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#### STAINLESS STEEL'S KENTUCKY HOME

North America's largest mill poured 1.2 million tons last year and it's still growing Page 24

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Kentucky's Business News Source For 30 Years

2015

JULY

Volume 30 Number 7

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**CREATIVE SERVICES** Stone Advisory Paul Blodgett

CORRESPONDENTS

Amanda Arnold; Rena Baer; Sarah Berkshire; Katherine Tandy Brown; Anne Charles Doolin; Debra Gibson Isaacs; Robert Hadley, Lorie Hailey; Anne Sabatino Hardy; Feoshia Henderson; Kara Keeton; Meredith Lane; Abby Laub; Tim Mandell; Greg Paeth; Robin Roenker; Josh Shepherd; Sean Slone; Gary Wollenhaupt; Esther Zunker

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> **CEO/PUBLISHER** Ed Lane

EXECUTIVE VICE PRESIDENT Dick Kelly

BUSINESS MANAGER

Nicole Conyers

Donna Hodsdon

MARKETING CONSULTANTS Bill Marshall Curtiss Smith Cheryl Avioli

CIRCULATION Sarah Herbener

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#### PERSPECTIVE

#### CITY GOVERNMENTS' 'VOODOO ECONOMICS'

Free market demand is best way to boost minimum wage

#### **BY ED LANE**

CCORDING to a recent news report by MSNBC, Louisville became the first city in the South to boost its minimum wage from \$7.25 to \$9 per hour. Local legislation, passed by the Louisville Metro Council in December 2014, would increase the minimum wage over three years. The Kentucky Restaurant Association, Kentucky Retail Federation and Packaging Unlimited filed lawsuits that assert the Louisville Metro Council did not have the authority to set wage rates at the county level.

The Lexington Urban County Council has an ordinance in committee that would increase the minimum wage in Fayette County over three years to \$10.10 per hour and include an annual cost-of-living increase. This proposed increase in Lexington's minimum wage would be 39 percent.

There are a number of reasons mandated minimum wages for cities and counties are problematic.

In Kentucky, the April 2015 unemployment rate statewide was 5 percent; the rate was 4.5 percent in Louisville and 3.6 percent in Lexington. With such low unemployment rates (almost full employment), increasing the minimum wage could significantly increase inflationary pressure on the cost of products and services. Raising the minimum wage during a period of low unemployment could have unintended consequences for the state's economy.

The University of Kentucky's Kenneth R. Troske and Aaron Yelowitz conducted a study entitled "The Minimum Wage and Kentucky's Working Poor" in 2007. Dr. Troske, the William B. Sturgill Professor of Economics at the Gatton College of Business and Economics, recently updated the 2007 report using current census data.

Here is a sampling of the conclusions from Troske's updated report in regard to increasing the minimum wage in Lexington:

• There is overwhelming evidence that increasing the minimum wage will cause some people to lose their jobs.

• A 10 percent increase in minimum wage could lead to a decline in employment of between 0.75 percent and 3.0 percent in Lexington, based on job losses experienced in other U.S. cities.

• The total increase in wages for workers who keep their jobs is \$117.5 million; the payroll decrease due to lost jobs is \$25 million; the cost of goods and services provided by minimum wage workers in Fayette County will increase.

• A \$10.10 per hour minimum wage in Lexington would cause 5.25 percent of low-wage workers to lose their jobs and have a minimal impact on poverty.

• Instead of raising the minimum wage, Lexington should either consider adopting an "earned income tax credit" (EITC) or waive a portion of the local occupational tax for low-wage workers.

• Kentuckians who are poor tend to have little education; raising the minimum wage does not address this fundamental issue.

An EITC is a refundable income tax credit for low- to moderate-income working individuals and couples, particularly those with children. The amount of the benefit depends on the recipient's income and number of children.

Warren Buffett likes EITC – "The process is simple: You file a tax return, and the government sends you a check. In essence, the EITC rewards work and provides an incentive for workers to improve their skills. Equally important, it does not distort market forces, thereby maximizing employment."

