown and Steve Wilson, who opened the first 21c Museum Hotel in 2006 in downtown Louisville. The company has since grown to include hotels in Cincinnati and Bentonville, Ark., with another set to soon open in Durham, N.C. Hotels are also planned for Oklahoma City, Okla., and Lexington.

BARDSTOWN: JAPANESE AUTO SUPPLIER ITSUWA TO INVEST \$5.2M IN PLANT

JAPANESE auto supplier **Itsuwa** is investing \$5.2 million to open a facility in Nelson County that will create 43 new jobs.

Itsuwa specializes in coating and painting automotive parts, including seats, chassis, pipes and interior plastic panels. The company also designs and builds its own equipment, including robot spray paint and electrocuting systems.

The company has purchased 16 acres in the Wilson Industrial Park, where it plans to build a 32,000-s.f. coating and painting facility that is expected to open early next year. The plant will be the company's second location in the United States – it opened its Columbus, Ind., plant in 2008 – and the first in Kentucky.

Itsuwa is the most recent addition to an already strong automotive industry in the commonwealth that is currently comprised of more than 460 auto-related companies. Those facilities, which include four major auto assembly plants, employ some 85,000 people across the state.

Submissions Welcome

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

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

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BUSINESS BRIEFS

LOUISVILLE

■ The **University of Louisville Department of Medicine** has launched what is believed to be the first open-access internal medicine education online community in the United States. LouisvilleLectures.org provides free evidenced-based medical education lectures that are available to anyone. The lectures are presented by faculty from the University of Louisville School of Medicine. Over 40 lectures are already online, attracting more than 1,400 subscribers from over 100 countries, with over 25,000 views.

MIDWAY

■ The **Midway College** board of trustees has announced that the college will become Midway University effective July 1. “We remain Kentucky’s only women’s college but we also serve men and women returning to complete their degrees or earn graduate degrees,” Midway President John P. Marsden said. “More recently, we have secured international partnerships and recruited international students. Since the term ‘college’ is often confused with high school or community college in other countries, the use of university in our name will add clarity. We also believe the term ‘university’ will more accurately describe our institution as we are currently structured and the audiences we serve and programs we offer.”



MURRAY

■ State and local officials gathered on March 6 to celebrate the opening of German automotive supplier **iwis**’ new 119,000-s.f. manufacturing plant. The company has invested more than \$12 million in the facility, which will produce timing drive systems for engines for several motor vehicle manufacturers. The family-owned company was founded in Germany in 1916 and now has more than 1,000 employees at 22 facilities worldwide. The company expects to hire 75 for the new Murray plant.

PRESTONSBURG

■ **Passport Health Plan**, a nonprofit community-based Medicaid health plan that serves more than 240,000 Kentuckians, has opened a new full-service office in Prestonsburg to serve members and providers in the southeastern region of the state. The 4,100-s.f. space will offer capacity for approximately 40 employees and will also provide space for community groups to hold meetings.



RICHMOND

■ **Eastern Kentucky University** has launched a broad campus revitalization plan that includes a new Center for Student Life, which will feature a significantly larger recreation center and a renovated student union; new residence halls; a new dining-only facility; a

multi-level parking garage; a multi-purpose facility that will replace the eastside grandstands at Roy Kidd Stadium and house classrooms and conference rooms, a nutrition and dietetics center, training facilities, locker room, offices and a café; and numerous other expansions and/or renovations of existing buildings. The projects are being funded by the university with a combination of public-private partnerships and private funds, as well as a new \$150-per-semester student fee that will remain in place for the next 20 years.

STATE

■ Kentucky is one of three states that will partner with **The Walmart Foundation** and the **National Farm to School Network** to expand efforts to get more local foods into schools. The Kentucky Department of Agriculture’s Farm to School Program connects school food service systems with local farmers and food producers. The program helps students learn to appreciate the importance of local foods and grow into well-informed consumers who demand local foods as adults.

HORSE CAVE: KENTUCKY CHROME WORKS EXPANSION WILL DOUBLE WORKFORCE



Kentucky Chrome Works will supply chrome wheels for the Corvette Assembly Plant in Bowling Green.

KENTUCKY Chrome Works (KWC) is investing more than \$700,000 to expand its operations in Hart County, where it provides chrome services for the automotive aluminum alloy wheel industry.

KCW and its partners were recently designated as the sole suppliers of bright chrome wheels to GM’s Corvette Assembly Plant in Bowling Green through model year 2020. To meet the new demand, the company plans to build a 20,000-s.f. warehouse next to its current facility. The added space will support KCW’s polishing and chrome plating operations.

KCW began operations in Horse Cave in 2010. The company currently employs 59 full-time workers and 25 full-time equivalents and plans to add another 63 jobs to support the new expansion.

LEXINGTON: UK HOSPITAL TO ADD 64 BEDS TO MEET INCREASING PATIENT DEMAND

THE University of Kentucky Board of Trustees has approved a plan for the next phase of the **UK Albert B. Chandler Hospital**’s Pavilion A that includes completion of another 64-bed patient floor and more operating rooms.

Upon completion of the project, six of the eight clinical floors will be occupied and the tower will be 81 percent complete.

In addition, the board approved for construction to begin as part of a plan to renovate and upgrade **UK Good Samaritan**’s emergency department. Approximately 12,090 s.f. will be renovated in phases over the next two to three years, with improvements including private patient rooms, expanded service capabilities and improved staff support space. The project also will expand the patient and family waiting area by approximately 1,250 s.f.

“Our rapid growth – going from 25th to 75th percentile among academic medical centers – has led to us playing ‘catch up’ for the past decade to meet current patient demands for our services that include care for the most critically ill patients who need complex and advanced subspecialty care,” said Dr. Michael Karpf, UK executive vice president for health affairs. “UK HealthCare is the only provider in the commonwealth, and in this region, for some of these very high-level services and our ability to care for these patients is very important for the people we serve and their families.”



Since opening the first two patient care floors in Pavilion A in May 2011, UK HealthCare has experienced an increase in volume of patients that has placed substantial capacity constraints on hospital system operations.

LOUISVILLE: CHINESE APPLIANCE MAKER TO LOCATE R&D FACILITY IN LOUISVILLE

A China-based appliance manufacturer has announced plans to locate its first U.S. research and development operation in Jefferson County.

Midea America Corp. is a division of China-based Midea Group. The company has been serving North America with air conditioning, refrigeration, laundry, dishwasher, floor care and numerous small appliances for more than 10 years.

Established in 1968, Midea has grown from what was once a local workshop in China into a leading consumer appliances and air-conditioning systems manufacturer with operations around the world. The company provides products and services under both Midea-branded and private labels. Midea reported 2014 sales of more than \$22 billion.

Midea America is establishing the U.S.-based research and development center in order to better focus on North American products and customers. The company is still determining the exact location of its Louisville facility, but expects to start hiring employees in the coming months. The operation will create 25 new jobs.



Midea's MDVX variable refrigerant flow (VRF) air conditioning system.

BUSINESS BRIEFS

STATE

■ **Kentucky Community and Technical College System** President Jay Box has begun traveling to all 16 campuses throughout the state seeking input from faculty, staff and students for the 2016-2022 strategic plan. As of mid-March, more than 3,200 responses had been submitted.



Jay Box

■ Five Kentucky manufacturing plants have achieved Energy Star certification for superior energy performance in 2014 and are among the U.S. Environmental Protection Agency's (EPA) top 70 manufacturing plants in 29 states. Kentucky only trailed Texas and Washington and was tied with Ohio in the total number of manufacturing plants certified per state. Kentucky's two **Toyota Motor Manufacturing** plants; the **Kellogg Co.** cookie and cracker plants located in Louisville and Florence; and **CEMEX Kosmos**, a Louisville-based cement manufacturer were listed among the nation's leading industries for saving energy and money while helping to improve the environment.

■ Winter Storm Thor was no match for enthusiastic buyers at the 29th annual **Kentucky Farm Bureau Beef Expo**. Sales for the event, held March 6-8 at the Kentucky Exposition Center, totaled \$1.39 million, breaking last year's record of \$1.14 million and crossing the \$1 million barrier for the fourth consecutive year. The 445 lots averaged \$3,127, beating out the previous record of \$2,547 in 2014.

■ South Carolina-based **Southeastern Freight Lines** has expanded its operations in Kentucky, opening three new service centers in Lexington (24 dock doors), Louisville (48 dock doors) and Bowling Green (22 dock doors). Southeastern is a privately owned regional less-than-truckload transportation services provider founded in 1950. The company specializes in next-day service in the Southeast and Southwest and operates 82 service centers in 12 states and Puerto Rico.

Congratulations to the City of Louisville and the Center City Project for receiving approval for \$204 million in Tax Increment Financing (TIF)



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TIF incentives

INTERSTATE LANE

Business news from Indiana, Ohio, Tennessee and West Virginia

BUSINESS BRIEFS

INDIANA

■ **Raytheon**, a technology company that focuses on the defense, security and civil markets, is adding 250 new jobs in Indianapolis over the next several years to support the company's expansion there. Work at the Indianapolis facility will focus on areas of depot support, systems engineering and systems installation. The facility currently employs a 1,000-member workforce.



■ **Vera Bradley Inc.**, a designer of women's handbags and accessories, is closing its New Haven, Ind., manufacturing facility, eliminating approximately 250 jobs. Vera Bradley CEO Robert Wallstrom said the company has prided itself in being able to produce a portion of product in the U.S. but noted that it costs approximately 90 percent more to manufacture goods domestically versus overseas.

Increasing domestic costs have continued to rise each year, Wallstrom said, which has forced the Fort Wayne, Ind.-based company to close the New Haven plant in an effort to operate more efficiently.

INDIANA/OHIO

■ **Multi-Color Corp.**, an Ohio-based label manufacturer, is investing \$13 million to equip and retool its 120,500-s.f. manufacturing plant in Scottsburg, Ind. The expansion will add up to 154 new jobs to the existing 220-member staff over the next five years.

OHIO

■ Pennsylvania-based **Apexia Pharmaceuticals** is investing \$25 million to locate a manufacturing facility in Blue Ash, Ohio, where it will utilize 3-D printing technology to develop and manufacture quick-dispensing pharmaceutical products on a commercial scale. The new facility will bring 150 jobs with an average annual salary of \$90,000 to the area.

■ Ohio-based **Cardinal Health** has announced plans to acquire **Johnson & Johnson's** Cordis business for \$1.9 billion in cash. Cordis is a leading manufacturing of cardiology and endovascular devices. Cardinal Health is a \$91 billion healthcare services company that focuses on improving the cost effectiveness of healthcare.



TENNESSEE

■ Automotive parts manufacturer **Unipres USA Inc.** is expanding its manufacturing facility in Portland, Tenn., where it currently employs more than 1,000 people. The Portland plant primarily focuses on stamping, machining and assembly of metal parts for the main portion of automotive body structures. The expansion will add 435 new jobs over the next five years.

■ **Gruppo Concorde** is investing \$80 million to construct a 600,000-s.f. manufacturing facility in Mt. Pleasant, Tenn., that will produce porcelain tiles. The plant will be the first U.S. site for the Italy-based company, which plans to hire 180 people to staff the new plant. Tennessee is already home to five ceramics companies that have committed to a total of 630 jobs. Gruppo Concorde said they selected the Tennessee site because of its proximity to the raw materials needed to produce tile.

TENNESSEE: NISSAN INVESTS \$160M TO BUILD SUPPLIER PARK WITH 1,000 JOBS

NISSAN North America is investing \$160 million to build a new supplier park at their Smyrna, Tenn., vehicle-assembly plant that will create 1,000 new jobs.



Current plans for the project call for construction of an integrated logistics center that will be located on Nissan's Smyrna campus and is more than 1.5 million s.f. in size. The integrated logistics center will serve as an immediate space for suppliers and be used for multiple purposes supporting operations,

including inbound production parts and outbound returnable containers.

The project will be delivered in phases beginning in late 2016, with project completion expected in late 2017. The project will provide essential space to support the on-site suppliers necessary for continued growth, while further supporting Nissan's strategy to bring more production to the United States. By the end of 2015, 85 percent of Nissan vehicles U.S.-sold will be built in North America.

The Nissan Smyrna plant began operations in 1983 and now employs more than 8,400 people. In 2014, the Smyrna plant assembled more than 648,000 vehicles, making it the highest producing automotive assembly plant in North America. Production for the all-new 2016 Maxima will begin in Smyrna later this year. Smyrna employees currently build the Altima, Maxima, all-electric **LEAF**, **Rogue** crossover, **Pathfinder** SUV and **Infiniti QX60** luxury crossover models.

OHIO: P&G INVESTING \$300M TO EXPAND MAJOR R&D CENTER NEAR CINCINNATI

CINCINNATI-based **Procter & Gamble** will begin construction this summer on a massive new research and development center in Mason, Ohio, that will bring \$160 million in new payroll to the community.

P&G is investing \$300 million to add 500,000 s.f. to its existing 1.15-million-s.f. Mason campus, just north of Cincinnati. The company plans to close its Sharon Woods Innovation Center in Blue Ash, Ohio – which is located on two separate sites – and will move those 1,150 employees and 200 contractors to the new Beauty Innovation Center in Mason. The new facility is expected to be complete by 2018 or 2019.

P&G's Mason campus is currently home to the company's oral and personal healthcare products unit, which employs around 2,300 people.

Company officials say consolidating the Sharon Woods locations at the Mason campus will bring the company's beauty care technical community under one roof for the first time. The move will also bring the beauty and health technical communities to the same site, which the company said will result in a strong technical center with very deep expertise across two important parts of the company. Positions being transferred to the new facility include researchers, scientist, inventors and consumer experts.



P&G's beauty line is anchored by Pantene, Head & Shoulders and Olay and makes up more than 20 percent of the company's \$80 billion annual sales revenue.

KENTUCKY INTELLIGENCER®

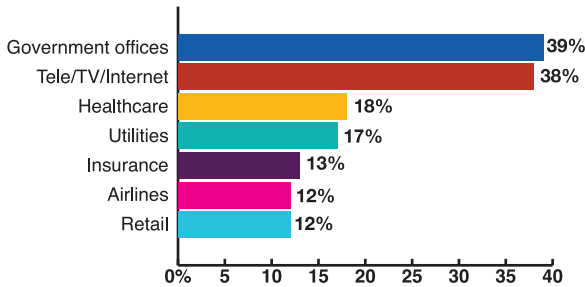
A sampling of business and economic data

LET'S TALK ABOUT CUSTOMER SERVICE

It's probably fair to say customer service can make or break a company's reputation – and bottom line. In fact, more than two-thirds of Americans say they're willing to spend 14 percent more with a company they believe delivers excellent service. A recent poll asked American consumers about their customer service experiences and their subsequent reactions.

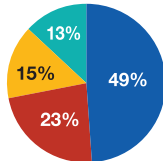
WHICH OF THE FOLLOWING INDUSTRIES DO YOU FEEL HAS THE WORST CUSTOMER SERVICE?

(those polled could select up to three industries)

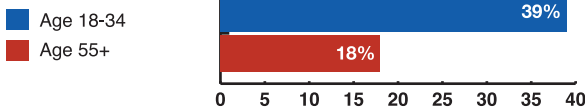


WHICH IS YOUR PREFERRED METHOD OF CUSTOMER SERVICE CONTACT?

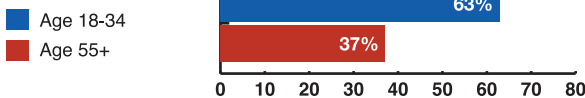
- Live chat on phone
- In person
- Email
- Live chat online



PERCENTAGE OF THOSE SURVEYED WHO SAY THEY FREQUENTLY EXPERIENCE TROUBLE DEALING WITH CUSTOMER SERVICE DEPARTMENTS OR REPRESENTATIVES:



PERCENTAGE OF THOSE SURVEYED WHO SAY THEY ARE LIKELY TO POST A REVIEW OR ONLINE/SOCIAL MEDIA COMMENT AFTER EXPERIENCING POOR CUSTOMER SERVICE:



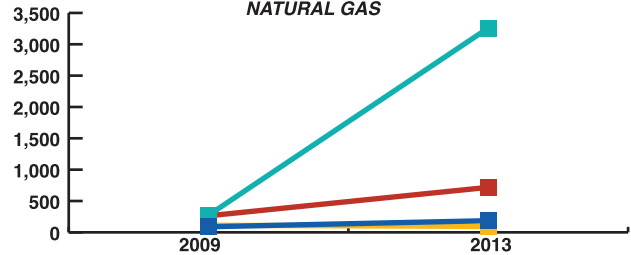
Source: Ipsos

ENERGY TRENDS

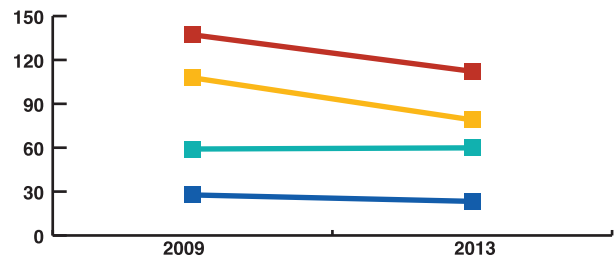
Natural gas and oil production has been increasing in the United States since 2009, while coal production has been falling. Contributing to these national trends are the four states of the Federal Reserve's Fourth District – Kentucky, Ohio, Pennsylvania, and West Virginia – that together produce 14 percent of the nation's natural gas and 28 percent of its coal. Changes in production have coincided with falling prices in residential natural gas and, more recently, gasoline prices.

CHANGES IN PRODUCTION OF NATURAL GAS, COAL, AND OIL*

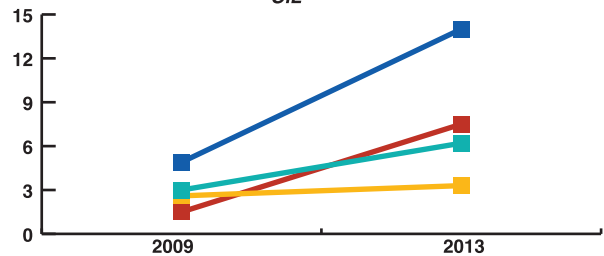
NATURAL GAS



COAL



OIL



*Units: Natural gas: billions of cubic feet; Coal: millions of short tons; Oil: millions of barrels.

Source: U.S. Energy Information Administration/Federal Reserve Bank of Cleveland

TOP-PAYING HIGH-DEMAND JOBS

Glassdoor, a career marketplace company, has released a report that identifies the top U.S. jobs that pull the highest salaries and are also in high demand nationwide.

TOP 20 HIGH-DEMAND, HIGH-PAYING JOBS

(listed by number of national job openings)

Position/Number of job openings	Average base salary
1. Software Engineer (99,055)	\$ 96,392
2. Physician Assistant (43,678)	\$110,871
3. IT Manager (17,161)	\$115,642
4. Marketing Manager (14,179)	\$100,229
5. Business Development Manager (11,037)	\$ 95,139
6. Product Manager (9,918)	\$113,959
7. Finance Manager (9,224)	\$123,534
8. Pharmacist (9,160)	\$114,715
9. Database Administrator (9,041)	\$ 97,258
10. Physician (7,984)	\$212,270

Position/Number of job openings	Average base salary
11. Human Resources Manager (7,220)	\$ 96,406
12. Lawyer (5,520)	\$120,424
13. Sales Engineer (5,508)	\$ 90,899
14. Tax Manager (3,622)	\$114,966
15. Solutions Architect (3,530)	\$121,522
16. Data Scientist (3,433)	\$105,395
17. Software Architect (3,229)	\$130,891
18. Software Development Manager (2,249)	\$123,747
19. Security Engineer (2,060)	\$102,749
20. UX Designer (2,010)	\$ 96,855

Source: Glassdoor.com

CORPORATE MOVES

New leadership for Kentucky businesses

BANKING/FINANCE



James
Uebel



Susan
Simmons



Brett
Blackwell

■ Lexington-based Central Bank has announced the following appointments: **James Uebel** – market president, Northern Kentucky; **Susan Simmons** – director of human resources; **Brett Blackwell** – senior vice president, senior market lender.

■ Your Community Bank has named **Jeff Koonce** regional president of business banking for Fayette, Nelson, Hardin, Meade and Hart counties. **Michael Hatfield** has been named director of marketing.



Jeff
Koonce



Michael
Hatfield

■ UBS Financial Services has promoted **Jeremy Wallace** and **Marc Cobane** to the position of first vice president – wealth management.



Marc
Cobane

■ **Edwin Riddlebarger** has joined Community Trust and Investment Co. in Lexington as vice president, wealth insurance advisor.



Edwin
Riddlebarger

■ **John L. Conrad III** has joined BB&T in Louisville as vice president, business services officer.



Mark
Wheeler

■ **Mark F. Wheeler** has been named president of Central Bank of Jefferson County.

ECONOMIC DEVELOPMENT

■ **JB Woodruff** has been named commercialization director of the Kentucky Innovation Network at Northern Kentucky ezone, a division of the Northern Kentucky Tri-ED.



JB
Woodruff

EDUCATION

■ **Rhonda Tracy** has been named chancellor of the Kentucky Community and Technical College System. Tracy comes to the position from West Virginia University at Parkersburg, where she is senior vice president for academic affairs and served as interim president from July 2014 to January 2015.



Rhonda
Tracy

■ Transylvania University has named **Laura Koppes Bryan** vice president of academic affairs and dean of the university.



Laura
Koppes Bryan

■ **Rick Bennett** has been named director of the Kentucky Agricultural Experiment Station and associate dean for research at the University of Kentucky College of Agriculture, Food and Environment.



Harold
Nally

■ **Harold D. Nally** has joined Morehead State University as director of human resources.

■ **Samantha Langley-Turnbaugh** has been named vice provost for graduate education, research and outreach at Northern Kentucky University.



Samantha
Langley-Turnbaugh

EQUINE

■ **John K. Keitt Jr.** has been named president and chief executive officer of the *Blood-Horse* magazine.



Bryan
O'Shields

■ **Bryan O'Shields** has been named managing director of Keeneland Hospitality, a newly formed division of Keeneland that handles food and beverage service.

FOOD/SPIRITS/HOSPITALITY

■ **James O'Reilly** has been named as the new chief executive officer for Louisville-based Long John Silver's. O'Reilly previously served as chief branding officer for Sonic Corp.

■ Brown-Forman has announced that **Campbell Brown** has been promoted to the new position of president of Old Forester.



David Allen
Barber

GOVERNMENT

■ **David Allen Barber** has been appointed as a justice of the Supreme Court of Kentucky. Barber succeeds **Will T. Scott**, who resigned from the position in January.

■ **Chris Ford** has been named as Lexington's commissioner of social services.

HEALTHCARE

■ Kindred Healthcare Inc. has named **Jon B. Rousseau** as executive vice president and president of RehabCare, succeeding **Patricia M. Henry**, who retired April 1. **Christopher Day** has been named senior vice president, strategy and care management of the Louisville-based company. **William M. Altman**, executive vice president for strategy, policy and integrated care, will assume responsibilities for Kindred's care management operations.

INSURANCE

■ **Randy Deskins** has joined USI Insurance Services' Midsouth region as bond manager. Deskins is based in the USI Louisville office.

LEGAL

■ Bingham Greenebaum Doll LLP has announced that the following five attorneys have been elected to partnership in the firm:

Jason T. Ams, **Margaret Christensen**, **Briana Clark**, **William Scott Croft** and **Steven R. Wilson**.



Jason
Ams



Margaret
Christensen



Briana
Clark



William Scott
Croft



Steven
Wilson

NONPROFIT

■ **Tom Stephens** has been appointed executive director of the Center for Neighborhoods, a Louisville nonprofit organization.



Tom
Stephens

SPORTS

■ **Paul J. Archey** has been named president of UK Sports & Campus Marketing, a newly formed partnership between the University of Kentucky and JMI Sports.

TOURISM

■ **Marci Kreuger-Sidebottom** has been named vice president of sales and services for VisitLEX.

OTHER

■ **Robert "Bobby" Tovmassian** has been named regional veteran connector for Where Opportunity Knox, a regional initiative to connect transitioning veterans and/or military spouses to jobs in the Greater Louisville region.



Bobby
Tovmassian

■ **Sandra (Sandy) Noble Canon** has returned to Lexington-based Community Ventures as director of public relations and marketing.



Sandy
Noble Canon

■ **Robert L. Gray** has been named general manager of Louisville-based Zeechem LLC.

■ **Peter DeQuattro** has joined Louisville-based Charah Inc. as executive vice president, agricultural products.



Peter
DeQuattro

ON THE BOARDS

Kentuckians named to organizational leadership roles

AVIATION MUSEUM OF KENTUCKY

■ The Aviation Museum of Kentucky has announced its board of trustees for 2015: Chair – **Jim McCormick**, The Jockey Club; Vice Chair – **Mike Malone**, attorney (retired); Treasurer – **Ed Murphy**, Fayette County Public Schools (retired); Secretary – **Marty Schadler**, UK Cooperative Extension Service (retired). Trustees: **Gerry van der Meer**, AMK (retired); **Bill McKinney**, U.S. Air Force (retired); **Ron Bastin**, Lexington Fayette Urban County Government; **Lewis Bosworth**, University of Kentucky; **Gary Campbell**, accountant; **Rocky Fazzalano**, Delta Air Lines (retired); **George Gumbert**, president emeritus; **Jerry Landreth**, pilot (retired); **Gary Lowe**, Lexington Fayette Urban County Government (retired); **Betty Murphy**, Avis of Lexington; **Margie Riggs**, Presentation Solutions; **Robert Riggs**, Riggs Sales and Services; **Ali Robinson**, project management; **Bobby Scroggins**, University of Kentucky; **Barbara Sellers**, author; **T.G. Shuck**, New York Life Insurance; **Tim Smith**, Kentucky Institute for Aerospace Education; **Ron Spriggs**, IBM (retired); **Alan Stein**, Stein Group; **Doug Steele**, Steelemetrics; and **Roger Storch**, Blue Star Plastics.

COMMUNITY BANK SHARES OF INDIANA

■ **Phillip J. Keller** has been named to the board of directors of Community Bank Shares of Indiana, the holding company for Your Community Bank and The Scott County State Bank. Keller is senior vice president of finance and chief financial officer of Louisville-based RehabCare.



Phillip Keller

KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM

■ **Shawn S. Payne** and **Mary B. Kinney** have been elected to the Kentucky Community and Technical College System board of regents. Payne is an associate professor and program coordinator for mechatronics at Owensboro Community and Technical College. Kinney is the coordinator of academic affairs and retention at OCTC.



Shawn Payne



Mary Kinney

KENTUCKY COUNCIL ON POSTSECONDARY EDUCATION

■ **Glenn Denton** and **Joe Graviss** have been elected as chair and vice chair, respectively, of the Kentucky Council on Postsecondary Education. Denton is a partner with the Paducah law firm of Denton & Keuler LLP. Graviss is an owner/operator of eight McDonald's restaurants in Lexington, Frankfort and Versailles.



Glenn Denton



Joe Graviss

KENTUCKY U.S. GREEN BUILDING COUNCIL CHAPTER

■ The Kentucky U.S. Green Building Council Chapter (USGBC) has announced its 2015 board of directors and advisory board: Chair – **Steve Eggers**, K. Norman Berry Associates; Vice Chair – **Bill Sharp**, CMTA Inc.; Secretary – **Amanda Schoonover**, Lynn Imaging; Treasurer – **Gary Roth**, Dean Dorton; Facilitator – **John Goodin**, Paladin. Board members: **Sarah Abplanalp**, Louisville Metro Housing Authority; **Douglas Butler**, retired; **Robert Chatham**, Chatham Energy Consulting; **Nancy Church**, Kentucky USGBC; **Chris Cieminski**, Hines; **John Clemons**, Jessamine County Schools; **Alisha Deatrick**, Republic Bank; **Jeffrey Doss**, Abel Construction; **Rachel Harman**, Civic Consultants; **Jeffrey Moneypenny**, Luckett & Farley; **Cassie Nichols**, CARMAN; **Brett Ruffing**, Kentucky Ready Mix Concrete Association; **Keith Tate**, Eastern Kentucky University; **Britney Thompson**, University of Kentucky; and **Chris Zerhusen**, Zerhusen Holten Commissioning. Advisory board: **Cliff Ashburner**, Wyatt, Tarrant & Combs LLP; **Charles Cash**, Urban 1 LLC; **Eileen Cease**, M&M Cartage; **Gretchen Milliken**, Metro Louisville; **Chris Tyler**, Thermal Equipment Sales; and **Chris Zitelli**, Ecos Materials.

LEXINGTON FAYETTE URBAN COUNTY TOURIST COMMISSION

■ **Mike Curd** has been appointed as the newest member of the Lexington Fayette Urban County Tourist Commission (VisitLEX). Curd is general manager of the DoubleTree Suites by Hilton.

NATIONAL ASSOCIATION OF EXTENSION 4-H AGENTS

■ Three University of Kentucky Cooperative Extension Service agents have been named to top leadership positions within the National Association of Extension 4-H Agents. **Lena Mallory**, of Marshall County, has been named president-elect of the organization. **Susan Turner**, of Monroe County, has been named junior director for the organization's Southern region. **Elijah Wilson**, of Cumberland County, has been appointed chair of the research and evaluations committee.

PBS DIGITAL ADVISORY COUNCIL

■ **Tim Bischoff**, senior director of marketing and online content for KET, has been named chair of the PBS Digital Advisory Council for 2015.



Tim Bischoff

PUBLIC RELATIONS SOCIETY OF AMERICA

■ The following individuals have been named officers of the Thoroughbred Chapter of the Public Relations Society of America: President – **Sue Patrick**, Kentucky Council on Postsecondary Education; President-Elect – **Kathy Keltner-Previs**, Eastern Kentucky University; Secretary – **Holly Wiemers**, University of Kentucky; Past President and Treasurer – **Brant Welch**, Fifth Third Bank.



Sue Patrick

REALTOR-COMMUNITY HOUSING FOUNDATION

■ Realtor-Community Housing Foundation, a nonprofit organization established by the Lexington-Bluegrass Association of Realtors, has announced its officers and board of directors for 2015: President – **Pat Borg**, Weesner Properties; President-Elect – **Deni Hamilton**, Coldwell Banker McMahan; Vice President – **Chris Evans**, Thoroughbred Lending; Secretary-Treasurer – **Bo Smith**, Keller Williams Greater Lexington; Immediate Past President – **Laura Hayden**, Rector-Hayden Realtors. Board of directors: **Tim Adams**, Guardian Savings Bank; **Gesela Brown**, Fifth Third Bank; **Cheryl Bromagen**, Mortgage Movement; **Greg Buchanan**, ERA Select Real Estate; **Melinda Earlywine**, Century 21 Commonwealth Real Estate; **Emily Grant**, Bluegrass Land Title; **Trey McCallie**, T/D & Associates Real Estate; **Ed Moore**, Community Volunteer; **Becky Murphy**, Charlie Murphy Real Estate; **Maggie Napier**, Napier Realtors; **Jeff Rietze**, Rector-Hayden Realtors; **Amanda Stepp-Marcum**, Berkshire Hathaway Foster Realtors; **Rusty Underwood**, Milestone Realty Consultants; **Casey Weesner**, Weesner Properties; and **Joan Whitman**, Whitman, Realtors.

REPUBLIC BANK & TRUST CO.

■ **Heather Howell** has been elected to the board of directors of Louisville-based Republic Bank & Trust Co. Howell is chief executive officer of Louisville-based Rooibee Red Tea.



Heather Howell

SANDERS-BROWN CENTER ON AGING FOUNDATION

■ The Sanders-Brown Center on Aging Foundation has announced its 2015 board of directors. Chair – **Steve Matherly**, Fifth Third Bank; Vice Chair – **Jim LeMaster**, Van Meter Insurance Group; and Secretary – **Bonnie Eusner**, community volunteer/philanthropist. Board members: **John Y. Brown III**, **Janet Cerel**, **Mary Janet Cotter**, **Buddy Cowgill**, **Marion C. Forcht**, **Pat Freibert**, **Millie Jameson**, **Carolyn Kurz**, **Charlotte Neal**, **Jacqueline Noonan**, **Dennis Pike**, **Bennett Prichard** and **Jonathan Vaughn**. The University of Kentucky faculty members are: **Peter Nelson**, **Frederick C. deBeer**, **Michael Karpf**, **Susan Krauss** and **Linda Van Eldik**. Senior members include: **Anthony Beatty Sr.**, **Betty Carol Clark**, **Cheryl Feigel**, **William Giles**, **Ed G. Lane**, **Bob Quick**, **Ray Rector**, **Vivian Weil** and **Isabel Yates**. Honorary board member is Honorable **John Y. Brown Jr.**

SOCIETY OF AMERICAN MILITARY ENGINEERS

■ The Kentuckiana Post of the Society of American Military Engineers has elected **Joe Hardesty** to its board of directors. Hardesty is a partner in the law firm of Stites & Harbison, based in the firm's Louisville office.

STATE BOARD OF ELECTIONS

■ **Albert B. Chandler III** and **Donald W. Blevins** have been appointed as members of the State Board of Elections. Blevins, of Lexington, is a retired Fayette County clerk. Chandler, of Versailles, is an attorney and executive director of the Kentucky Humanities Council.

LANE ONE-ON-ONE

Kentucky's leaders express their opinions



James L. Hurley

James L. Hurley was named president of the University of Pikeville in 2013 and is the first alumnus in the school's 125-year history to lead his alma mater. Hurley earned his bachelors degree from UPIKE (then Pikeville College) in 1999 then went on to receive a master's degree in Educational Leadership from Indiana University, a Rank I in Instructional Supervision from the University of Kentucky and a doctorate in Higher Education Leadership and Policy at Morehead State University. He spent 11 years in the public education system, serving as a principal, assistant principal, dean of students, teacher and athletic coach before returning to UPIKE in 2009 as executive vice president. In that role, he provided leadership in the administration of campus operations, program development, strategic initiatives, recruiting, financial aid and retention efforts. Hurley continues to be involved with students in the classroom, serving as professor of education and leadership at the university.

UPIKE TAKES ON EAST KENTUCKY'S LONG-TERM OPPORTUNITY ISSUES

President James Hurley says new colleges of business, optometry and education part of still unfolding strategic plan

BY ED LANE

Ed Lane: The University of Pikeville (UPIKE), formerly Pikeville College, is a private liberal arts university founded in 1889 by the Presbyterian Church. You were selected as UPIKE's 20th president in July 2013 and are the first alumnus to lead the university. What is UPIKE's top mission?

James Hurley: It's obviously very special to be the first alum to serve as president in our university's 125-year history. Tina, my wife, who serves as first lady, is an alum as well. Tina and I are both from Appalachia, so it means a great deal to be able to lead the institution that we love so much and afforded us a better way of life. Certainly in this time of critical change in Appalachia, to be able to be part of the solution – instead of part of a problem – is always important.

UPIKE was founded in 1889 by the New York Presbyterian Church for the sole purpose of creating access and opportunity to the youth of the mountains. Obviously, over 125 years UPIKE's mission has expanded. Today, UPIKE has students from 45 states and 25 countries, and has three campus partnerships in China. UPIKE has grown beyond the youth of the mountains, but its core mission remains unchanged; 70 percent of UPIKE's students come from Central Appalachia.

EL: In 2009, you affiliated with UPIKE as vice president for enrollment and retention and special assistant to then-President Paul Patton. You were active in the process to convert Pikeville College to a university. What key issues had to be addressed to change UPIKE's status?