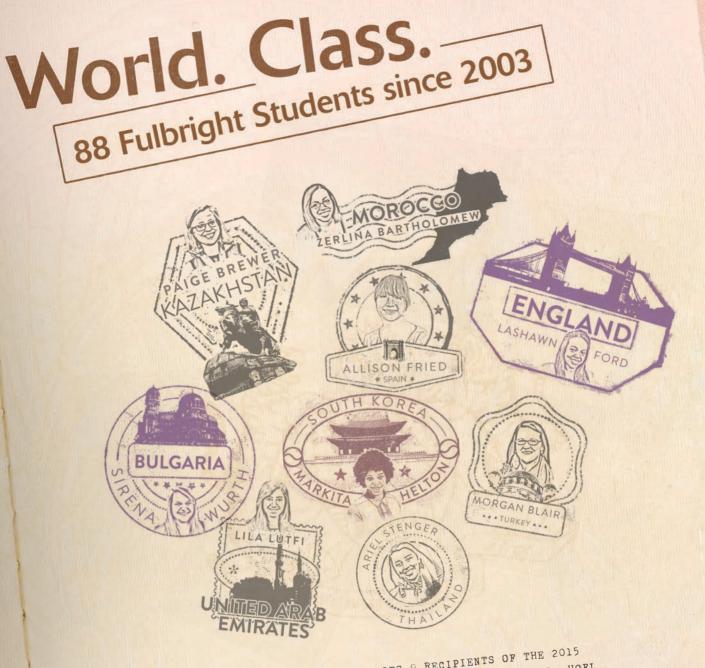
Proponents of the free-market system, including this writer, prefer for market demand to set the wage rates for employees. Recent announcements that Target, McDonald's, Walmart, the University of Kentucky, the Lexington-Fayette Urban County Government, the Louisville Metro Government, and the Commonwealth of Kentucky all are raising their minimum wage levels will have a very positive impact on the wages paid in Kentucky.

For a local government entity to set the minimum wage for every business in its jurisdiction seems to be an overreach of its authority.

Very few city, county or merged governments have individuals serving as elected legislators who also have expertise on labor laws or the economic impact of minimum wage increases on the local economy. Raising minimum wages at the local level without careful analysis may create a new version of "voodoo economics" for the 21st century.



Ed Lane (edlane@lanereport.com) is chief executive of Lane Consultants, Inc. and publisher of The Lane Report and an elected member of the Lexington/ Fayette Urban County Council.



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President James Ramsey with 2015 Fulbright winners: Zerlina Bartholomew, Paige Brewer, Lila Lufti and Lashawn Ford

#### FAST LANE A compilation of economic news from across Kentucky

#### STATE: KY'S AUTOMOTIVE INDUSTRY HAS AN ECONOMIC IMPACT OF MORE THAN \$14B, SUPPORTS 136,500 JOBS

study of the fiscal and economic impact of Ken-

tucky's automotive

industry shows that the

sector supports 136,500

jobs and contributes \$14.3

billion to Kentucky's gross

state product (GSP). In

other words, \$1 of every \$13

in the state's economy is

The study, conducted by

American

ounders

researchers at the Univer-

sity of Louisville Urban

Studies Institute, took



According to a recent study on Kentucky's automotive industry, the average annual wage of a manufacturing employee in the automotive sector is \$58,280.

nearly six months to complete and is the first in-depth study into the economic impact the industry has on Kentucky's economy. The study was commissioned by the Kentucky Automotive Industry Association (KAIA), an organization formed last year to address the industry's challenges and opportunities for growth.

"Kentucky's automotive industry is more than Ford's assembly plants in Louisville. More than GM's Corvette plant in Bowling Green. And more than the Toyota and Lexus operations in Georgetown," said Gov. Steve Beshear. "This vital industry includes regional parts suppliers, tool-and-die shops, warehouses, trucking companies and metal-stamping operations throughout the commonwealth."

#### LEXINGTON/LOUISVILLE: AMERICAN FOUNDERS BANK SOLD **TO 2 DIFFERENT COMPANIES, HQ MOVES TO LOUISVILLE**

EXINGTON-based American Founders Bank Inc. is being sold to two different companies, one of which plans to move the bank's headquarters from Lexington to Louisville.

The bank's three Lexington branches

are being sold to **City National Bank** of West Virginia, while William P. Butler is acquiring the remaining two branches in Louisville and plans to move American Founders' headquarters to Louisville.

Butler is the founder and chairman of Covington-based Corporex Companies, a diversified commercial real estate developer with a 50-year history, a national footprint and assets in excess of \$1 billion.

"When I began my business in the late 1960s, I built many buildings in Louisville and developed the 'Ole Brickyard Park' on Bishop Lane," Butler said. "I love Louisville and have many fond memories of successful relationships there. I am excited with the prospect to return and be a part of the community once again."