JH: Some of the thought process behind moving from a college to a university really started with something that Paul Patton created, and that was a very robust Kentucky Community and Technical College System. Kentucky has a very successful community college system and most – but not all – high school graduates look at a “college” as community college, and they think of a university as being a four-year institution. That's something that shouldn't be looked upon negatively, because KCTCS, in my opinion, is one of the very best community colleges in the nation. With that mindset, we felt UPIKE had to create a clear distinction between being a college or a university. Coupled with the fact that UPIKE has one of only three medical schools in Kentucky and was considering adding additional professional programs, UPIKE was much more than a college; it was truly a university.

The decision methodology was very open and transparent. We sought input

from alumni, community members, current students, faculty, staff and our board of trustees. All of the stakeholders of the institution also were involved in the naming process, which was very open. We had many meetings and an online forum. Our board of trustees ultimately decided upon the University of Pikeville. That's when we created the UPIKE brand.

EL: Did UPIKE have to go through an accreditation process?

JH: No. We contacted the Southern Association of Colleges and Schools and submitted a letter from the chairman of the board and President Paul Patton, simply identifying the college as the University of Pikeville from this point forward and attaching board mandates where the resolution was passed by the trustees.

EL: How has enrollment at UPIKE increased?

JH: Six-plus years ago, when I was hired by Paul Patton as vice president, UPIKE had roughly 960 students. Today enrollment is a smidgen under 2,500. So it has dramatically increased. In terms of percentage, UPIKE has been the fastest-growing institution in Kentucky for five consecutive years and the fastest-growing institution in SACS in the Southern region. The *Chronicle of Higher Education*, a publication for U.S. colleges and universities, just identified UPIKE as the 20th-fastest-growing institution from 2002 to 2012. We estimate that UPIKE will rank somewhere between third- to fifth-fastest-growing U.S. institution in 2015.

EL: To what do you attribute student enrollment growth at UPIKE?

JH: Population in certain parts of Appalachia has decreased, but on the flip side, in other areas of Appalachia the population has increased. UPIKE had to strategically rethink its boundaries. We started recruiting internationally; domestically we recruited students from more states instead of just recruiting from east Kentucky. We started really focusing on contiguous states that are in close proximity to the university.

EL: What are the major schools or colleges that comprise UPIKE?

JH: At UPIKE's founding in 1889, the first college was the College of Arts and Sciences. UPIKE then established the Elliott School of Nursing in 1983. In 1997, it launched the Kentucky College of Osteopathic Medicine. Our next college was the College of Business, opened in 2013. In 2014, UPIKE announced the College of Optometry. In January 2015, it announced the Patton College of Education.

EL: The academic offerings appear to be strongly related to the economic needs in Eastern Kentucky. Is that UPIKE's strategy?

JH: Absolutely. That was the whole premise behind creating separate colleges that have the autonomy to really go out and get things done. If you create a nimble atmosphere for deans, professors and faculty to go out and create change and opportunity, you have to give them the power to do so. Sometimes higher education, like some other organizations, is slow to change.

EL: Why did UPIKE decide to add optometry to its curriculum?

JH: When conducting a needs assessment, UPIKE has been working with a firm to help it create a strategic vision and plan through 2020 and then ultimately through 2025. A road map to address the needs of central Appalachia. And in doing so, we started with our state's health index. Some of the "Kentucky uglies" (poor population metrics on health, education and income) – we'll be very blunt – solely reside in east Kentucky. The University of Kentucky and University of Louisville – our state's two research institutions – are great institutions, but they can only do so much to address major health issues. I am a proponent of research, and I applaud the Kentucky General Assembly for passing legislation and Gov. Steve Beshear signing the bill to authorize bonds for the development and construction of a new medical research facility at UK. We have to have relevant medical research in the commonwealth to address health issues and to improve the state's economy. When UPIKE researched the need for optometrists, 25 percent of the counties in Kentucky didn't have a practicing optometrist who resides in the county. That's an issue. And when you look at the bigger picture, UPIKE is the first college of optometry in the

UPIKE Board of Trustees

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states of Kentucky, West Virginia, Virginia, North Carolina, South Carolina, Georgia, Mississippi and Louisiana. So think about that huge unmet need the University of Pikeville will strategically be able to serve.

EL: Where do you stand on public-private partnership legislation?

JH: I'm very much a proponent of P3. It's essential for the commonwealth to move forward. The public and private sectors have to work together to share in investment and in opportunities to really grow this commonwealth. (It did not pass in the state Senate.)

EL: How has UPIKE's College of Osteopathic Medicine grown since it was founded 18 years ago?

JH: In 1997, the first class contained approximately 55 students. UPIKE is now the second-largest medical school in Kentucky. Sixty-two percent of our grads are practicing within a 90-mile radius of Pikeville, Ky. That's phenomenal. UPIKE has produced now over 900 graduates in those years. Three years ago UPIKE commissioned a substantive change with the Commission on Osteopathic College Accreditation (COCA); it increased the class size from 75 to 140 students. There are around 130-plus M.D. programs and roughly 40 D.O. programs nationally, and collectively UPIKE ranks among the top 10 in rural medicine. It also ranks second in the production of primary-care physicians. If you look at the very basics of the Affordable Care Act and even prior to that, more primary care doctors are needed, especially in rural areas. Over half of our doctors are practicing in rural areas.

EL: Since UPIKE is a Presbyterian university, it must arrange for private-sector equity investments and long-term financing for its new colleges and its educational facilities, as opposed to receiving financial aid from state gov-

ernment. What types of funding and financing does UPIKE use?

JH: UPIKE's affiliation with the Presbyterian Church is very refined at this point. Over the last 25 years, UPIKE has experienced a sharp decrease in the support from the Presbyterian USA. But on the flip side of that, UPIKE has several Presbyterian churches that have been donors to the institution for 125 years. UPIKE understands and recognizes its Presbyterian roots, but it's now more open and nondenominational.

Now, it's about private investment. Roughly 60 percent of my time is spent on "friendraising" and fundraising and trying to garner resources and additional private support for UPIKE. The U.S. Department of Agriculture, in particular the rural development component of the USDA, has created grants and loan opportunities for all institutions, both public and private. UPIKE has capitalized on those opportunities with the Kentucky USDA and the national USDA and has been able to garner very-low-interest, long-term fixed loans. That's sustainable debt for UPIKE. UPIKE is one of the strongest institutions in terms of debt and financial ratios, and a lot of its support comes from private investments.

EL: What are some examples of new construction or renovations of UPIKE facilities?

JH: In 2011, UPIKE opened a \$40 million facility, the Coal Building, that is the new home of the expanded Kentucky College of Osteopathic Medicine. UPIKE just recently (re)acquired a building from the City of Pikeville – it was actually UPIKE's first building (circa 1889) – to house the new Coleman College of Business. And most recently, construction began on a 108,000-s.f., \$50 million facility called the Health Professions Building that will serve as the home of the new Kentucky College of Optometry along with the expanded Elliott School of Nursing.

UPIKE Enrollment by College

Undergraduate and Graduate Degrees	
College of Arts & Sciences	800
CAS – Dual Credit Students	600
Coleman College of Business	288
Patton College of Education	120
Elliott School of Nursing	169
Professional Degrees	
Kentucky College of Osteopathic Medicine	481
Kentucky College of Optometry*	(1)
Total Fall Enrollment	2,458

* Begins fall 2016

LANE ONE-ON-ONE

EL: UPIKE has to have a certain amount of cash equity to build new facilities and start new colleges.

JH: To start a College of Optometry is very expensive. So UPIKE had to creatively combine resources. We just simply put cash into a reserve fund and let it build over the last three years so UPIKE could start the project. Also, we received an ARC grant from Gov. Steve Beshear and Congressman Hal Rogers of \$1.5 million for two years. That helped fund the startup and allowed UPIKE to hire a dean, an associate dean, and adequate and appropriate staff to start developing the curriculum, recruiting students, navigating the accreditation process. Also, UPIKE received grants from the U.S. Economic Development Administration (EDA) and from other organizations and foundations, not only in Kentucky but across the country. Roughly \$10 million in startup funds has been raised just to get the optometry program up and going.

EL: How does UPIKE's medical college rank against UofL and UK as far as tuition cost?

JH: UPIKE is more expensive, simply because it's a private university and only charges one rate (with no lower in-state student price). Tuition is about \$38,800 annually. One of the programs that's unique to the Kentucky College of Osteopathic Medicine was started when the Kentucky General Assembly created a scholarship called the Kentucky Coal Severance Scholarship for medical students. It was an (tuition) equalization scholarship, and it's roughly \$1 million per year for students who are from coal-producing counties and who will return to a coal-producing county and serve as a primary-care physician for at least four years. It's a loan forgiveness plan and equalizes (reduces) the cost for UPIKE medical students to equal the in-state tuition for medical students at UK and UofL.

EL: What is UPIKE's annual budget for all operating expenses?

JH: It's \$46 million.

EL: Shaping Our Appalachian Region (SOAR) has its strategy summit 2015 scheduled for May 11, 2015. What will the summit meeting involve and what key issues will be reviewed?

JH: Gov. Beshear and Congressman Rogers created SOAR as a safe platform for leaders in Appalachia to talk about a new economy. I applaud their work and their vision. I would give them the very highest rating on any scale. Some people incorrectly associate the "new economy" as a "post-coal economy," and that's a little

unfair because coal is our region's abundant resource. I don't usually use the term "post-coal economy" but rather a new economy, because the 8,000-plus mining jobs Eastern Kentucky has lost are not coming back. Even if the coal industry returns to the zenith of production, which was around 2004, those jobs are not going to come back because of automation and more efficient mining techniques.

Before SOAR, it was almost taboo to talk about a new economy or any other economy that wasn't coal-based. And now coal leaders, great leaders in our community, are talking about the fact that Eastern Kentucky must have other sources of income and jobs other than coal. SOAR will help propel east Kentucky and Appalachia well into the future.

EL: What are some of Kentucky's state government initiatives to help boost Eastern Kentucky's economy?

JH: Using "dark fiber" (installed but unused fiber-optic Internet cable) to provide high-speed service to East Kentucky is critically important. The great equalizer, as we both know, is not rail systems, access to waterways or highways; it's access to technology. And with access to technology, any area can do anything. Communities can create new economies around technology. You can't always create a new economy around infrastructure, but the technological infrastructure is a great equalizer. It's just like education.

Four-laning the Mountain Parkway is also critical, again for mass transportation. East Kentucky does not have direct access to the interstates, and that does create less opportunity. But with the widening of the four-lane from Lexington to Pikeville, the region will have that same access to Lexington and also to Charleston, W.Va., which gives Pikeville four-lane access to all of the interstates.

EL: What educational offerings will UPIKE offer to enhance the quality of Eastern Kentucky's workforce?

JH: East Kentucky for many years has experienced the great brain drain syndrome, where our very best and brightest are leaving, moving to metropolitan areas and never returning. Institutions like the University of Pikeville have to work at a double rate, if you will, to try to recruit that same intellect into East-



The nine-story, \$40 million Coal Building at the University of Pikeville houses the UPIKE School of Osteopathic Medicine, offices, classrooms and a 400-seat cafeteria on the sixth floor with views overlooking downtown Pikeville.

ern Kentucky. Our focus has been retaining that intellectual capacity, because those young professionals are the thought leaders, the future visionaries, that will help change and create this new economy. But if we don't retain our brightest and best, then the problem becomes more widespread. And so that's why UPIKE is creating these colleges of opportunity and access.

I have two sons, and someone asked me a couple of months ago, why are you working so hard and so quickly to establish all of these colleges? And my answer is simple: Tina and I want our two sons to have opportunity in Appalachia so they don't have to leave because of the lack of access. And I can assure you, the colleges UPIKE has created are only the beginning. We've got a strategic plan to meet every comprehensive need, and that's because I selfishly want my two sons and every other son and daughter to have that opportunity to be able to stay and not have to leave. Eastern Kentucky has to create that contemporary, urban mentality. And that's why UPIKE is working very closely with the City of Pikeville to create all of these expanded opportunities.

EL: Eastern Kentucky has extremely mountainous terrain, limited four-lane interstate and state roadways, has experienced outmigration of young people to urban areas because job opportunities in Eastern Kentucky are limited, and has a real or perceived lower quality of life because of the lack of retail, entertainment, cultural and social venues. Outmigration creates declines in population and aging demographics that also make the region less attractive as a home for young

people and more challenging as a trade area in which businesses can successfully expand or open new businesses. How will the downward-spiraling business cycle be modified to stimulate a new, vibrant and expanding economy in Eastern Kentucky?

JH: We really have to narrow our focus, because Eastern Kentucky can't be all things to all people. And unfortunately, just like central Kentucky, not every city in central Kentucky has the vibrancy and the sustainability Lexington offers. And that's what we're facing in East Kentucky. In all honesty, there are some parts of East Kentucky, some small towns and cities, that are going to struggle, and I don't know that they will ever see their populations replenished. Four or five of our key cities – Pikeville, Hazard, London, Somerset and I could probably name several more – have very, very bright futures. You will see growth in cities of excellence and opportunity. Strategically, we need to invest in key cities, because it's simply impossible to invest in every city. Our region can focus on healthcare, education and technology. Those are three things we can do very well in East Kentucky along with our natural resources. With an abundance of coal, natural gas and timber, we need to continue to build upon those resources. We need to build a healthy economy around coal byproducts. That's our region's most abundant resource, and there are other forms of energy that coal can produce.

EL: How have programs like Southeastern Kentucky Economic Development, the Appalachian Regional Commission, the U.S. Department of Agriculture, the U.S. Department of Health and Human Services, HUD, the U.S. Small Business Administration, and the Kentucky Small Business Development Centers added to improving the local business environment?

JH: UPIKE works with every group that you mentioned here, and all of those groups are critical. And the one thing I would caution taxpayers to think about is this: I would not look at those entities as an entitlement; I would look at them as an investment. If public and private entities do not continue to invest in places like East Kentucky – and there are other parts across the country that are in a similar position – then it's going to cost more in related issues: poor health, jobless rates, etc. All of these organizations, especially ARC, have made an unbelievable investment in infrastructure. These investments are long-term, over the next 25 to 50 years, and they will make a major impact in helping create a new economy across East Kentucky.

EL: Some of the smallest counties in Kentucky, with populations of less than 8,000, are located in Eastern Kentucky. If these counties continue to decline in population, how can they be financially viable with a smaller and diminishing tax base? Do you foresee a time when several counties merge to become financially more efficient through consolidation of services like schools, courts, jails, executive and legislative branches, public safety, utilities and infrastructure?

JH: Consolidating services for greater efficiency was discussed at SOAR as a possible solution. And I'm not opposed to that thought process. It's very complex because of the topography – the sheer geology and the lack of infrastructure. A drive through only three counties in Eastern Kentucky can take literally a full day, because of inadequate road systems. That's one of the challenges. But the opportunities lie in cost savings. I firmly support the idea of looking at consolidated resources and county governments. Kentucky has 120 counties; West Virginia has 55.

EL: You worked closely with Paul Patton when you first started at the University of Pikeville. Can you comment briefly on Gov. Patton?

JH: With all due respect to all other leaders in Kentucky, I believe Paul Patton will go down as the greatest leader this commonwealth has ever seen. And I don't say that politically; I say that based on the things that he did, especially in education reform. Patton's focus on education and his ability to get things done by working across the aisle and being able to rally people collectively were his best attributes. When he left the governor's office to return to Pikeville and become the president of the University of Pikeville, he really elevated the profile of UPIKE into one of the great institutions moving forward. I have never worked with anyone who cares more about people and the success of people than Paul. He genuinely wants people to have a better life than he has, and some leaders, quite frankly, don't carry that mentality every day. He's a phenomenal leader.

EL: If somebody asked you why a high school student might want to consider attending UPIKE, what would you tell the parent?

JH: As an alum, I can tell you firsthand that the experience will change your life. UPIKE's focus is on affordability, access and opportunity for all our students. When parents drop their children off on the hill – UPIKE is on top of a hill – they do so with the hope and the

SOAR Executive Board

- Jared Arnett, executive director
- Bruce Ayers, president emeritus, Southeast Community and Technical College
- Jim Booth, CEO, Booth Energy
- Jean Hale, chairman, president and CEO, Community Trust Bank
- Rodney Hitch, economic development manager, East Kentucky Cooperative
- Jim Host, entrepreneur and business executive
- Tom Hunter, retired executive director, Appalachian Regional Commission
- Kim McCann, partner/attorney with VanAntwerp, Monge, Jones, Edwards & McCann
- Haley McCoy, economic development advocate with Jackson Energy
- Bob Mitchell, member, board of directors of the Center for Rural Development and retired chief of staff for Congressman Hal Rogers

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- House Speaker Greg Stumbo
- Senate President Robert Stivers
- Bell County Judge-Executive Albey Brock
- Magoffin County Judge-Executive Dr. Charles Hardin

SOAR Project Co-Chairs

- Governor Steve Beshear
- Congressman Hal Rogers

dream that their sons and daughters will have a better life than they have had. And as educators, that's our job: to create an opportunity, access to learning about new things and places, and to learn that we're all different. We're diverse. No one is more major or less minor than someone else. So I don't use the term "minority." As Kentuckians, we're all in this together. We're one world, striving to work together to help each other find a better way. And that better way is finding your passion. At UPIKE, we help students find their passion, and then we try to strategically place them in positions where they're going to be very successful in living that passion. Because if they're passionate, they're going to do good. That's what UPIKE is about, from our faculty to our staff to the president. I have an open-door policy, and I try to learn every student's name. It's difficult, but I want to know who they are, what their aspirations are, and I want to help them get there, because I had a president and faculty when I was at UPIKE that did the same thing. That's critical. ■



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



The 162-room, \$18 million Hilton Gardens Inn is a joint venture of First Hospitality Group of Chicago and City Properties Group of Louisville.

A Shot of 'Bourbonism' for Kentucky Hotels

More than \$600 million in hospitality sector projects will add 2,000-plus rooms across state

BY ROBERT HADLEY

KENTUCKY'S hoteliers and developers are embarking on a \$620 million-plus construction surge expected to add nearly 2,300 rooms for the growing ranks of tourists coming to the commonwealth for bourbon tours, horse racing and other attractions – with an assist from a state law incenting hotel construction with sales tax rebates.