Barry Brauch, AFB's CEO, will relocate from Lexington to Louisville. Trish Osborn, currently AFB's Louisville market president, will be promoted to chief banking officer.

City National's acquisition of AFB's Lexington branches expands its presence to 11 branches in Kentucky, in addition to 74 branches in West Virginia, Virginia and Ohio.

As of March 15, 2015, AFB's Lexington branches had deposits of \$164.2 million. City National will also acquire \$125 million in performing loans as part of the transaction. AFB President Bill Craycraft will serve as City National's market president in Lexington.

#### STATE: KENTUCKY RAISES **STATE WORKERS' HOURLY MINIMUM WAGE TO \$10.10**

OV. Steve Beshear announced in June that effective July 1, the minimum wage for Kentucky's state workers would increase from \$7.25 per hour to \$10.10 per hour.

The new policy affects nearly 800 state employees. Of the 510 employees who previously made less than \$10.10 per hour, more than a third are employed by the Kentucky Department of Veterans Affairs and another 90 work in behavioral health agencies.

The policy change does not apply to state employees who earn tips, such as restaurant servers, but that minimum is also being increased to \$4.90 per hour. The previous hourly rate was \$2.19 per hour.



In announcing the state government's minimum wage increase, Gov. Steve Beshear said doing so will also help reduce turnover in low-paying jobs and increase broductivity.

The new policy also requires private companies that have service contracts with state government pay a minimum wage of at least \$10.10 per hour to those employees who perform work on or in connection with those government contracts. The requirement will be added to contracts as they come up for renewal.

"When people work hard at a fulltime job, they should have enough money to live on. Right now, at minimum wage, they don't. That's unacceptable," Beshear said. "A raise of less than \$3 per hour may be enough for some employees to move off government assistance programs. That empowers workers and lowers costs for taxpayers. Kentucky businesses should follow the example we're setting as the state's largest employer and raise the minimum wage for their workers."

Raising wages will cost about \$1.6 million. Beshear said less than \$800,000 of the cost will come from General Fund dollars but did not identify where the remainder would come from.



#### LAWRENCEBURG: FOUR ROSES DISTILLERY POURS \$55M INTO EXPANSION PROJECTS

**OUR Roses Distillery** is investing \$34 million to add two new buildings and more equipment at its distillery in Anderson County. The expansion will double the size of the distillery and annual production, and will create 15 new jobs.

The company is also investing another \$21 million to build four new warehouses in nearby Cox's Creek, Ky., and will add five more jobs there.



The Anderson County buildings are slated to be complete in 2018, while the

Cox's Creek warehouses will be operational by 2022.

"This is another win for our signature bourbon industry and for all of Kentucky," said Gov. Steve Beshear. "To see Four Roses double its production and plan expansions at two locations is further proof that bourbon is more popular than ever. We expect the world's taste for Kentucky's native spirit will remain strong for years to come."

The latest expansion plans come on the heels of Four Roses' announcement this past spring to build a new 60,000s.f. facility in Bullitt County that will house two bottling lines, bottling support areas and office space. That facility is expected to be operational by the spring of 2018.

#### LEXINGTON: RAPID GROWTH OF DIGITAL TEXTBOOKS BRINGS JOBS TO ETECH



Many students prefer having their textbooks available in a digital format, which is leading to rapid growth for Lexington-based eTechCampus.

**TECHCAMPUS**, a Lexington-based company that specializes in digital learning solutions for schools, colleges, corporations and government entities, is investing \$2 million to expand its operations in Lexington and plans to add 45 new jobs to support that growth.

In order to meet the demand being created by the rapid adoption of digital learning initiatives, eTech is moving to a new location that is expected to be operational

this fall. eTech plans to hire designers, account managers, engineers and sales and marketing specialists to work with its growing clientele.

eTechCampus was founded by Lexington-based **eCampus.com**, which provides a complete outsourced virtual bookstore for educational institutions looking to transition out of brick-and-mortar campus bookstores. eTech's approach enables institutions to make the transition to a digital learning environment by offering training, virtual bookstore services, etextbook solutions, online course design and a learning management system called **Converge**.

#### **BUSINESS BRIEFS**

#### ASHLAND

■ Poage Bankshares Inc., the holding company for Town Square Bank, has acquired Commonwealth Bank in Mount Sterling in a conversion merger transaction. Commonwealth's sole office in Mount Sterling is now operating as a branch office of Town Square. Originally chartered in 1889, Town Square operates nine offices in Boyd, Greenup, Jessamine, Montgomery and Lawrence counties and also has a loan production office in Cincinnati.

#### COVINGTON

■ Covington business consulting firm **TiER1 Performance Solutions** has acquired **1st Class Solutions**, a custom training development company located in Indianapolis. In addition to its Covington headquarters, TiER1 has locations in Denver, Pittsburgh and Chicago.

#### **CRESTVIEW HILLS**

■ GreenSkyTrade Credit LLC, a technology company that provides consumer financing for home improvement projects, is opening a new facility in Crestview Hills and plans to hire up to 200 more employees over the next several years, more than tripling its current workforce. GreenSky plans to move from its current facility in Covington into a 20,000-s.f. facility in Crestview Hills that is slated to open in October. The Atlanta-based company has operated in Kentucky since 2013 and currently employs 65 in the commonwealth.

■ BB&T Corp. has completed its acquisition of The Bank of Kentucky, giving BB&T the top market position in Northern Kentucky and boosting its overall marketplace ranking in Kentucky to No. 2. The acquisition, which was announced in September 2014, includes 32 retail branches in Northern Kentucky and Cincinnati. North Carolina-based



BB&T is one of the largest financial services holding companies in the nation, with \$189.2 billion in assets and 1,875 financial centers in 12 states and Washington, D.C.

#### **EASTERN KENTUCKY**

■ Kentucky has announced a **special 1 percent financing program** to make buying a home more affordable for residents in the 54-county **Shaping Our Appalachian Region** region. SOAR is an initiative launched in 2013 to address the challenges faced in Eastern Kentucky and provide solutions to promote economic and workforce development. With the new financing program, qualified home buyers can purchase a home using up to \$6,000 in down-payment assistance and lock into a fixed rate at 1 percent for 30 years.

■ The Kentucky Community and Technical College System (KCTCS) and Shaping Our Appalachian Region (SOAR) have announced a three-year partnership designed to provide Eastern Kentucky residents with educational opportunities that will help prepare them for jobs needed by area businesses. One of the programs KCTCS will promote is a computer and information technology track that prepares students to design, develop and maintain computer programs written in current and emerging programming languages, with an emphasis on coding careers. Business and industry in the region have cited the critical need for skilled CIT workers and say they are currently forced to outsource the work to other areas of the country and outside the U.S.

#### FLORENCE

■ Gateway Community and Technical College will be offering a logistics program in supply chain management, beginning this fall. Gateway's northern Kentucky campus is situated in a prime national location for transportation and the local logistics industry provides more than 70,000 jobs each year in the Northern Kentucky/Greater Cincinnati region.

#### HEBRON

■ Amazon is adding more than 500 jobs at its fulfillment centers in Hebron. The online retail giant is already the state's fifth largest employer with some 7,000 full-time employees across the state and is investing more than \$25 million in the commonwealth that is being directed toward workforce development.

#### **FAST LANE**

#### **BUSINESS BRIEFS**



#### **HENDERSON**

**Hercules**, a manufacturer of van bodies and trailers, is expanding its operations in Henderson and adding 14 jobs to meet growing demand for its products. Hercules started in Evansville, Ind., in 1902 and relocated to Henderson in 1957. The company's insulated and dry freight van bodies and trailers are sold to customers throughout the eastern and central United States.

HEBBON

**Paul Hemmer Co.** has broken ground

on a 520.000-s.f. industrial facility near

the Cincinnati/Northern Kentucky

International Airport that is being built

on speculation for **Prologis**, a global

developer of industrial real estate. The

complex, which is being built in response

to high market demand for distribution

space in the region, will have a 32-foot

clear height and up to 150 dock doors.

#### HODGENVILLE

A new company that specializes in automated machinery for manufacturers is locating in Hodgenville, bringing 48 new jobs to the community. Karbec LLC will primarily serve the automotive industry but plans to expand to other sectors as well.

#### HOPKINSVILLE

**Riken Elastomers Corp.**, a company that produces high-performance plastic compounds for the automotive industry, has announced plans to double its facility and its workforce in Hopkinsville. The \$22 million project will add more than 81,000 s.f. to the existing 88,000-s.f. facility and create 27 new jobs. The expansion, which is needed to keep pace with growing demand, is expected to be complete by the middle of 2016.