Slow but steady economic improvement also is tipping the scales for developers.

Another major state hospitality sector member recently announced a massive \$180 million expansion.

Louisville hoteliers and developers have announced seven projects that will add 1,500 rooms over the next three years. In Lexington, the acclaimed 21c chain is in the midst of its \$43 million renovation of a 100-year-old Main Street landmark expected to reopen later this

year as an 88-room boutique hotel in the center of downtown. A \$25 million Musselman Hotels project is set to rise at Newport on the Levee. Glasgow has an eight-story hotel under construction, and officials in Somerset broke ground last month on a hotel that will adjoin the Center for Rural Development.

Construction companies look to be busy for the next several years at least.

Louisville Mayor Greg Fischer called his city's growth in hotel construction, which includes luxury and economy offerings, "unprecedented."

"The demand is being driven in large part by our booming 'bourbonism' tourist growth," Fischer said, "and is in sync with the major expansion and modernization of the Kentucky International



*Greg Fischer,
Mayor,
Louisville
Metro*

Convention Center, which will allow us to host larger and more varied conventions and trade shows."

The convention center's recently announced \$180 million expansion to boost its event space by 350,000 s.f. is set to begin next year with an anticipated completion date of mid-2018.

The largest of the seven Louisville hospitality-sector projects is the 600-room Omni Hotel going up at Third and Liberty streets in downtown Louisville. The \$289 million multiuse project is slated to begin later this year and will have 200 apartments, 70,000 s.f. of meeting space, plus a grocery and other retail shops.

Karen Williams, president and CEO of the Louisville Convention & Visitors Bureau, said the city's Slugger Museum, Muhammad Ali Center and Kentucky Derby Museum are tourism draws to the 16th largest U.S. city.

Bourbon producers, meanwhile, are transforming Main Street with tourist-oriented visitor centers and tasting room projects. There is an intention to make downtown the gateway to the Kentucky Bourbon Trail, which is attracting hundreds of thousands of tourists annually from all 50 states and a variety of foreign countries.



*Karen Williams,
President/CEO,
Louisville
Convention &
Visitors Bureau*

One of the biggest hospitality projects will be a 350,000-s.f., \$180 million expansion of the Kentucky International Convention Center in downtown Louisville.

"It is simple supply and demand," Williams said of the hotel projects. "Louisville is becoming more attractive to many different kinds of travelers for different reasons. Culinary tourists are interested in our thriving food and bourbon scene. The expansion of our downtown convention center will make us able to welcome even larger conventions. Louisville is the place to be, and hotels are responding to that."

19-year-old incentive's time arrives

Enacted in 1996, the Kentucky Tourism Development Act incentivizes new lodging construction projects via a sales tax rebate designed to help developers recoup up to 25 percent of their costs over a 10-year period. If the project is built on state or federal park or national forest lands, the rebate rises to 50 percent over 20 years.

Eligible projects must provide a positive economic impact to Kentucky and attract at least 25 percent of their lodgers



from outside the state. That program was augmented in 2009 by an incentive for film industry entertainment projects.

"The purpose was to develop tourism attractions and to provide places for people who were traveling from out of state to stay," said Gil Lawson, communications director for the Tourism, Arts and Heritage Cabinet. "And that



*Gil Lawson,
Communications
Director,
Kentucky
Tourism, Arts
and Heritage
Cabinet*

has a direct impact on our tourism economy because people are spending money in our communities and helping economic development."

Although other states such as Mississippi, Hawaii and Pennsylvania have either proposed or passed legislation to give tax incentives to hotel renovation or construction, the hotelnews-now.com site reports that none offer rebates as large as the Kentucky law, which is thought to be unique and the first of its kind.

Hotel growth – particularly in the wake of the economic recovery – is



Guy R. Colson



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A rendering of the Musselman Hotel planned \$25 million Aloft hotel at Newport on the Levee.

thought to be driven by investors' desire to finance projects with quick ROI.

"Hotels just do well when the economy is doing better," explained Chris Bollinger, Gatton professor of economics at the University of Kentucky's Center for Business and Economic Research. "The labor numbers are good lately, the GDP has been better the last few years, and the uncertainty index has come down."

Although the Tourism Development Act seems to be playing to the strength of Kentucky's unique atmosphere and events, Bollinger urged caution when relying on incentives to one industry to spur effective growth.

"They do have an obvious and immediate impact," he said of new hotel projects. But "people don't pick a vacation based on the hotel. It's based on what is nearby."

21c is both hotel and attraction

Developers seem to agree that Kentucky attractions are boosting tourism, but in at least one case, the hotel itself might be a draw.

The 21c Museum Hotel in Louisville helped kick off the state's hotel boom. Completed in 2006, the 91-room facility at 700 W. Main St. offers exhibits of modern art in addition to food and lodging.

The No. 1-ranked "hot new hotel" according to TripAdvisor.com, the 21c was included on *Inc.* magazine's list of fastest growing U.S. companies across



Chris Bollinger, Gatton Professor of Economics, University of Kentucky Center for Business and Economic Research

22 industries. Readers of *Conde Nast Traveler* voted the 21c as one of the world's 100 best hotels.

In Lexington, the owners are hoping to replicate the success of its hotels in Louisville and other cities to make the Bluegrass facility profitable, too. The \$43 million project is set to recover up to \$9 million in sales tax rebates over 10 years under the tourism law, which will require the hotel to attract 25 percent of its guests from outside the commonwealth.

21c Hotels President Craig Greenberg said meeting that requirement won't be a problem.

"We expect the majority of them to be from out of state," Greenberg said. "We have folks from around the country and around the world that stay with us in Louisville, and we expect (they) will be staying with us in Lexington as well."

Greenberg cited the Tourism Development Act's sales tax refund program as playing a "meaningful and critically important role" in the decision to build in both Louisville and Lexington.

"We couldn't have done either project without this important incentive," he said.

Although Greenberg declined to release overall sales figures for the Louisville hotel, he said the refund for that property is capped at \$3 million.

"The state is generating a significant amount of sales tax off of our sales," he said.

In addition to its Louisville flagship, 21c has opened hotels in Cincinnati, Bentonville, Ark., and Durham, N.C. Another is under construction in Oklahoma City, and the company has museum hotels under development in Indianapolis, Kansas City and Nashville.



Craig Greenberg, President, 21c Hotels

Bourbon Trail continues to set tourism records

Although Louisville's Kentucky Derby and top events at the 22,000-seat Yum! Center can be relied on to drive room rentals in Louisville, other cities across the state also have attractions capable of drawing travelers near and far.

Kentucky's historic and renowned bourbon industry is one such destination. According to its website, the Kentucky Distillers Association launched the Kentucky Bourbon Trail in 1999 to "give visitors a firsthand look at the art and science of crafting bourbon, and to educate them about the rich history and proud tradition of our signature spirit."

Tour attendees visit nine distilleries over three days, stopping at each for a 90-minute tour. There are product tastings at the end of each tour.

The association says over the past five years, the Bourbon Trail has drawn 2.5 million people from across the country and from as many as 25 countries. Hotels, limousine and bus companies, and restaurants benefit from these tourist dollars.

Bourbon industry growth (and positive press) testifies to its popularity. The number of Kentucky distilleries has tripled in three years, according to a University of Louisville study commissioned by the KDA, the *Courier-Journal* reported Oct. 22, 2014. The study forecast \$1 billion in bourbon industry investment for the 10-year period running through 2019.

Beam Inc.'s 2014 acquisition by Japanese firm Suntory Holdings LLC for \$13.6 billion, which included Maker's Mark and Jim Beam, two of Kentucky's flagship whiskey brands, raised concerns domestically but may serve to heighten long-term interest in the beverage as well.

Besides being the booming bourbon industry's global headquarters, Kentucky is home to many other tourist attractions for hotel guests. In Northern Kentucky, the Newport Aquarium, Kentucky Speedway

NASCAR racing and Turfway Park Thoroughbred racing are noted attractions.

Trend lines up the past few years

Chester Musselman, president of Musselman Hotels LLC, cited the nearby attractions as a reason his company chose to build a \$25 million hotel in the larger Newport on the Levee project, which has separate developers building apartments, a parking garage and retail space. The hotel is part of an overall project totaling \$80 million.

"We're practically right next door to the (Newport) Aquarium," Musselman said. "We own the Comfort Suites in Newport, so we're familiar with the area. The proximity to downtown Cincinnati definitely helps the whole hospitality market."

Covington Mayor Sherry Carran said new hotels in Northern Kentucky match the growing interest in area lodgings.

"We've got a lot of demand because of the events happening on our side of the river, and also because of the events happening on the Ohio side," she said. "It just seems to be good for all of us all the way around."

The trend lines have been moving upward the past few years.

"Tourism in Kentucky is a \$12.5 billion industry that supports over 175,000 jobs

More rest for the weary

Here are some of the hotel projects now under construction or announced to occur in the next few years.

PROJECT	ESTIMATED COST (MILLIONS)	NUMBER OF ROOMS
Hilton Garden Inn, Louisville	\$18.0	162
Embassy Suites, Louisville	\$85.0	304
Aloft, Louisville	\$24.0	175
Aloft, Louisville	\$20.0	124
NuLu, Louisville	\$38.6	150
Omni, Louisville	\$289.0	600
Holiday Inn Hurstbourne (renovations)	\$15.0	0
Holiday Inn Express, Downtown Louisville	\$18.5	145
21c Museum Hotel, Lexington	\$43.0	88
Hampton Inn, Lexington	\$15.0	105
Aloft, Newport on the Levee, Newport	\$25.0	144
Holiday Inn Express, Glasgow	N/A	74
Hilton Garden Inn, Paducah	\$18.0	121
Courtyard by Marriott, Somerset	\$11.5	105
Total	\$620.6	2,297

and generates over \$1.3 billion in taxes to state and local governments," said Bob Stewart, secretary of Tourism, Arts and Heritage Cabinet. Those 2013 figures, which were released in mid-May last year, showed a 2.6 percent from 2012.

Tourists arriving in the next few years will have increasing options to overnight in new facilities. ■

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

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State Angel Incentive Is a Hit



Kentucky startup investors file for most of available tax credit refunds in first quarter

BY DEBRA GIBSON ISAACS

KENTUCKY'S effort to incent investment in startup companies is working.

In 2014, Gov. Steve Beshear signed legislation allowing individuals providing capital for startup companies – so-called angel investors – to receive a 40 or 50 percent tax credit beginning in 2015. Less than three months into the year, angel backers have made \$5.4 million in eligible investments in 17 Kentucky businesses and filed for 70 percent of the available tax credit pool.

“We are seeing a high level of interest and utilization of the Angel Investment Tax Credit,” said Mandy Lambert, commissioner of business development in the Kentucky Cabinet for Economic Development. “Angel investors are realizing this is a great opportunity to invest in Kentucky’s small businesses, which, in turn, will create more jobs and economic prosperity throughout the state. Everybody wins.”

The response has been so swift, in fact, that \$2.1 million of the \$3 million cap on tax credits has already been committed.

“At this rate, we anticipate the funds allotted for the entire year will be awarded in the very near future, so I would encourage any interested investors to apply quickly,” Lambert said.

Individual angel investors can receive a tax credit of up to half of their investment in counties with high unemployment rates and a 40 percent credit in all other counties. Approved investors may claim the credits on their 2015 tax returns.

The AITC has a provision to attract out-of-state investment dollars by allowing non-Kentuckians to make deals that transfer investment tax credit to someone with commonwealth tax liabilities – an individual Kentucky taxpayer may purchase an eligible credit, and the investor recovers a portion of his or her investment.

The Kentucky Economic Development Finance Authority oversees the tax incentive application process. Investors must be SEC approved and go through a KEDFA approval process.

In November 2013, the Beshear administration announced creation of the Kentucky Angel Investors Network, a virtual system to link companies pursuing funding with would-be investors from across the state. Its digital platform allows approved investors to watch virtual presentations by entrepreneurs who already have a lead investor and a negotiated term sheet. The hope is that there will be a match.

There are several other angel groups in the state’s urban areas. Louisville has had two such groups. The Louisville Angel Investor Network primarily considers seed and early stage investments.



*Mandy Lambert,
Commissioner of Business
Development,
Kentucky
Cabinet for
Economic
Development*

Ashland has newest angel group

The newest group is the Tri State Angel Investment Group in Ashland, which the Kentucky Innovation Network Office in

See these sites for more information:

Angel Investment Tax Credit

thinkkentucky.com/Entrepreneurship/KAITC.aspx

Kentucky Innovation Network

kyinnovation.com

Kentucky Angels

kyangels.net

Key provisions of the Angel Investment Tax Credit

- Investments must be a minimum of \$10,000 cash made by a qualified investor in a qualified small business.
- Kentucky tax credits granted may be transferred to an individual taxpayer and may be carried forward for up to 15 tax filing years.
- A qualified small business is a legal entity registered and in good standing with the Kentucky secretary of state and has no more than 100 full-time employees.
- Funded businesses must engage in bio-science; environmental and energy technology; health and human development; information technology and communications; materials science and advanced manufacturing; or other new economy knowledge-based activity.
- A qualified investor may hold no more than 20 percent ownership in and must not be employed by the funded business prior to making a qualified investment.

Ashland established. It is the state's only angel group east of Lexington.

"Eastern Kentucky businesses will no longer need to go out of the area to obtain funding help," said Mick Fosson, director of the Kentucky Innovation Network office in Ashland.

In addition to working directly with entrepreneurs, Fosson said, TSAIG is collaborating with the state Cabinet for Economic Development, the Kentucky Innovation Network, Kentucky Angels Network, the Shaping Our Appalachian Region (SOAR) initiative and other entities and programs to encourage innovation and strengthen Eastern Kentucky's small business climate.

"This is one of the strategies of how we change the cultural dynamic of an area that went the way the national economy went or as outside influences steered it," said Tim Gibbs, president/CEO of the Ashland Alliance. "We cannot only reposition ourselves in the current economy but build a new economy as well."

The group got off to a fast start, raising \$1.1 million in six to seven months, which Gibbs calls "a remarkable achievement." The new tax credit was "quite the catalyst," he said, adding that the angel network is "not only the right thing to do for our community but makes financial sense as well."

The TSAIG initiative can help residents of the region realize they have the capability to drive economic development themselves.

"We can build from within," Gibbs said, "and try to change the mindset of folks. This is a powerful apparatus to make our own dreams come true. It is not a magic-bullet strategy, but you have to take care of your own, foster your own."

It is good to see leaders in the community put their money into this group, said Don Perry, senior vice president of Ashland-based Kentucky Farmers Bank, who is TSAIG chairman and its investments manager. Additionally, he said, these Tri State Angels need to share their expertise about how they achieved success with entrepreneurs they fund.

"These people are very interested in seeing economic development in the area," Perry said. "Prior to this group, financing was a real

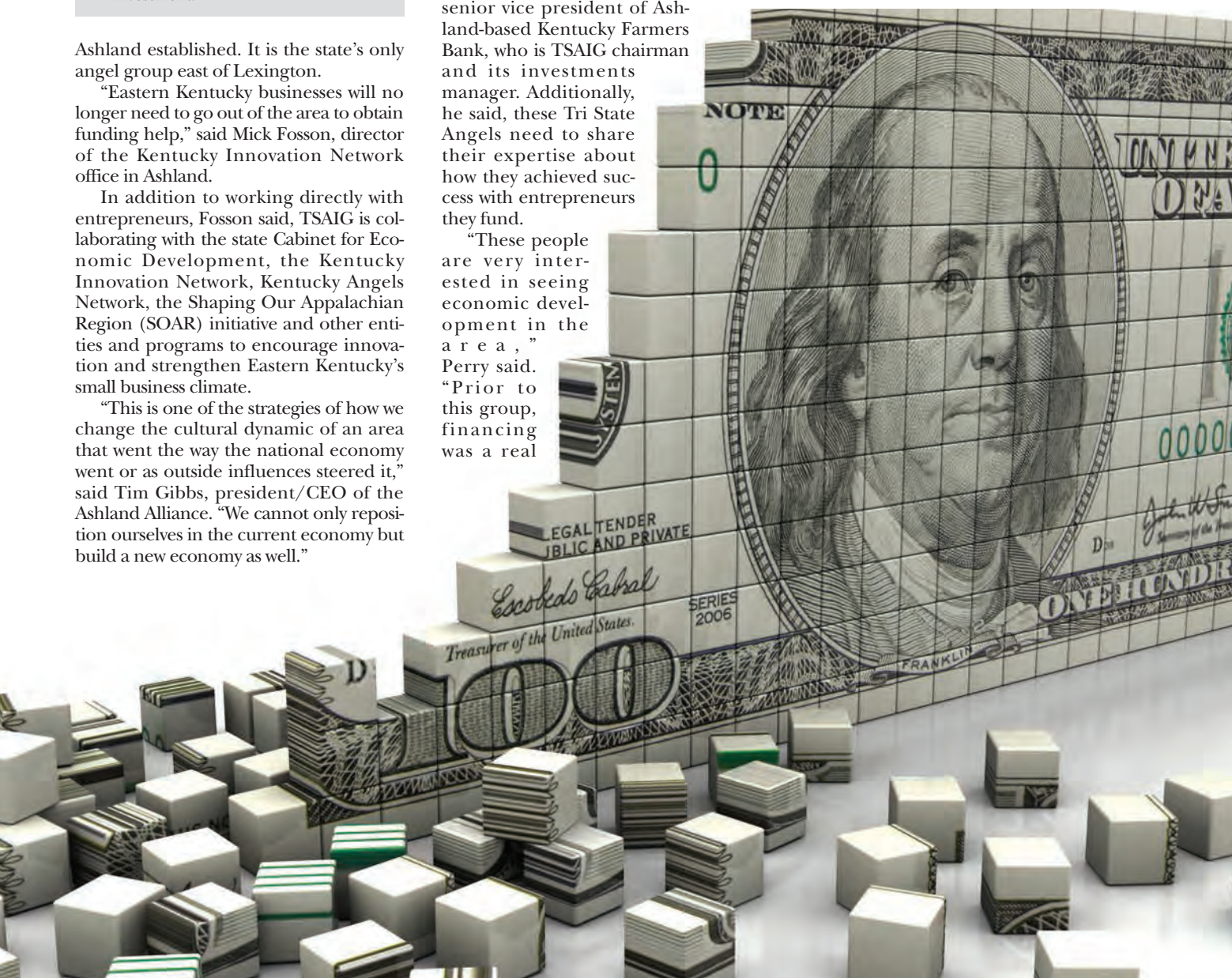


*Tim Gibbs,
President/
CEO, Ashland
Alliance*

problem. A number of good ideas for start-ups could have begun right here with us and not have had to move to other cities to get funding or expertise."