#### LAGRANGE

**Cedar Lake**, a Louisville-based nonprofit organization that provides care for adults with intellectual and developmental disabilities, is building two four-bed homes in LaGrange's Sycamore Run neighborhood that will offer 24-hour nursing care, therapeutic services and behavior and psychological support. The homes, the first of their kind in the state, will provide adults with intense daily medical needs the opportunity to receive care in a single-family home in a regular neighborhood setting.

#### **LEXINGTON**

■ The University of Kentucky has forged a partnership with Lextran that allows University of Kentucky students, faculty and staff to ride any Lextran bus route free of charge. Lextran buses travel along 21 different routes throughout Lexington. The U-PASS program is the first of several major initiatives being launched as part of UK's transportation master plan to improve access and mobility in and around campus.

**Sumitomo Electric Wiring Systems** has broken ground on a new 440,000-s.f. facility that will nearly double the company's footprint in Lexington. Sumitomo's two existing Lexington operations will be consolidated at the new 30-acre site, which is expected to be operational by the end of the year. The company currently has 28 employees in Lexington and plans to add up to 10 more as a result of the expansion. In addition to its Lexington operations, the Japan-based company has its U.S. headquarters in Bowling Green as well as facilities in Edmonton and Scottsville.

#### LOUISVILLE

Louisville-based Kindred Healthcare has expanded its home-based primary care business, Kindred House Calls, into Texas, Colorado



and Washington as a result of acquisitions in those states. With nearly 70 practitioners, Kindred House Calls is one of the largest home-based primary care businesses in the country.

**HMB**, a Columbus, Ohio-based business technology services firm, has expanded into Louisville, its first location outside of central Ohio. HMB President and CEO Tom Harris said the company saw a need "for an IT company in Louisville to bridge the business and technology gap and help organizations reach their goals faster.

#### STATE APPRENTICE-STYLE JOB TRAINING **KY FAME ADDS TWO MORE CHAPTERS**

#### HE Kentucky Federation for Advanced Manufacturing Edu-

cation (KY FAME), the state's nationally recognized workforce training program, has added new chapters in Owensboro and the Cumberlands region, which includes 13 counties in southeastern Kentucky.

KY FAME is a partnership of manufacturers that have teamed up to address the shortage of technically skilled workers needed in advanced manufacturing. The program offers apprentice-style education and training designed to create a highly skilled workforce that meets the needs of Kentucky manufacturers.

#### **Companies Participating** in KY FAME **Owensboro Chapter**

#### Omico Plastics

- Kimberly-Clark
- The Hines Group Inc.
- Precision Roll Grinders Inc.
- Metalso
- Toyotetsu Mid America
- HunterDouglas
- WPT Nonwovens Corp.
- Sun Windows
- Castlen Steel
- Ken-Tron Manufacturing Inc. • Domtar
- National Office Furniture

#### **Cumberlands Chapter**

- Toyotetsu America Inc. Superior Battery
- Manufacturing Company Inc.
- Aisin Automotive Casting LLC
- UGN Inc.
- Highlands Diversified
- Services Inc.
- Belden Inc.

KY FAME student par-

ticipants will enroll in the advanced manufacturing technician (AMT) program, attending classes two days per week at Owensboro Community & Technical College or Somerset Community College and working an additional 24 hours per week for a sponsoring employer. Upon completion of the program, students receive an associate degree in applied sciences and most begin full-time employment with the sponsor.

Created in 2010, KY FAME now includes 80 companies statewide. The new chapters represent the fifth and sixth locations in Kentucky, with others located in central Kentucky, Louisville, Northern Kentucky and Elizabethtown. More than 40 students have completed the AMT program, 60 students are currently enrolled and more than 200 students will begin classes in fall 2015.

#### RICHMOND: MERGER WITH FLEMINGSBURG FIRM GROWS BALDWIN CPAS FOOTPRINT

ICHMOND-based accounting firm **Baldwin CPAS** has merged with Eldridge, Jackson & Leedy, a professional services firm located in Flemingsburg, Ky.

The combined firm is retaining the Baldwin CPAs name and will maintain offices in Richmond, Flemingsburg, Louisville, Maysville and Lexington.

The merger adds 11 employees - including three partners - to Baldwin CPAs for a total of 39 Baldwin employees.

Baldwin CPAs' services include accounting for businesses and individuals, bookkeeping and payroll, tax planning and preparation, audits, business valuations, certified fraud examinations, forensic accounting and litigation services, employee benefit plan audits and wealth services.