TSAIG is working with seven companies currently, and several others have begun the application process, according to Gibbs. The first two to make formal presentations at the inaugural meeting in January were FWD Energy, a start-up that recycles tires in innovative ways, and HeraTesting, a medical testing procedure company that is a spinoff from Transposagen, which was started in Lexington. Both have progressed to the due diligence process of assessment for possible funding.

"I didn't think it would happen this quickly," Perry said. "Now it is a question of whether this is a one-time initial burst or if we can keep the momentum going."



BiF Aims to Fill a Kentucky Capital Gap with Foreign Investment

THE Bluegrass International Fund (BiF) is a Frankfort-based development firm created by a group of Lexington and Louisville business people approved by the U.S. Citizenship and Immigration Service to operate as a federal Immigrant Investor Program (EB-5) regional center.

Known as EB-5, the Immigrant Investor Program's ultimate goal of the EB-5 program is to create a significant number of new jobs by attracting foreign investments for real estate projects that spur jobs and economic growth. For a minimum investment of \$1 million, or \$500,000 in rural or in targeted-employment areas, foreign investors obtain conditional green cards, which can become permanent in two years if the investment creates 10 permanent jobs.

"We are the first EB-5 Investment Fund that's been established to invest exclusively in Kentucky and Southern Indiana," said Lynn Allen, president/CEO of BiF. "We invest only in large-scale economic development projects that are game changers in terms of jobs and new economic vitality."

"The individuals who came together to create BiF did so because we all had experienced, in our professional and community volunteer lives, the relatively low availability of capital in Kentucky," Allen said.

"The Eli Lilly and Co. Foundation (in Indianapolis) can write a check for \$50 million when our foundations are stretching it to write one for \$10 million. Or consider the financial centers are located in North Carolina or Chicago and New York City," she said. "So Kentucky has been at a disadvantage when it comes to capital access and

availability. BiF wants to make a difference in this way."

A variety of people and groups in the commonwealth have been pushing to improve the funding environment for start-ups that aim to create completely new types of businesses or products. With state average income levels lagging at about 81-82 percent of the national average, start-ups that might hit it big are viewed as offering a far better chance to catch up than incremental growth of existing operations.

"Kentucky has made a lot of progress," said Kris Kimmel, president of the Kentucky Science and Technology Corp. "Capital is always an issue, but we've made substantial inroads with groups such as the Bluegrass Angels, the venture fund in Louisville, and the Commonwealth Energy Fund. We probably need more of a mid-level fund that can invest \$2-4 million in a company. That's where the gap is most acute."

BiF is the "new 'tool in the toolbox' designed to promote economic growth on a large scale," Allen said. "Our projects will be projects with a total price tag of at least \$30 million. Our minimum loan will be \$10 million, but our sweet spot is even larger proj-

ects that cost anywhere from \$60 to \$300 million and for which we can provide loans in the \$20-\$60 million range."

Michael Mountjoy, BiF chairman of the board, said he expects BiF to be in the top tier of regional centers in operation today, especially because of the high quality of the board members and staff he works with.

"BiF will be a terrific asset for Kentucky and Southern Indiana," he said.

It has an association with the Cleveland International Fund in one of the most successful regional financial centers in the country, which Mountjoy said can connect BiF to expertise that has generated more than \$220 million in funding for economic development projects in northeast Ohio since 2010.

Additionally, BiF entered into partnership with the national Council of Development Finance Agencies, Allen said.

"Its purpose is to work with state municipalities, economic development organizations and developers to help them learn how to source and package a variety of financial resources to make large-scale projects a reality. I think we've seen the challenges that some very large-scale projects have in getting launched (a Rupp Arena renovation, the CentrePointe multiuse development proposed in downtown Lexington) because of the challenges in sourcing and packaging the financial resources needed. We are bringing CDFA's resources and expertise to Kentucky for the first time."

BiF will hold webinars throughout the year, and in October it will host a CDFA conference in Lexington.



*Lynn Allen,
President/CEO,
Bluegrass
International
Fund*



*Michael
Mountjoy,
Chairman,
Bluegrass
International
Fund*



Veteran angel funds mentor others

One factor benefiting new angel investment groups in Kentucky is more established angel investment groups such as the Bluegrass Angels.

Warren Nash, director of the Kentucky Innovation Network in Lexington, is heavily involved in the Bluegrass Angels, which started in 2004. This group now has two funds – Bluegrass Venture Fund 1, which is fully booked with 12 investments; and Bluegrass Venture Fund 2, which has been in operation for five years. Both are managed by a board of volunteer investors from the Bluegrass Angels that meets monthly (except January and July) to hear pitches from two to three companies.

In July 2014, the group began the Bluegrass Angel Launch Grant Fund in cooperation with the Bluegrass Development Partnerships, the Kentucky Commerce Cabinet, and Commerce



*Warren Nash,
Lexington
Office Director,
Kentucky
Innovation
Network*

Lexington. Targeting early stage start-ups that are not yet ready to raise money, it makes grants of up to \$4,000 as a straight investment and has awarded eight so far.

"The best thing is that the company gets mentorship," Nash said. "This improves the quality of the (eventual) deal. It helps the entrepreneurs reach the next milestone fairly quickly."

Beyond the regionally focused groups, there is also the Kentucky Angel Investors operation launched in 2013. Aiming for rural as well as metro projects, Kentucky Angels brings new ventures and accredited investors together via monthly online meetings and gives investors access to form deals and partnerships with entrepreneurs statewide.

The state provided seed money for the Kentucky Angels with a mandate to hold two summits each year where entrepreneurs and angels can meet.

"They are trying to reach the rural areas that may not have a(n investment) group," Nash said, "but it is not just about funding. It also provides a way for entrepreneurs and investors to get to know each other."

The group does require start-ups to already have raised money, according to Nash.

"One of the key components of this group is that you have to have a lead investor who can explain why he or she invested and why."

The highlight of the summits is an entrepreneur pitch competition. Last November, GearBrake took home the grand prize and \$5,000. The Louisville-based company has developed a specialized brake-light system to better protect and alert motorcyclists.

"As a state, we have made a lot of progress," Nash said, "but this takes time. It takes time to build infrastructure and culture. It is not a one-shot time and you're done. We have to have a lot of follow-up funding so a company can continue to grow."

None of the angel groups is going to invest in a back-of-a-napkin idea, he said.

"You have to have spent time actually solving the problem and proving that actual people are willing to pay for it and how much they are going to pay for it," Nash said. "Angel investing will help you scale up and grow into your market, but there's not much money out there for pure research to put together a business model and think through your revenue chains. The first question is usually 'what have you put into this so far?'" ■

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

Angel Support: Mick Fosson and the Kentucky Innovation Network

"IT is different in Lexington or Louisville or Paducah," said Mick Fosson, director of the Kentucky Innovation Network Office at Ashland, one of 13 such directors spread across the state. Behind his contagious smile and ready laugh is a man who understands – who understands how to start a business (he's done it twice), who understands the often-overlooked role that culture plays, who understands the importance of business funding to the future of Kentucky.

Fosson's story begins in Ashland, his hometown. Back then, kids like Fosson graduated from high school and went to work for one of the big industries in town like Ashland Oil, with its world headquarters in town, or Armco Steel, at their plant that employed 5,000 people, provided good jobs with benefits, jobs that people kept for a lifetime before the next generation did likewise.

Fosson was one of the few who went to college. He graduated from the University of Kentucky in 1963 with a chemical engineering degree. Second in his class, 31 job offers poured in. Ambitious, he earned his MBA from Marshall University in Huntington, W.Va., at night.

All was well for years, the busy kind of years where everyone goes to work each day and raises their kids and plans for retirement.

But then the rhythm of life abruptly changed. The economy went south, literally and figuratively. Armco Steel went from employing 5,000 to 1,000-maybe. Ashland Oil moved its headquarters. Everything changed but the culture. Finish high school, perhaps go to college, stay in the area, get a job, raise a family.

Even his degree and work ethic couldn't protect Fosson. Armco fired their top five managers, including him, so he went to work for Ashland Oil. He couldn't see a merger with Marathon just 10 short years away.

"My family was here and I just didn't want to leave," Fosson recalls. "My wife taught school." Fosson's story became the story of the times.

The new millennium arrived. In 2000, Fosson decided to become a consultant and then started a business – River Cities Technologies. He figured out a better and faster way to calibrate the meters that measured gas in and out of massive gas tanks.

"The meters are like cash registers," he said. "They were in dark areas and you had to shut down the terminals to calibrate them. Fosson found a way to calibrate the meters as they ran – and in 15 minutes. Each calibration saved the owners seven hours and 45 minutes."

"It was a great business for four or five years," Fosson said. "I sold it for far too little."

But that wasn't a serious problem because Fosson had another idea. This one turned into JIT Supply, a business Fosson ran with two former colleagues. They sold products to refineries. "What do you need? They would ask. And then they handled all the logistics and qualify work."

"We did a ton of business for two years," Fosson said. That is until a huge company talked his partners into going with them.

This time Fosson's wife had something to say: Retire.

Fosson did – for a year, but he was miserable.

He found a job with an entity that had just begun in 2001, the Kentucky Innovation Network, a self-described "network of business leaders and mentors that encourage relationships, grow companies new and existing, and create jobs."

They sliced the state into 13 parts, each with an office and a director. The Kentucky Cabinet for Economic Development partnered with the Kentucky Science and Technology Corp. and local partners to manage the network. Fosson was to head the Ashland office, although he was technically hired as an employee of Ashland Community College.

They developed an incubator called IGNITE, where budding entrepreneurs could come drink a cup of coffee, eat a doughnut and get sound business advice. The idea was to build a critical mass of entrepreneurs who would start companies throughout the state, enough to create enough business and jobs to pay the way for the network.

The network did just that – in the Golden Triangle – and that funded the other offices as well. Some other areas did well, too – Bowling Green, Owensboro, Paducah, Murray.

But as Fosson says: "It's different in Ashland."

And it isn't just that, Fosson now realizes. "When we first started, we didn't know exactly what was needed," he said. "We didn't know we needed to change the culture. We just starting building an entrepreneurial climate. To change a culture is significant thing to do. Now we're sort of proud. We have the only angel investment group east of Lexington."

The first working meeting of the Tri State Angel Investment Group (TSAIG) was held in Ashland just three months ago – January of 2015. They have already put together a \$1.1 million fund. Before that, a lot of work went on behind the scenes with the Bluegrass Angels, consultant Rick Johnson with the Kentucky Science and Technology Corp., and local business leaders.

"Our first priority is businesses in our region," Fosson said. "If someone has a great idea and can grow it the first \$200,000, that's where the angel network comes in – funding from \$200,000-\$500,000. Above that is venture capital."

"Our own fund means we can help our own businesses. Once a good idea started going well, an investor from Louisville or Chicago would come in and want to invest, but they wanted the people to move there. Now we are building a community of entrepreneurs who can stay here."



Mick Fosson,
Ashland Office
Director,
Kentucky
Innovation
Network

The \$289 million Omni Hotel multiuse project will include 600 suites, 225 apartments, 70,000 s.f. of meeting space and 3,000 s.f. of shops along with two restaurants, a café and bar, fitness center and more.

Retail Recovery Prompts Construction

Louisville CBD has an ‘explosion’ of projects; office space attracting more lookers

BY MARK GREEN

LOW vacancy rates in the single digits in Kentucky’s retail real estate sector – a national trend – are likely to prompt new construction for the next few years, according to market watchers. Office space remains more plentiful, but there is improvement in that sector, too.

Kentucky bourbon’s ongoing global boom is turning downtown Louisville into a commercial real estate hot spot with distillers continuing to announce projects on Main Street to cater to tourists.

Angel’s Share Brands, Michter’s Distillery, the Evan Williams Bourbon Experience, Maker’s Mark and Brown-Forman all have opened or announced major distillery or tourism tasting room projects. There is even an expectation

developing among some commercial real estate brokers that bourbon is going to do for Louisville what country music has done in Nashville 175 miles to the south on I-65.

Bourbon-driven tourism – bourbonism it is termed by Louisville leaders – is, in turn, is creating a flurry of hotel construction, especially in Louisville (see “A Shot Of Bourbonism For Kentucky Hotels” on page 26).

“On the whole, 2014 was a very active in both the suburban and downtown markets,” according to DTZ Harry K. Moore Commercial Real Estate’s Louisville Office Market Report. “The scarcity of large, contiguous blocks of Class A space in the suburbs remains.”

Despite vacancy rates in the low teens for Class A and B office space

downtown, the report said shifting national demographic trends are benefiting most urban areas. Young professionals have a distinct preference for urban work environment, and larger companies are responding accordingly.

“Louisville’s Central Business District is in the midst of an explosion of development,” according to the DTZ Office Market Report.

It cites the announced 30-story Omni hotel-multiuse project, which will be the third tallest building downtown, and the \$180 million expansion of the Louisville International Convention Center. Increasing numbers of users are looking at large blocks of space in downtown Louisville, the report states.

Meidinger Tower and the Brown and Williamson Tower have significant vacancy with lease rates of \$16 to \$18.50, which is \$5 to \$10 below top rents at nearly full National City Tower and premium space at 400 West Market. To better compete, Meidinger and B&W have added free-to-tenant fitness centers, lounges with free wi-fi and enlarged board rooms.

The vacancy rate in CBD Louisville’s 10.6 million s.f. of office space declined from 13.8 percent at the end of 2013 to 13.4 percent at the end of 2014. Vacancy levels in suburban Louisville’s 10.9 million s.f. of office space fell from 11.7 percent to 11.2 percent, with suburban Class A vacancy at 8.1 percent, according to the DTZ Harry K. Moore report.

Lexington office market cooler but 'stable'

Lexington's smaller office space market lags Louisville somewhat with a 14.6 percent vacancy rate, according to the Yearend 2014 Commercial Real Estate Report from Lexington-based NAI Isaac. However, Class A office space in Lexington is having more difficulty attracting tenants and has a vacancy rate of 18.2 percent.

"I look at it as stable," said Al Isaac, president of NAI Isaac. Absorption and release rates for office space have been in rough balance lately, keeping lease rates steady.

"As a landlord you'd like a little increase, but as long as they are not decreasing," he said.

The 12.2 million s.f. retail space market is another story, though. The year-end vacancy rate was only 4.8 percent. Fayette Mall, the lone regional mall in the Lexington market, had a microscopic 0.8 percent vacancy rate.

The Lexington retail space market has fully recovered from the recession and then some, Isaac said. There is a need for additional retail inventory.



*Al Isaac,
President,
NAI Isaac*



Lexington has a 14.6 percent vacancy rate for offices space, 18.2 percent for Class A space, but retail space as 2015 began had only a 4.8 percent vacancy rate, with Fayette Mall more than 99 percent occupied.



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The Louisville central business district experienced an “explosion” of activity in 2014, according to an office market report by DTZ Harry K. Moore Commercial Real Estate. The growing global popularity of the Kentucky bourbon industry is being given credit for stimulating downtown development.

“From the perspective of landlords and of tenants, there has to be some level of vacancies to be able to do business,” Isaac said.

Industrial space is growing tight as well, although occupancy rates are not as high as with retail.

The Market Report for Lexington surveyed 516 properties, nearly all of which are more than 30,000 s.f. The survey does not take in properties smaller than 10,000 s.f., Isaac said, because they do not constitute a significant fraction of the overall market.

“You could survey the 2,000-s.f. spaces, but it doesn’t move the needle,” he said.

While it can be easy to find empty storefronts or note a space that never seems to obtain a tenant, Isaac said, such examples are more anecdotal than reflective of the overall market.

Retail adapts to new technology

Technological innovation is now driving the retail sector through a significant evolutionary phase, said Justin Baker, principal broker and partner with TRIO Commercial Property Group, based in Louisville.

As online businesses took an ever larger piece of the sales pie during the past two decades, the belief grew that there was decreasing need for physical “bricks and mortar” retail stores. Customers could visit stores in person to examine products, then go home and make purchases through the Internet from online providers who offered lower prices because they did not have the costs of maintaining, staffing and stocking store locations. Many major national retail brands reduced their physical marketplace presence significantly, such as Sears, or went out of business, such as Circuit City. Two of Lexington’s three malls closed.

However, many of the retailers who remain as well as new operations that have entered the marketplace in recent years are adapting and finding way to turn Internet technology to their advantage, especially as mobile devices became pervasive in the past five years.

“On the retail side, the buzzword is ‘omnichanneling,’” Baker said. “That’s



Justin Baker,
Principal
Broker and
Partner, TRIO
Commercial
Property
Group

the word that your going to hear more and more. It refers to bringing all of the advantages of brick-and-mortar together with online shopping.”

Companies today are using a multi-channel approach to reach customers that relies on combining “smart” technology in mobile devices with their physical presence to both market products more effectively and better satisfy customers.

“Because of this multifaceted approach, you see retailers making sure they are maximizing the use of their square footage,” Baker said. Some find they need less commercial space. “They want to make sure the space they are in is maximized, especially those that have been impacted the most” by Internet shopping.

The Internet is becoming a benefit to bricks and mortar retailers and enabling them to multiple channels of marketing – or omnichanneling. It is derived and built up from data created by individual customer interactions.

Retailers can now generate customer-specific marketing in addition to – or sometimes rather than – general marketing to inform customers that a retail store is having a sale, Baker said.

Instead, for example, a customer’s favorite sporting goods store can notify them that the Under Armour clothing he or she has previously purchased is on sale today, Baker said.

“Or Starbucks will text you as you drive by to say that your favorite drink is a dollar off today,” he said. “Omnichan-

neling is changing retail in a really fast way in the next few years.”

And this retail activity is likely to create demand for more store space. Baker expects an increase in commercial construction for the next several years. TRIO Commercial Property Group is seeing increasing commercial real estate activity in most of the state.

National retail occupancy rates are 93 percent, according to information presented during a commercial real estate conference Baker attended last month in Washington, D.C.

“Based on the vacancy rates, the absorption and increase in demand, I think you will see more construction than we’ve seen in awhile,” he said. “Now that demand has bounced back, some of those projects that were teed up before the recession – people are pulling out the plans and dusting them off.”

GBT Realty of Brentwood, Tenn., is investing more than \$100 million on a pair of shopping centers now under construction in Louisville, the 27-acre Jefferson Commons on the Outer Loop between Preston Highway and Shepherdsville Road and the 31-acres Midletown Commons on Shelbyville Road near I-265 (Gene Snyder Freeway).

GBT also has an 8-acre retail development, Woodland Commons, under construction in north Elizabethtown on Ring Road near U.S. 31W. ■

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



THE LANE LIST

HIGHEST PAID CEOs IN KENTUCKY IN 2014

By total annual compensation; publicly held companies

COMPANY	STOCK TICKER	CEO/CHAIRMAN	AGE	SALARY	TOTAL COMPENSATION
Brown-Forman	BF-B	Paul C. Varga	51	\$4.80 million	\$12.26 million
Humana Inc.	HUM	Bruce D. Broussard	53	\$2.81 million	\$10.16 million
Yum! Brands Inc.	YUM	David Novak*	62	\$2.65 million	\$10.07 million
Churchill Downs	CHDN	William Carstanjen	46	\$1.01 million	\$9.87 million
Lexmark International	LXK	Paul Rooke	56	\$2.85 million	\$7.05 million
Tempur-Sealy International	TPX	Mark Sarvary	54	\$1.46 million	\$6.59 million
General Cable Corp.	BGC	Gregory B. Kenny	62	\$1.07 million	\$4.97 million
Kindred Healthcare	KND	Paul Diaz	53	\$2.20 million	\$4.30 million
Papa John's International	PZZA	John Schnatter	53	\$1.61 million	\$3.28 million
Almost Family	AFAM	William B. Yarmuth	62	\$970,000	\$1.53 million
Delta Natural Gas	DGAS	Glenn R. Jennings	65	\$648,000	\$1.37 million
Texas Roadhouse	TXRH	Wayne Kent Taylor	59	\$525,000	\$1.17 million
Sypris Solutions	SYPR	Jeffrey T. Gill	58	\$658,000	\$1.14 million
Ashland Inc.	ASH	William Wulfsohn**	53	\$1.13 million	NA
Bank of Kentucky	BKYP***	Robert W. Zapp	63	\$664,000	\$1.04 million
Community Trust Bank	CTBI	Jean R. Hale	68	\$665,000	\$802,912
Rhino Resource Partners	RNO	Christopher Walton****	56	\$418,001	\$555,982
Republic Bancorp	RBCAA	Steven Trager	54	\$365,000	\$457,692
HopFed Bancorp Inc.	HFBC	John E. Peck	49	\$301,044	\$444,393
Farmers Capital Bank Corp.	FFKT	Lloyd C. Hillard Jr.	67	\$385,000	\$398,127
Kentucky Bancshares	KTYB	Louis Prichard	60	\$336,398	\$372,176
Investors Heritage	IHRC	Harry Waterfield II	70	\$266,158	\$300,071
HFB Financial	HFBA	David B. Cook	58	\$164,422	\$188,406
Ky First Federal Bancorp	KFFB	Don D. Jennings	49	\$173,333	\$182,046
Industrial Services of America	IDSA	Sean Garber*****	42	\$135,000	\$143,951

* David Novak became executive chairman Jan. 1

** Wulfsohn assumed position Jan. 1; salary figure is for 2015

*** Bank of Kentucky has been acquired by BB&T.

**** Walton left the CEO position Nov. 20, 2014. The new CEO is Joseph Funk, 54.

***** Garber, as president, is the top compensated executive. CEO Orson Oliver has no reported compensation.

Sources: Yahoo Finance, Business Yahoo, Reuters, Morningstar



Ben Sollee

Wed. April 22, 2015

7:30 PM

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Statewide Broadband by 2018

Public-private partnership with Australian investment firm will build 120-county Internet superhighway

BY GARY WOLLENHAUPT

IMAGINE downloading an entire movie in just a few seconds, or a business sending massive 3D printing files around the world. That's the kind of jumpstart Gov. Steve Beshear hopes to provide with the Next Generation Kentucky Information Highway, a plan to extend high-speed broadband service via fiber optic lines to all 120 counties by 2018.

In December 2014, Gov. Steve Beshear and U.S. Rep. Hal Rogers, the Somerset Republican who since the 1980 election has represented most of the commonwealth's Appalachian



Gov. Steve Beshear,
Governor



Hal Rogers,
U.S. Representative

region, announced a contract with Australia-based Macquarie Capital to bring high-speed Internet connectivity to the state. The project will include more than 3,000 miles of fiber in all 120 counties, and Eastern Kentucky will be the first priority area.

Rogers and Beshear have spearheaded the Shaping Our Appalachian Region (SOAR) initiative, aimed at improving economic development and public infrastructure in the Appalachian region. Having long endured fewer jobs, lower incomes and lagging infrastructure, Eastern Kentucky in the past few years has lost half the coal mining jobs that were among the best paying to residents there. SOAR's aim is to move the economic needle broadly upward.

Across the state, most home Internet services are delivered via telephone lines or cable TV connections that don't qual-

ify as broadband service today – defined now as download speeds of 25 megabits per second rather than the 2010 benchmark of 4Mbps. Businesses in some large cities have fast options for Internet service through telecommunications providers, but at a high cost and not at the level this project will provide.

The project is designed to address the fact that Kentucky ranks 46th in broadband availability, and slow service is still a reality in the 23 percent of the state's rural areas that do not have access to broadband of any type.

The contract with Macquarie, estimated at \$250 million to \$350 million depending on how much existing infrastructure is used, will target Eastern Kentucky first for fiber optic installation and connectivity.

The state will support the project with \$30 million in state bonds and \$15 to \$20 million in federal grants it is getting specifically for this job. In the recent omnibus federal budget, the Appalachian Regional Commission was awarded \$10 million to improve broadband in central Appalachia. There is no additional cost to taxpayers under the public-private partnership Macquarie Capital has signed on for; it

will pay the rest of the costs with the anticipation of obtaining a return from the fees charged to future customers.

It begins along I-75

The project will start the building of broadband fiber-optic lines across the state by taking advantage of existing lines and infrastructure, partnering with local telecommunications companies, local governments and major carriers to deliver the network more quickly and reduce construction costs. Work along Interstate 75 from Northern Kentucky south to Williamsburg near the Tennessee border will form the “spine” of the network, with other work occurring simultaneously in Eastern Kentucky.

Ultimately, more than 100 key properties will be connected, including universities, state government buildings, and community and technical colleges.

“We’re laying the first bricks for what could be ‘Silicon Holler,’ Rep. Rogers said. “This new Super I-Way is the cornerstone of SOAR’s mission to diversify the economy in Eastern Kentucky with improvements in business recruitment,

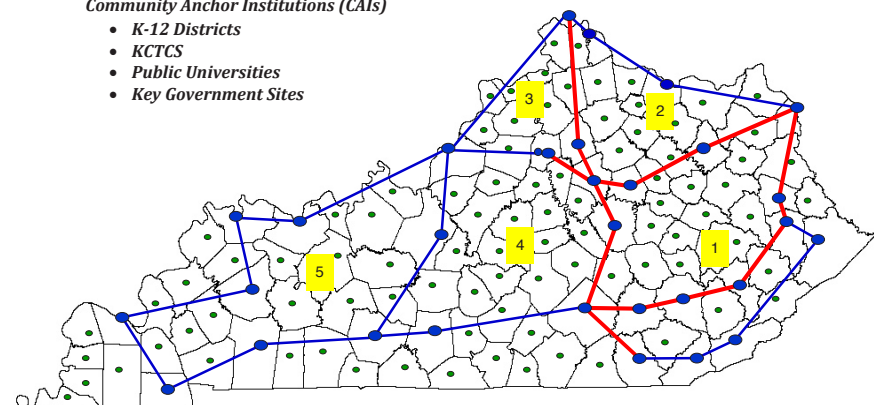


Next Generation Kentucky Information Highway/I-Way

Presence in Every County

- Backbone Nodes
- Core Network - To Be Determined in Design Phase
- Community Anchor Institutions (CAIs)
 - K-12 Districts
 - KCTCS
 - Public Universities
 - Key Government Sites

- Phase 1 (Completed Spring 2016)
 - ✓ I-75 Spine & Ring 1
- Phase 2 (Completed Fall 2016)
 - ✓ All CAIs and Core Backbone



fast-tracking telemedicine in the mountains, and adding high-tech advancements in education.”

It then will be up to local communities to upgrade or add service to homes and businesses in each county and city.

“That’s where SOAR comes in. We want to be sure to get it to the business community to promote job creation,” said Lonnie Lawson, president and CEO of the Center for Rural Development in Somerset, and head of the SOAR Broadband Working Group.

The contractor was scheduled to submit a not-to-exceed cost estimate at the end of March, Lawson said. He expects that about 85 percent of the fiber optic cable will be mounted on utility poles and the remaining 15 percent buried,



*Lonnie Lawson,
President/CEO,
Center for Rural
Development*

primarily in cities and places like the University of Kentucky’s Coldstream Research Campus in Lexington.

As an auxiliary benefit, Beshear notes, cell phone coverage is expected to improve as mobile data companies will be able to use the new fiber optic cable network to add capacity and broaden coverage areas in the state that experience poor cell phone signal reception.

The Next Generation project is designed to build the “middle mile” of a high-speed fiber optic network.

Comparing it to the interstate highway system built in the 1960s, Brian Kiser, executive director of the Commonwealth Office of Broadband Outreach and Development, said the broadband network will be a high-speed highway for data through the hills and hollows, the rolling bluegrass and the Pennyridge.

The “last mile” is comparable to the city streets and driveways connecting homes and businesses to the interstate.

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Cliff Krawiec ~ Main Source Bank

Emily Blaiklock ~ St. Matthews Community
Pharmacy

Greg Scales ~ First Savings Bank

Jamie Deibel

John Esham ~ SAS Institute Inc.

Justin Wagner ~ Morgan Stanley Wealth
Management

Laurie Dobbins ~ Logan Lavalie Hunt Insurance
Agency LLC

Mark Lamkin ~ Lamkin Wealth Management LLC

Michael Faurest ~ Brown Faurest Financial Services

Reece King ~ Student

Theresa Minogue ~ DeSales High School

Yvonne Coleman-Bach ~ Louisville Defender
Newspaper



Private companies – telephone and cable TV providers primarily – deliver last mile services in most cases.

“It’s an interstate-type system,” Kiser said. “We are going to build the main pipe and let people patch on to it.”

The fiber network will operate at gigabit speeds, or 1,000 megabits per second – 40 times faster than current broadband. However, technology already in development could someday boost that speed to an astonishing 400 gigabits or 800 gigabits per second, according to Kiser.

Brian Mefford, CEO of Bowling Green-based CNX Inc., a consulting company that helps municipalities package their assets like rights of way and utility lines, is working with Western Kentucky University to assess assets in its 28-county service area to prepare for local Internet service network upgrades to take advantage of the fiber optic middle mile project.

One of the things that makes this project unique is the public-private partnership aspect.

“We’re advocates of the third way, the public-private partnership,” Mefford said. “It doesn’t have to be all public (sector), and it doesn’t have to be all private, and there are ways to combine the strengths of each.”

The public-private model could extend to the final-mile installations and upgrade as well, he said. The lower cost of the state’s coming Internet backbone could attract other commercial



Brian Kiser,
Executive
Director,
Commonwealth
Office of
Broadband
Outreach and
Development

carriers who would find it financially viable to extend service into areas where it doesn’t exist. It will be up to the communities to make the most of the connectivity offered by the project.

Leveling the economic play field

High-speed Internet is about more than being able to binge watch the latest hit show or film from Netflix. As companies and organizations come to rely on software-as-a-service business models and cloud computing, high-speed Internet is seen as a vital utility just like power, water and sanitation infrastructure.

“‘The cloud’ has become this big buzz word in technology, and if you don’t have access to high-speed, high-capacity broadband, there’s no cloud for you,” Lawson said. “You have to be able to get to the ‘big pipe’ to be able to do cloud-based services, and that’s where industries are going across the board.”

Kiser compared it to the early days of electrification, when companies wanted to locate near power lines.

“Now the question is, ‘Can you provide us with high-speed Internet and how much (capacity) can you give me?’” Kiser said.

A recent Federal Communications Commissions ruling that broadband Internet service was a utility, to be governed by the same regulations as telephone service, most likely won’t impact the Next Generation project much, if at all, according to several of those involved. Under the ruling, Internet service providers must treat all traffic the same, and not give access, speed or capacity priority to their own subscribers or content.

In its Internet service ruling, the FCC reported that 17 percent of all Americans, or 55 million people, lack access to the redefined broadband

speeds of 25MB second for downloads and 3 Mbps for uploads – the 2010 standard required 1 Mbps uploads. Only 8 percent of urban Americans lack access to broadband service at its new standard, while 53 percent, or 22 million people, in rural areas do not have access that type of connection.

Raising the broadband standard to 25 megabits per second further highlights the current substandard state of service in Kentucky

“Under the new guidelines we have very little broadband, certainly in Eastern Kentucky, because most folks don’t have access to that kind of speed,” Lawson said. “When you look at the new definition, Eastern Kentucky is almost a blank slate.”

Boosting education, economic development

Creating an infrastructure capacity for competitive jobs in a global economy could help stem the brain drain from the mountain regions of the state. At the University of Pikeville, Howard V. Roberts, dean and professor of the Coleman College of Business, said the broadband initiative will “will empower a new economy. It will allow many people to create businesses and work globally in their home environment without leaving, which we would like to encourage.”



Howard V. Roberts, Dean,
Coleman
College of
Business,
University
of Pikeville

Better Internet access could also open doors for the university to offer more classes online to a statewide – or even global audience.

“With online learning and virtual campuses, an initiative like this will give us the opportunity to make some changes in how we deliver courses,” Roberts said. “We can connect those courses with students who otherwise might not consider attending the school.”

For clients of Teleworks USA, the state program that connects job seekers with work-at-home employment such as customer service and call centers, reliable high-speed Internet service is vital.

Some employees have lost jobs because of Internet outages at their homes, according to Jeff Whitehead, executive director of the Eastern Kentucky Concentrated Employment Program, which operates Teleworks. The agency has placed about 48 people in the past six months and previously placed Eastern Kentucky workers with companies doing customer service for Amazon and Cincinnati Bell, and conducting research by phone for Ipsos, a French company. One worker has risen from a customer service job to managing other work-at-home customer service staff for Apple.

High-speed broadband is considered a game changer for the kind of work people in small towns across the state could do.

"You can start raising the bar. There are companies that do bookkeeping and accounting services for small businesses online that pay a higher wage," Whitehead said. "That kind of connectivity opens the window for us to expand our jobs."

Prepare for high speed

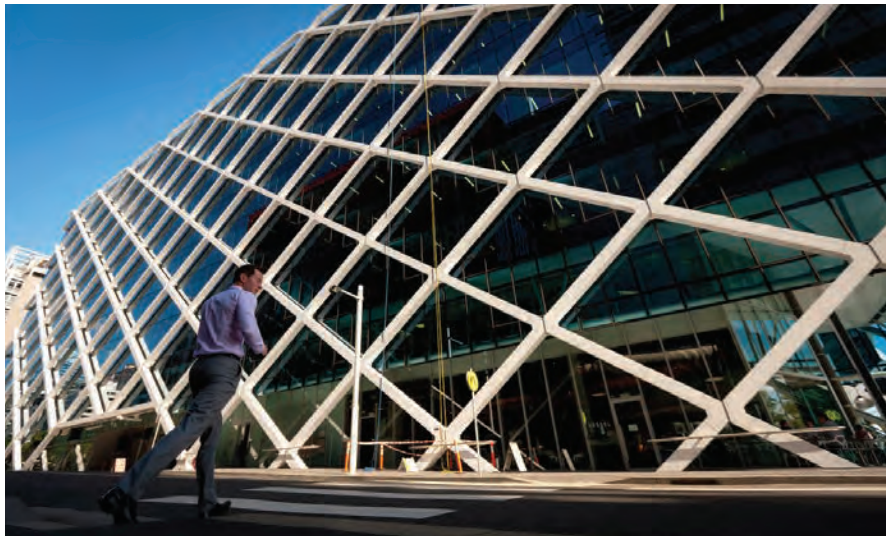
Some cities already are looking at ways to prepare for the coming middle-mile solution. Lexington issued a Request for Information for potential gigabit-level service providers that could connect the city's residents and businesses with the Kentucky Information Highway project. According to Ookla, an Internet metrics company, Lexington now has an average Internet speed of 16.2 Mbps, which ranks 38th among towns and cities in the commonwealth.

Mayor Jim Gray said higher Internet speeds will drive business activity and economic development in health, education, manufacturing, technology and research sectors. The city is looking from a company interested in a commercial solution, according to Scott Shapiro, senior advisor to Mayor Gray.

"There are some models for doing this but not very many," Shapiro said. "So the mayor's fiber team issued the request for information to aggregate the private-sector interest in helping Lexington build a fiber optic network."