#### **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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#### **FAST LANE**

#### **BUSINESS BRIEFS**

#### LOUISVILLE

■ NorthMarq Capital has opened a new loan production office in Louisville. The Minnesota-based company will focus on sourcing, structuring and originating debt for owners of commercial and multifamily assets.

■ Endeavor, a nonprofit organization that works to promote economic growth through the support of entrepreneurs, has launched a new office in Louisville. Endeavor Louisville will work to identify high-impact entrepreneurs in the region and provide access to a global network of markets, industry leaders, investors and talent to help them expand their ventures into enterprises that can propel the local economy. The organization's other U.S. offices are located in Miami and Detroit.

■ Indatus, a private Louisvillebased company that grew from a telecommunications company into an industry leader in automating answering services, has



been sold to Texas-based **RealPage Inc.** for \$49 million. In a statement announcing the acquisition, Indatus officials said RealPage – a leading provider of property management software solutions for the housing industry – "has the resources and the scale to invest in solution development and to provide the members of the Indatus team with new opportunities for growth." For the 12 months ending March 31, 2015, Indatus had revenues of \$11.5 million.

■ The Louisville Medical Federal Credit Union and Park Community Credit Union have announced plans to merge, pending approval by the National Credit Union Administration and the Kentucky Department of Financial Institutions. As of the end of 2014, Louisville Medical FCU, which has a single location in downtown Louisville, had total assets of \$20.9 million. Park has 14 branches in Kentucky and southern Indiana as well as one location in Alabama. Its total assets as of the end



of 2014 were \$689.3 million.

■ Brown-Forman has finalized the purchase of two historic buildings in downtown Louisville, where it plans to open a distillery next year. The company is investing \$45 million in the restoration project – a \$15 million increase over the original estimated investment of \$30 million. Once complete, the new distillery will enable Brown-Forman to double the production of its **Old Forester** line. The company is also investing \$12 million to renovate a 15,000-s.f. mill in Spencer, Ind., where it will convert logs into bourbon-barrel stave and heading pieces. The facility will be Brown-Forman's first operation in Indiana.

■ Where Opportunity Knox, a regional initiative to connect 10,000 transitioning veterans and/or military spouses to jobs in the Greater Louisville region by 2017, announced in late May that it has reached an initial milestone with more than 1,000 veterans connected with employment opportunities throughout the area. Proximity to Fort Knox makes the Greater Louisville region particularly well suited to become a veteran talent magnet to meet regional workforce needs. Approximately 130,000 soldiers transition from active duty service annually through the Army Transition Assistance Program, which is headquartered at the U.S. Army Human Resources Command located at Fort Knox.

■ The National Association of Energy Service Companies (NAESCO) Board has awarded Louisville-based **Harshaw Trane** with Energy Service Company (ESCO) Accreditation, an accomplishment earned by only 14 businesses nationwide over the course of the 32-year program. Harshaw Trane also has offices in Lexington, Bowling Green and Evansville, Ind.

■ Fourth Street Live, a dining and entertainment complex in downtown Louisville, is undergoing a multimillion upgrade that will include new landscaping, lighting and furniture as well as the addition of four new restaurants. The new restaurants will include a raw and bourbon bar, a gastropub with wood-fired pizzas and gourmet burgers, a farm-totable concept, and a restaurant focusing on Southern cuisine. Specific names will be announced later this summer. The renovations are expected to be complete by next May.

#### STATE: BESHEAR FORMS WORK GROUP TO STUDY TEACHER RETIREMENT FUNDING

GOV. Steve Beshear has ordered the formation of a 23-member work group to develop a plan to strengthen the solvency of the Kentucky Teachers' Retirement System. The group will consist of policy and education leaders.

According to the system's 2014 actuarial valuation, there is a \$14 billion unfunded liability and a 53.6 percent funding status. In 2000, the system had \$571 mil cent funding status



Years of underfunding and investment losses have left the Kentucky Teachers' Retirement System with a \$14 billion shortfall.

system had \$571 million in unfunded liability and a 95.7 percent funding status.

"Our teachers are the foundation of our educational system for the future of our children and grandchildren," Beshear said. "We must assure that the Kentucky Teachers' Retirement System is able to fully honor our commitments to our teachers and those who retired from teaching. Today I'm asking a group of experts to find ways to ensure the future of the KTRS."

The Kentucky Teachers' Retirement System Funding Work Group, led by former state senator and former **State Board of Education** Chairman David Karem, will meet over the coming months to develop recommendations to resolve the funding shortfall and stabilize and secure funding for a system that serves over 75,000 active members and more than 45,000 retired members.

The work group will review best practices in other states regarding pension benefits, conduct a comprehensive review of funding options and make recommendations for improving the fiscal solvency of the KTRS. The work group may also contract for consulting services.

Beshear is asking the work group to complete its work and submit its report to him on or before Dec. 1, 2015.

#### PIKEVILLE: APPALACHIAN AIR SERVICE TO NASHVILLE ENDS AFTER NINE MONTHS

**PPALACHIAN Air** is ending its commercial flight service between **Pike County Regional Airport** and Nashville this month, less than a year after it launched.

According to a statement issued by **L.B. Schmidt & Associates**, the consulting company that has been promoting the service, Appalachian Air was never able to build a strong enough customer base to make the service sustainable, despite aggressive promotional pricing and nearly 100 percent operational reliability. Luke B. Schmidt, president of Schmidt & Associates, said the region's loss of nearly 12,000 coal-mining jobs had a significant impact on the airline's ability to attract enough passengers.

Appalachian Air began flying between Pikeville and Nashville last October, with daily morning departures out of Pikeville and daily afternoon departures out of Nashville.

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## **BAPTIST HEALTH**

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#### **FAST LANE**

#### **BUSINESS BRIEFS**



#### **MT. STERLING**

■ Tredway White Inc., a newly licensed industrial hemp fiber processor, has partnered with Hendrix Hemp LLC for the research and development of hemp for fiber in Kentucky. In June, Tredway White planted its first industrial hemp crop on Mayflower Farm in Mount Sterling and is studying different soil preparation, planting, cultivating and harvesting techniques for the crop throughout the growing season. Hendrix Hemp will provide consult-

ing on processing, product development, business development and strategic growth strategies for the fiber market.

#### NICHOLASVILLE

■ Blue Grass Energy Cooperative Corp. has received approval from the Kentucky Public Service Commission to increase its revenue by \$1.4 million, or 1.24 percent. Blue Grass Energy had originally requested a 2.17 percent increase. The PSC also approved Blue Grass Energy's proposal to charge a \$30 meter reading fee – likely on a quarterly basis – to customers declining installation of an automated meter reading (AMR). AMR meters emit an electronic signal that allows remote reading. Blue Grass Energy said it needed to increase rates in order to cover increased operating expenses, maintain financial stability, and meet the requirements imposed by its lenders. The utility's last rate increase was in 2008.

#### ■ Nicholasville-based **R. J. Corman Railroad Co.** is buying an 80-mile short-line railroad in eastern North Carolina and South Carolina for \$13.9 million. Corman is investing millions for an extensive overhaul of the rail line, which



was shut down in 2011. The line extends from Mullins, S.C., to Whiteville, N.C. and to Conway, S.C., where it connects to a line owned by Horry County, S.C., that reaches Myrtle Beach.

#### PIKEVILLE

■ Pikeville Medical Center has been designated as a Level II trauma center by the American College of Surgeons, indicating that the facility is equipped and staffed to provide comprehensive emergency care to patients suffering from traumatic injuries caused by vehicle crashes, gunshots, assaults, falls or other incidents. Prior to PMC offering trauma services, many patients had to be transferred to facilities two hours away. PMC is now the only ACS-verified Level II trauma center in the state. According to the ACS, the only Level I designations in Kentucky are the University of Kentucky and Kosair Children's Hospital in Louisville.

#### PRINCETON

■ Hydro-Gear Limited Partnership, a designer and manufacturer of precision drive systems, is investing \$2.6 million to expand its operations in Princeton. The Illinois-based company first located a manufacturing operation in Princeton in 2005, and is now adding more capacity, including a new 55,000-s.f. warehouse. The expansion will add up to 40 new jobs to the existing 120-member staff. The project is expected to be complete by the end of the year.

#### RICHMOND

■ Eastern Kentucky University is offering open-enrollment workforce development classes this fall that will be held on the main Richmond campus as well as at EKU campuses in Corbin, Manchester and Somerset. (Classes can also be conducted on site for interested companies if there is sufficient enrollment.) A partial listing of scheduled classes includes: American Production Inventory Control Society; AutoCAD; First Line Supervision Certificate Program; Manufacturing Maintenance Certificate Program; OSHA Training Institute Education Center – Safety Courses in general industry, construction and train-the-trainer; Six Sigma; Society for Human Resource Management Training Programs; and Leadership Excellence for Middle Managers (Spring 2016).