The goal is to meet growing business and residential demand.

"Companies that utilize lots of bandwidth are the kinds of companies that should be here in Lexington. Whether



they're in the tech sector, or research and development, or the medical and health fields, there are few companies these days that don't rely heavily on the Internet," Shapiro said. "We want to encourage these companies, and we don't want the existing infrastructure to be a barrier."

Lexington is hoping the draw of a university city with a young, highly educated tech-savvy population will attract service providers willing to invest in the city.

"One we reason we issued the RFI is that this market is evolving rapidly, and we wanted to understand the companies and the models that are out there," Shapiro said. "Lexington is a market we think is going to be of interest to the private sector." ■

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

A pedestrian crosses the road in front of the Macquarie Group Building in Sydney, Australia. Macquarie Group Ltd. had surplus capital of A\$3.4 billion.



About Macquarie Capital

Macquarie Capital comprises Macquarie Group's corporate advisory, equity, debt and private capital markets businesses, and undertakes principal investing. Macquarie Capital has 1,139 staff in Australia, Canada, China, Germany, Hong Kong, India, Indonesia, Ireland, Japan, Malaysia, Netherlands, New Zealand, Philippines, Singapore, South Africa, South Korea, Spain, Thailand, the UAE, the UK and the United States.

A multinational financial services provider based in Sydney, Australia, Macquarie Group Ltd. reported \$8.76 billion in revenue for the 12 months ending Sept. 30, 2014. It has offices in 28 countries.





A birds-eye view of a typical Amazon fulfillment center.

Amazon Likes Its Kentucky Home(s)

State's fifth largest employer aims to further develop a workforce that has delivered for the world's largest online retailer

BY ABBY LAUB

AMAZON.com has put several hundred million dollars in Kentucky to open 11 fulfillment, return and customer service centers and become one of the state's largest private employers. The online sales giant says its next \$25 million in commonwealth investment will go into workforce development.

The 15-year relationship with Kentucky has been a fruitful one for both the commonwealth and the largest-yet-still-growing online retailer in the United States.

With more than 7,000 full-time employees based in Kentucky, Amazon is now slated to invest more than \$25 million in the Bluegrass State over the next two years and prove that a business-friendly atmosphere at all levels of government, the state's prime logistics

location, and a capable and educated workforce really do pay off.

"Amazon continues to invest in the state of Kentucky, and that's the really good news," said Amazon's Campbells-ville fulfillment center General Manager Carlos De La Garza, one of the company's first employees in the state. "I think we've found that the relationship has been very positive and mutually beneficial. We look at the larger scale and look at the last 15 years. The total investment in the state has been about \$350 million."

That's powerful validation of the state's logistics sector strength. Kentucky operations are within a day's drive of more than half the U.S. population, and major global air-freight shipping hubs at the Louisville and Cincinnati-Northern Kentucky airports offer ready access to customers literally all over the world.

De La Garza was among the original employees in Campbells-ville, which started out as one of only five Amazon.com order fulfillment centers in North America and recently celebrated its 15th anniversary. Beginning with just 35 employees, the company has methodically expanded to become the state's fifth-largest employer with centers and other facilities in Louisville, Lexington, Winchester and Northern Kentucky.

Besides the commonwealth's logistics assets and infrastructure, the retail giant cites two big factors in its Kentucky success story that are so simple yet so powerful: community cooperation and workforce development.

"Amazon has been a great corporate partner in Kentucky for more than 16 years," said Larry Hayes, secretary of the Cabinet for Economic Development. "The company not only continues to grow and invest in its multiple operations here, but through its workforce development and training programs, Amazon also is making the commonwealth a better place to work, live and do business."

"We've been thrilled being in Kentucky the last 15 years," said Amazon spokeswoman Nina Lindsey. "It's been absolutely wonderful. We have more than 10 fulfillment facilities after we started in Campbells-ville 15 years ago, and that really attests to the positive nature of our relationship with Kentucky and with the elected officials and all of those who supported Amazon coming to Kentucky. We went from about 30 full-time employees to 7,000. That is a strong testament to how great Kentucky has been to Amazon."

The cooperative support extends from the local levels all the way up to the state levels, Lindsey said.

But perhaps more important, she said, is the available workforce that has allowed the company to grow and invest so much money over 15 years.

"The state is honored to have such a strong relationship with a company of Amazon's caliber," Hayes said, "and we look forward to supporting their efforts for generations to come."

Amazon in February made about 100 direct hires for its LEX1 and LEX2 facil-



Larry Hayes, Secretary, Kentucky Cabinet for Economic Development



Nina Lindsey, Spokeswoman, Amazon

Amazon's Kentucky Homes

Amazon does not publish a list of its facilities, but logistics and online retail industry news sites compile information independently. Names are based on the code for the airport the site uses.

Fulfillment facilities

- **SDF1** – 1105 S. Columbia Ave., Campbellsville – Taylor County
- **SDF2** – 4360 Robards Lane, Louisville – Jefferson County
- **CVG1** – 1155 Worldwide Blvd., Hebron – Boone County
- **CVG2** – 1600 Worldwide Blvd. Hebron – Boone County
- **CVG3** – 3680 Langley Drive, Hebron – Boone County
- **LEX1** – 1850 Mercer Road, Lexington – Fayette County
- **LEX2** – 172 Trade St., Lexington – Fayette County
- **SDF4** – 376 Zappos.com Blvd., Shepherdsville – Bullitt County
- **SDF6** – 271 Omega Pkwy., Shepherdsville – Bullitt County
- **SDF7** – 300 Omicron Court, Shepherdsville – Bullitt County
- **SDF9** – 100 W. Thomas P. Echols Lane, Shepherdsville – Bullitt County

Customer Service facility

- 8 Winchester Plaza, Winchester, Ky. – Clark County

Source: taxjar.com



workforce,” Lindsey said. “Also, in Kentucky we are as close to our customers as we can be. We have fast shipping speeds.”

In fact, Amazon CEO Jeff Bezos is known to occasionally select a complaint email and personally call managers and employees for an explanation of a late delivery.

Lindsey said facilitating Kentucky’s quality physical logistics assets wouldn’t be possible without the abundance of talent in the area.

De La Garza is a testament to the caliber of Amazon employees and the staying power that results in treating employees well. A military veteran and Kentucky high school graduate, De La Garza is proud of the investment Ama-

Carlos De La Garza is the general manager of SDF1, the Amazon fulfillment center in Campbellsville. He started as an area manager there following military service 15 years ago.

zon is making in its employees. The company is putting its money where its mouth is. A large part of the new \$25 million investment is being spent on building an onsite Career Choice classroom for the Campbellsville employees.

At all Amazon fulfillment centers, associates who have been with the company for at least a year receive 95 percent of their tuition paid for undergraduate classes, skills certificate courses or other continuing education programs. In Campbellsville, students currently take classes

ities, skipping the typical process under which new workers must successfully put in 1,200 hours as Integrity Staffing Solutions employees before consideration to become a full-time Amazon associate.

Logistics success takes a workforce

“Whenever we were looking to locate a new facility, the most important thing is



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LOGISTICS

online or at Elizabethtown Community College, but when the new classrooms are completed they won't even need to leave Amazon's sprawling campus.

Career Choice allows for employees to pursue more education at very low cost, even if it is in a subject not necessarily related to their daily duties. Calling it a "big step forward," Delagarza said holding college-level classes on Amazon's campuses will only add another degree of flexibility for employees.

"We have had very positive responses," De La Garza said. "Our associates have shown interest in computer and information technology. We do a CDL (commercial driver's license) course. And with all of our classes, we have maxed out attendance."

Highly educated employees, he said, will be able to do more complicated tasks and ultimately speed up and improve service for customers.

Also, happy employees are more productive ones, he said, adding that employees in Campbellsville have a lot of fun at work and have many channels available to give feedback to their superiors.

Motivated, valued employees are innovative

"We involve associates in helping identify the best way to fulfill for our customers," De La Garza said. "We've had a lot of success in those programs."

Employees are compensated well and stick around for a long time.

"On the average we pay 30 percent higher than other traditional retail jobs," De La Garza said. "We offer benefits, starting from Day One."

A motivated and highly valued workforce, Lindsey pointed out, also tends to generate more workplace innovation. Some of the company's fulfillment center inventions have come directly from associates in Kentucky.

"We had an associate in Hebron working with a lot of apparel items, and some of these are very high-end apparel items. The associate noticed that some of the dresses, for example, would touch the floor," Lindsey said. "She thought if she



was that customer, she wouldn't want her nice dress touching the floor, so she raised it to her management team at the center and was given leeway to invent an entirely new way of transporting garments inside the facility center.

"They came up with a brand new kind of mobile garment rack that they use now, and the invention has been implemented worldwide."

She said ideas like this happen "organically all the time" largely because of the company's commitment to "kaizen," a Japanese word for "continuous improvement and change for the better." Associates are allowed to take time out from their schedules and partner with managers, scientists, researchers and engineers to work on processes, ergonomic workstations, conveyer belts, storage and other aspects of the workplace.

Amazon believes its bottom line benefits from listening to the people doing the work every single day, Lindsey said.

Direct community support also

De La Garza noted that Amazon also is giving back – \$250,000 over the last two years – to the community as a part of its business model.

"On a more personal level the really good news is we also continue to invest in nonprofits and schools in the community," he said. "For me personally it's really important."

An architect's rendering of what a dedicated onsite Career Choice classroom at the Campbellsville fulfillment center will look like, including medical exam tables and equipment. The classroom is part of Amazon's plans to invest more than \$25 million throughout Kentucky in the next two years.

The company donates to nonprofits like Kosair Children's Hospital in Louisville, Dare to Care, and local high schools.

Other recent investment examples include new energy-efficient light bulbs and lighting fixtures in its Lexington fulfillment center to improve environmental impact, upgrading associate amenities in Hebron, increasing the reach of Amazon Learning School, and funding new technologies in its fulfillment centers.

Amazon is rapidly growing and likely will continue investing in Kentucky, Lindsay said. While she said she could not disclose details about future growth, she left no doubt that it will happen. Lindsay cited the company's relationship with the state as one that continues to grow and continues to evolve.

"We continue to nurture and foster that," she said. "It's not something that just happened 15 years ago. We continuously work at and engage with community partners." ■

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

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CONSTRUCTION

TIF IS A ROBUST MULTITOOL

Kentucky's tax increment incentives help capital costs in many ways

BY JAMES E. PARSONS

KENTUCKY adopted its current tax increment financing statute in 2007 at the beginning of the financial crisis. A significant number of TIF Act projects representing new capital investment totaling billions of dollars have been approved for pledges of local and state taxes since 2007, including the Western Kentucky University Gateway Project in Bowling Green; three separate University of Louisville research projects; the CentrepoinTE, Red Mile and 21c Hotel projects in Lexington; Ovation in Newport; and the Ark Encounter Project in Williamstown.

"Tax increment" refers to the increase in tax revenue a project creates as a result of higher valuations for property taxes, new or higher occupational taxes from new jobs, plus increases in local and state sales and income tax payments due to new or growing business activity. Tax revenue increases in the project area are counted from pre-development baseline.

Most developers in Kentucky are generally aware of TIF. However, they may not know how TIF can be used to assist with the financing of a project.

Additionally, the TIF Act allows a city or county to designate a project "local development area" (for undeveloped property) or a "development area" (for redevelopment of property that meets certain factors of "blight"), and use a portion of the new tax dollars generated to promote new development within that area's bounds. Cities, counties and special districts (except school and fire districts) may pledge up to 100 percent of increased occupational taxes revenue (business licenses and payroll taxes) and real property taxes for up to a 30-year period to be an incentive to promote new projects or assist with the development of the TIF area.

The TIF Act defines the types of projects eligible for TIF incentive assistance very broadly. Basically, any project – residential, commercial or industrial – that contributes to economic development or tourism may be eligible for TIF incentives. Additionally, local tax revenues pledged to a TIF area may be used broadly to pay for project costs (including the private costs of development) or to provide redevelopment assistance to that area.

Beyond those local tax pledges, the Kentucky TIF Act uniquely permits projects that meet certain requirements to seek a pledge of 80 percent of the incremental increase in state sales taxes, income taxes from employees and real property taxes for a 20- or 30-year period, depending on the size and scope. Project costs recoverable with state TIF revenues are generally limited to site development costs and costs to build approved public infrastructure related to or required for the project such as parking, utilities, streets and public spaces or amenities.

Projects that qualify for state TIF designation normally must be in a development area that exhibits certain blight factors, though TIF Act exceptions do allow certain areas that are undeveloped or not blighted to be development area eligible for state tax revenue pledges.

TIF financing may support bonds issued to pay for certain elements of a project, such as parking, or to reimburse capital and financing costs for a project annually as incremental local or state tax revenues are generated over time.

TIF may be used in conjunction with other development incentive programs, such as New Market Tax Credits, historic tax credits and Kentucky tourism development incentives. For instance, the WKU Gateway Project in Bowling Green utilized local and state TIF incentives combined with New Market Tax Credits; and the 21c Hotel Project in Lexington's capital stack included local and state TIF incentives, New Market Tax Credits, historic tax credits and a HUD Section 108 loan, along with conventional bank financing.

Developers who may be interested in exploring whether a TIF incentive could assist their project should consider TIF or other potential incentives during the planning stage – before they start construction or expend capital dollars. Once the project is started or the developer is committed to undertaking the project, there is no reason a local government or the state would agree to an incentive, and the project then may not be eligible. ■

James E. Parsons is an attorney with Taft Stettinius & Hollister LLP in Covington.



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Friday June 26th, 3:00 pm
At Lock 4

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Laser Show

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3:00 p.m. Ribbon Cutting at Lock 4

1021 Kentucky Avenue, Frankfort, KY

7:00 p.m. Downtown Frankfort Summer Concert

Old State Capitol – Broadway Street

Saturday, June 27, 2015

Frankfort River Blast Schedule at River View Park

\$2 Admission

Proceeds Benefit Riverside Children's Play Park

8:00 a.m. Registration for Paddling Races

9:00 a.m. Paddling Races Begin

10:00 a.m. to 7:00 p.m.

ART Market • Children's Activities

11:00 a.m. to 10:00 p.m.

Food Vendors • Beer Garden

Noon to 10:00 p.m. Live Music on Stage
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SPOTLIGHT ON THE ARTS

George Ella Lyon Named Kentucky Poet Laureate

GOV. Steve Beshear has appointed Lexington poet, author, lyricist and teacher George Ella Lyon as Kentucky poet laureate for 2015-16.

Lyon, a native of Harlan, will be formally inducted during a ceremony on Kentucky Writers' Day, April 24, at the Capitol Rotunda in Frankfort.

Lyon is a graduate of Centre College and holds a master of arts in English from the University of Arkansas and a doctorate in English from Indiana University. She has taught creative writing at Centre College, where she was twice a writer-in-residence, Transylvania University and the University of Kentucky; and has been a visiting writer in Master of Fine Arts programs at Vermont College, Spalding University, Murray State University and Appalachian State University. She works in 30 to 40 schools a year as a visiting author and is a frequent workshop leader for National Writing Project affiliates.

Lyon said part of her mission during her tenure as poet laureate will be to continue to make poetry accessible to the general population.

"I'm always trying to help people hear their own voices, their own stories and know that those matter; that they have weight and beauty and that they are worth sharing," she said. "Part of that is listening deeply to what people write or the questions they ask. Many people are afraid of poetry because they don't understand it. I hope to reach past that and welcome them, and that they infuse poetry into their everyday language and hear the poetry in their everyday speech."

The experience of growing up in Harlan surrounded by extended family and their stories helped Lyon develop her voice as a writer. She has never forsaken her Appalachian roots, which figure prominently in much of her work. Lyon has written more than 40 books, including the poetry collections "Mountain," which won the Lamont Hall Award in 1983, and "Catalpa," which was named Appalachian Book of the Year in 1993. Her collections also include "She Let Herself Go" and "Many-Storied House" and the poem "Where I'm From," which was featured on the PBS program "The United States of Poetry" and has been used around the world as a writing model for poetry.

The Kentucky poet laureate promotes the literary arts in Kentucky through readings of her work at meetings, seminars and conferences across the state. Since 1995, the position has been appointed by the governor and is coordinated by the state arts agency. Lyon succeeds poet laureate Frank X Walker, who was appointed in 2013.



George Ella Lyon

Ky. Artists Honored for Outstanding Market Presentations

THE Kentucky Arts Council recognized three exhibitors at the 33rd annual Kentucky Crafted: The Market for their outstanding booth presentations.

The Market is the arts council's signature event of the year for artists under the Kentucky Crafted brand to display and sell their work to a broad base of consumers and wholesale buyers. More than 200 Kentucky Crafted and selected out-of-state artists exhibited their work for sale March 7-8 at the Lexington Convention Center.

Each year, the arts council gives three awards to exhibitors in the following categories: Best in Show, Best Booth Display and Excellence in Accessibility. Morehead pottery artist Seth Green, owner of Seth Green Pottery, earned accolades as Best in Show. Lexington photographer Mary S. Rezny, owner of MS Rezny Photography, took home the Best Booth Design award. Pottery artist Anne Porter Elliott, owner of Anne Porter Elliott Pottery in Stamping Ground, received the Excellence in Accessibility award.

Lacy Hale Appointed to Kentucky Arts Council Board

LACY Hale, of Ermine, is the newest board member of the Kentucky Arts Council. Hale was appointed by Gov. Steve Beshear to a four-year term, which will expire Feb. 1, 2019. She is a full-time artist, co-founder and coordinator of the regional arts group EpiCentre Arts, and coordinator of the Appalshop Gallery in Whitesburg. Hale is also a member of the newly formed Kentucky Art Tribe, is on the board of the Appalachian Arts Alliance and is on the Artist Advisory Board for the Appalachian Artisan Center in Hindman.



Lacy Hale

Arts Events Around the State

Sister Act

SkyPac, Bowling Green
7:30 p.m., April 22
theskypac.com
(270) 904-1880

John Toney

Paramount Arts Center, Ashland
8 p.m., April 23
paramountartscenter.com
(606) 324-3175

Big Bang Boom

RiverPark Center, Owensboro
6:30 p.m., April 24
riverparkcenter.org
(270) 687-2770

Antique Nine Patch Quilts

National Quilt Museum, Paducah
Now thru May 19
quiltmuseum.org
(270) 442-8856

"Turn, Turn, Turn: Lathe-Turned Works by Kentucky Artisans"

Kentucky Artisan Center at Berea
Now thru Sept. 12
kentuckyartisancenter.ky.gov
(859) 985-5448

Larry Gatlin & The Gatlin Brothers

Mountain Arts Center, Prestonsburg
7:30 p.m. May 16
macarts.com
(606) 886-2623



Lori Meadows is executive director of the Kentucky Arts Council.



Exceptional Manors

Historic inns charm guests with elegant yet relaxing settings

BY KATHERINE TANDY BROWN

J. Todd Allen has perfect pitch...at least in the marketing sense of the word. In January BedandBreakfast.com named him its inaugural B&B Marketer of the Year. The global site established the award to recognize bed and breakfast

owners who excel at creating and implementing successful marketing programs in addition to all the other hats they must wear, i.e. general manager, chief marketer, chef, concierge and head meeter and greeter.

The 1810 Federal-style Bourbon Manor bed and breakfast in Bardstown is on the National Register of Historic Places.

Having a stellar property to promote makes the job easier, and – with partner Tyler Horton – Allen owns not one, but two such properties: 1851 Maple Hill Manor in Springfield and Bourbon Manor in Bardstown. Both inns are on the National Register of Historic Places and are designated Kentucky Landmarks. Each has its own distinct personality.

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A view inside one of the suites at Maple Hill Manor outside Springfield.

For 26 years the former has opened its gracious arms to guests for overnight stays, corporate retreats, weddings, receptions, family and girlfriend reunions, and visitors to its working llama and alpaca farm and store. Located near Springfield on 15 lush, peaceful acres, the 7,000-s.f. stately columned Maple Hill Manor is rife with antique furnishings, country gourmet breakfasts and outdoor areas with rockers and a hammock for relaxing. In season, guests can pick apples, pears and plums from the orchard. Breakfast often features farm-grown berries and herbs.

Its seven luxurious guest rooms can sleep 20; some feature Jacuzzis and fireplaces. Murder mysteries make for fun teambuilding, and there's free Wi-Fi and Internet throughout.

The elegant manor has garnered national kudos galore, such as No. 1 B&B in the country with "Most Historical Charm" twice; "Best B&Bs in the South" twice; "Best Breakfast in the Southeast;" and "Best B&B Recipe in the World" by

BedandBreakfast.com. The latter two reflect Horton's culinary skills.

The team's other inn, the aptly named Bourbon Manor, is in Bardstown – the Bourbon Capital of the World – and smack in the midst of the state's wildly popular Bourbon Trail. In 2013, the pair acquired the former Rosemark Haven B&B.

"We decided the time was right for expanding," says Allen, "especially with the dramatic increase in tourism for the bourbon industry and the popularity of the Bourbon Trail."

After an extensive \$1.25 million renovation, they re-opened the historic hospitality in February 2014 as the world's first bourbon-themed B&B, complete with a beautifully restored 1810 Federal-style home and 1830 antebellum mansion, a bourbon bar and lounge converted from an old tobacco barn, and a health and wellness day spa. Already the inn has been named one of the South's top B&Bs by *Nashville Lifestyle* magazine.

Most of its nine lavish guest rooms, which can sleep 20, bear the names of bourbon drinks – the Sweet Old-Fashioned Room, the Mint Julep Room and the Hot Toddy Room among them. In a suite-like arrangement, two of the rooms occupy a guesthouse with shared bath, great room, kitchen and breakfast room.

Special packages include a bourbon tour and tasting; a golf package with golf, dinner and a reception; and romantic themes, such as anniversary, honeymoon or pre-birthing "baby-moon" stays for expectant parents, all of which include massages and chocolates.

The inn also creates itineraries for guests that can include any of five tourism trails: Bourbon, Wine, Civil War, Abe Lincoln and Catholic Religious Heritage sites, in addition to attractions such as My Old Kentucky Home, railway excursions and Bernheim Arboretum.

All of the two bed and breakfast properties' intricate details are further evidence of Allen's promotional skills. Armed with a marketing degree from Georgetown College and 14 years' experience in corporate marketing for AT&T, this exceptional multi-tasker markets and writes



Todd Allen, left, and Tyler Horton own and operate both Bourbon Manor and Maple Hill Manor.

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newsletters for both of his B&Bs, the Bed & Breakfast Association of Kentucky, the Springfield Chamber of Commerce and the Central Kentucky Agritourism Association (CKAA). Allen is a founding member, president and marketing guru for the CKAA, a 17-county organization with 120 agritourism entities, including Maple Hill Manor. He also currently serves on the advisory council board of the Professional Association of Innkeepers International and in addition, always has time to offer marketing advice to other innkeepers on their properties.

"I've been at this for 15 years now and have learned how to effectively market my own B&Bs," says Allen. "It's

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Bardstown
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bourbonmanor.com

Bed and Breakfast Association of Kentucky

(888) 281-8188
kentuckybb.com



The 7,000-s.f., 1851 Maple Hill Manor bed and breakfast is on the National Register of Historic Places and has seven guest rooms.

all about marketing daily and the right way. You can spend a lot of money doing it the wrong way. Marketing takes discipline, learning what's effective, and spending time wisely. Eighty-five percent is Internet-related, on our website and social media. We try to keep everything fresh for search-engine optimization."

Now residing in Bardstown, Allen and Horton have installed a couple, Adam and Rachel Plasky, as innkeepers to run Maple Hill Manor, though Todd still handles all reservations, inquiries and guest issues at both properties.

"I live on the phone these days," he says with a laugh. "It's a lot of hard work, but I love it all. Both B&Bs had their best year ever in 2014, and according to current advance bookings, 2015 looks to be even better." ■

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



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Organ Donors Can Achieve 50-1 Return on Investment

APRIL is Donate Life Month, and becoming an organ donor is as easy as visiting DonateLifeKY.org or signing up when you renew your driver's license. Currently 43 percent of Kentuckians, more than 1.5 million, are registered organ donors, 99 percent of whom joined when getting their driver's license.

To encourage Kentuckians to register as donors, the Kentucky Organ Donor Affiliates, donors and families, University of Louisville Hospital and Jewish Hospital, both part of KentuckyOne Health, held a Gift Of Life ceremony April 2 at UofL Hospital.

While the vast majority of organ donation occurs after a person experiences brain death, some organs can also be given from living donors, including a kidney, or a portion of the liver, lung, intestine or pancreas. Deceased donors can give kidneys, pancreas, liver, lungs, heart and intestinal organs, as well as soft tissue, corneas and more. One donor can provide organs, bone and tissue for nearly 50 people.

According to Donate Life another name is added to the National Transplant List in the U.S. every 10 minutes. On average, 18 people die every day



A new Kentucky Organ Donor Affiliates flag was raised April 2 by an organ recipient and family at University of Louisville Hospital, part of KentuckyOne Health, in a ceremony that honors organ, eye and tissue donors and their families.

from the lack of available organs for transplant.

More than 120,000 people in the United States – nearly 1,000 in Ken-

tucky alone - are currently on the waiting list for a lifesaving organ transplant according to the United Network for Organ Sharing.

Louisville, E-town, Bowling Green Among Top ENERGY STAR Cities

FOR the second year, Louisville ranks among the top 25 cities with the most ENERGYSTAR buildings in the nation, improving its position by one place. Competing with major cities that include Washington D.C., Los Angeles and New York, Louisville ranked 24 among the top metropolitan areas and fourth in the midsize city category.

Elizabethtown and Fort Knox were also recognized with a fourth place ranking with 21 buildings, while Bowling Green placed fifth with 20 buildings in the small cities category. These 41



ENERGY STAR buildings saved \$3.1 million in energy costs in 2014.

Kentucky's Energy and Environment Cabinet announced the Kentucky cities' rankings by the U.S. Environmental Protection Agency.

"Congratulations to the leaders and citizens of these three Kentucky cities for your commitment to preserving our environment through efficient and wise use of our natural resources," said Len Peters, secretary, Kentucky Energy and Environment Cabinet. "By earning the ENERGY STAR you demonstrate how energy efficiency strengthens local economies, reduces greenhouse gas emissions and ensures a healthy environment for generations to come."

The 59 buildings that earned ENERGY STAR certification helped Louisville achieve its goal of decreasing its per capita energy use by 25 percent by 2025 as outlined in the city's comprehensive sustainability plan, Sustain Louisville. Buildings

earning the ENERGY STAR in 2014 saved more than \$3 million in energy costs, equivalent to the electricity used by 2,800 homes in one year.

Louisville also met a secondary goal set by Mayor Greg Fischer to certify 25 ENERGY STAR buildings by 2013 and getting onto the top 25 list by 2018.

More than 25,000 buildings across America have earned EPA's ENERGY STAR since 1999. The 59 buildings in Louisville have saved nearly \$3.4 billion on utility bills and prevented greenhouse gas emissions, equal to the emissions from the annual electricity use of nearly 2.4 million homes.

Energy use in commercial buildings accounts for 17 percent of U.S. greenhouse gas emissions at a cost of more than \$100 billion per year. ENERGY STAR buildings are verified to perform better than 75 percent of similar buildings nationwide, and they use an average of 35 percent less energy and are responsible for 35 percent fewer emissions than typical buildings. Many common building types can earn the ENERGY STAR, including office buildings, K-12 schools, hotels, and retail stores.



Richardsville Elementary in Bowling Green was the first net-zero school in the nation. It generates at least as much electricity and other power as it uses.

License Plate Horsepower

As soon as 900 commonwealth drivers opt in for it at the Kentucky Equine Education Project Foundation website, the state will begin producing a new license plate featuring the legendary Seattle Slew.

Considered by many to be Thoroughbred racing's greatest champion, Seattle Slew was undefeated as a 2-year-old and won the prestigious Triple Crown in 1977, establishing speed records in the Kentucky Derby, Preakness and Belmont Stakes – winning the latter by a staggering 33 lengths.

Following his retirement from racing, Seattle Slew left another legacy as a sire, producing over 100 stakes winners, including Horse of the Year and leading sire A.P. Indy and the dam of Cigar, a two-time Horse of the Year and all-time leading money winner in North America.

Proceeds from plate sales will support the KEEP organization's grass-roots funding program, which has distributed more than \$600,000 to more than 800 non-profit equine organizations throughout the commonwealth since it began in 2005.

Pre-orders for the license plate are being taken through the foundation office and online at thekeepfoundation.org.

"The revenue from the sale of this commemorative plate will allow us to bring greater awareness of the importance of the horse industry in Kentucky," said Fred Sarver, chairman of the KEEP Foundation.



The KEEP Foundation license plate features a Tony Leonard photo of 1977 Triple Crown champion Seattle Slew.

Pikeville's Keatons Win Spelling Bee for Sixth Straight Year

We have total respect for Paul Keaton of Pike County, who won the 22nd annual Ford Motor Co. Kentucky Derby Festival Spelling Bee last month in Louisville by correctly spelling "insentient" – without sensation or consciousness.

Keaton, 13, is an eighth-grade student at Christ Central School in Pikeville. This is the second year in a row he has won the competition. So, wow! His older sister, Emily Keaton, won the KDF Spelling Bee from 2010-2013.



Paul Keaton of Pikeville spelled "insentient" correctly on March 21 to win Kentucky Derby Festival Spelling Bee for the second consecutive year.

savings bond at maturity, from the Kentucky Derby Festival Foundation. He also won a Merriam-Webster Collegiate Dictionary, Hasbro Scrabble game, an Amazon.com gift card and a trophy.

Singh receives a \$5,000 savings bond for finishing runner-up. Erin Thompson of Kenton County, finished third, winning a \$3,000 savings bond. Max Bograd of Fayette County finished fourth and received a \$1,500 savings bond. Chris Rice of Nelson County finished fifth, winning a \$1,000 savings bond.

OK, that's truly amazing.

There were 62 student participants from 59 counties in Kentucky and Southern Indiana who went through 191 words and 19 rounds in the Bomhard Theatre at the Kentucky Center for the Arts to find the new – and former – champion.

Tara Singh representing private schools in Jefferson County, Ky., was runner-up. In the competition among students from Kentucky and Southern Indiana.

Keaton receives the John & Joan Murphy Memorial Scholarship Fund, a \$10,000

Estate Gift Creates EKU Thomas Scholarship

A \$450,000 gift from the estate of Charles Clay Thomas, a former vice president and controller for WLEX-TV in Lexington, will enable future generations of Eastern Kentucky University students to achieve their educational dreams.

The gift to the EKU Foundation enabled establishment of the new Charles and Lillian Ojanen Thomas Scholarship.

A Winchester native, Thomas passed away in 2011, six years after his wife Lillian Ojanen Thomas. After graduating from Winchester High School in 1943, Thomas served in World War II with the Marine Corps in Okinawa and China. After military service, he graduated from the University of Kentucky with a bachelor's degree in commerce in 1949, adding a master's degree in education in 1963.

Thomas worked as an internal auditor with JC Penney and UK as well as at WLEX, and Mrs. Thomas was a homemaker. The Thomases did not have any children and decided to leave 100 percent of their estate to charity, in particular public higher educational institutions in Kentucky.

According to the couple's wishes, Thomas Scholarship recipient preference will be given to students who have been orphaned, have grown up in one or more foster homes, or are otherwise underprivileged and lack the financial means to pursue a degree.

"Eastern is extremely grateful that our neediest students will be the immediate and lasting beneficiaries of Mr. and Mrs. Thomas's tremendously generous and transformative scholarship gift as we continue to pursue putting students first in everything we do," said Nick Perlick, vice president for development and alumni relations at EKU. "The Thomas scholarship endowment will ... will open doors and make such an impactful difference for the individual recipients, their future families and communities for many generations."

We tip our hat to the Thomases and hope others see fit to follow their example of public-minded generosity.

KENTUCKY PEOPLE

MOREHEAD: UNIVERSITY HOLDS GROUNDBREAKING CEREMONY FOR THREE MAJOR CAMPUS PROJECTS



Morehead State University officials and its board of regents were joined by state legislators and local officials on March 19 for a groundbreaking ceremony celebrating three new projects. The construction of a new parking complex, dining hall and three new residence halls is part of a comprehensive campus master plan designed to better meet the needs of students, employees and the community. Taking part in the groundbreaking ceremony were (from left) Craig S. Preece, regent; Dr. Royal Berglee, faculty regent; Troy Webb, representing Sen. Robin Webb; Jim Tom Trent, Morehead mayor; Todd Q. Thacker, staff regent; Rick Linio, assistant vice president facilities management; Wes Davis, Codell Construction representative; Chris Estes, EOP Architects representative; Walter Blevins, Rowan County judge-executive; Beth Patrick, chief financial officer and vice president for administration; Kathy Walker, regent; Kentucky State Rep. Rocky Adkins; Patrick E. Price, regent; Mike Smith, Sherman Carter Barnhart Architects representative; Madonna B. Weathers, vice president for student life; Deborah H. Long, regent; Paul C. Goodpaster, regent chair; and Dr. Wayne Andrews, MSU president.

WINCHESTER: CLARK REGIONAL MEDICAL CENTER RECEIVES AWARD FOR EXCELLENCE IN HEALTHCARE



Clark Regional Medical Center was honored last month with LifePoint Hospitals' 2014 High Five Award for demonstrating excellence in healthcare delivery. The High Five Award is awarded annually to five of LifePoint's 65 hospitals, recognizing extraordinary achievement in demonstrating the company's guiding principles: delivering high-quality patient care, supporting physicians, creating excellent workplaces for employees, strengthening the hospitals' role in their communities and ensuring fiscal responsibility. Pictured here at the award presentation are (left to right) Matt Smith, CRMC assistant administrator; Barbara Kinder, CRMC chief clinic officer; Amber Goodpaster, CRMC chief financial officer; Cherie Sibley, CRMC chief executive officer; and Bill Carpenter, chairman and CEO of LifePoint Hospitals.

FLORENCE: FAA HONORS SOUTHERN AIR WITH PRESTIGIOUS DIAMOND AWARD

Southern Air, a Florence-based company that serves the world's largest air cargo carriers, was honored by the Federal Aviation Administration (FAA) in February with the prestigious Diamond Award of Excellence. The award is the FAA's highest honor for maintenance training and overall maintenance excellence. Pictured here at the award presentation are: (left to right) Paul Chase, vice president of systems operations at Southern Air; Nils Johnson, director of maintenance for Southern Air; Mark Little, principal maintenance inspector for the FAA; and Jerry Wolfgang, director of quality control for Southern Air.



LEXINGTON: REES JONES TO LEAD RENOVATION OF GRIFFIN GATE GOLF CLUB



Renowned golf architect Rees Jones (left), along with architect Bryce Swanson of Rees Jones Inc., recently surveyed the golf course at Lexington's Griffin Gate Golf Club in advance of a \$1 million bunk renovation that will take place at the property. The project, which is scheduled for completion in mid-May, will be highlighted by the successful Better Billy Bunker Method, which is used on many premier courses nationwide.

MURRAY: CHUCK TODD IS KEYNOTE SPEAKER FOR MSU LECTURE SERIES



Meet the Press moderator Chuck Todd was the keynote speaker for the 2015 Presidential Lecture Series at Murray State University, hosted on Feb. 24 by the MSU Student Government Association. Todd discussed the upcoming 2016 presidential election, generational political trends and his views on President Obama's time in office, while also taking questions from the large audience. Previous speakers in the series have included Maya Angelou, Ben Stein, Robert Kennedy Jr., Benazir Bhutto, Spike Lee and Bill Nye, among others.

MSU photo by Allie Douglass



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