#### STATE: KENTUCKY'S NEW INCENTIVE LAW DRAWS 3 FILM PROJECTS TO THE STATE

UST weeks after Gov. Steve Beshear signed a new law approving financial incentives for film companies that choose to film in the Bluegrass state, three projects have been approved for those incentives by the Kentucky Tourism Development Finance Authority.

Under the new law, approved film and television projects completed in Kentucky are eligible for up to a 30 percent tax rebate. A d d i t i o n a l rebates are also possible for project



Diane Lane and John Malkovich were the stars of "Secretariat," a Walt Disney Pictures movie released in 2010 that was the first to take advantage of Kentucky tax incentives for film and television production. Incentives were increased by the 2015 General Assembly to make the state competitive with other Southern locales that are seeing billions of dollars of business activity.

possible for projects that use Kentucky labor and film in certain counties.

The projects approved include:

• A feature film called "Permanent" by **Permanent Pictures LLC** that is expected to be filmed this year. The company will spend about \$800,000 in Kentucky.

• A feature film called "The Ultimate Legacy" by **Reel-Works Studios LLC** that will be filmed in Kentucky this year with a projected Kentucky budget of \$1.25 million.

• A televised sports program called "Pro Football Focus Weekly Report" to be filmed in Northern Kentucky for **NBC Sports**. The production company estimates \$1 million to \$2 million will be spent in Kentucky. Former **NFL** player and broadcaster Chris Collinsworth is the owner of the production.

#### GLASGOW: D&B TRUCKS & EQUIPMENT GEARS UP TO EXPAND, WILL ADD 50 JOBS

**&B Trucks and Equipment Sales** is expanding its operations in Glasgow and plans to add 50 new jobs to support the expansion.

D & B purchases old or wrecked semi-trucks, deconstructs them to the framing and re-assembles them on a new chassis and shell with rebuilt engines, transmissions and clutches. The gliders are also customized with more user-friendly components than brand new trucks, which give them a competitive edge.

Increased demand for its products has led to the company's plans to add 9,600 s.f. to its existing 15,440-s.f. facility. The expansion, which will be completed this fall, will allow the company to more than double its monthly production.

D&B opened 14 years ago, selling forestry equipment. The company now has 29 employees and offers a lineup of new and used trucks and trailers in addition to forestry and construction equipment.

## STATE: KENTUCKY EARNS NATIONAL RECOGNITION FOR JOB CREATION

**REA Development** magazine, a leading economic development trade publication, has recognized Kentucky with a Silver Shovel Award, recognizing the commonwealth as one of the most successful states in creating jobs and securing investments in 2014.

In the summer 2015 issue, *Area Development* magazine awarded Silver Shovels in four population categories, with Kentucky's honor coming in the 3-to-5 million population tier. The awards are based on a state's top 10 job-creation and investment projects that began to materialize in the previous year. Kentucky's top projects resulted in nearly 4,000 new and retained jobs and more than \$1 billion in investments.

In 2014, companies announced the most business investment in the commonwealth since the state began tracking that information nearly 30 years ago. In March, the commonwealth earned **Site Selection** magazine's Governor's Cup award for the most economic development projects per capita in 2014.

The projects that made Kentucky a winner with Area Development include:

• Aleris Rolled Products (Lewisport): 743 retained jobs, \$350 million investment

• Champion Petfoods (Auburn): 147 jobs, \$85.3 million investment

• **Diageo Americas Supply** (Bagdad): 31 jobs, \$115 million investment

• eBay (Walton): 354 jobs, \$52 million investment

• Faurecia Seating (Simpsonville): 410 jobs, \$18.8 million investment

• Ford Motor Co. (Louisville): 650 jobs, \$209 million investment

• Kindred Healthcare (Louisville): 400 jobs, \$35.7 million investment

• Metalsa (Elizabethtown): 247 jobs, \$70.4 million investment

• Quiver Ventures (Bowling Green): 80 jobs, \$155.9 million investment

• **TPUSA Inc.** (Louisville): 750 jobs, \$13.3 million investment

#### **BUSINESS BRIEFS**

#### SHEPHERDSVILLE

■ First Capital Inc., an Indiana company that is the holding company for First Harrison Bank, has acquired Shepherdsville-based Peoples Bancorp Inc. for \$29.5 million. Peoples is the holding company for The Peoples Bank of Bullitt County, a Kentucky-chartered commercial bank that has its main office and four branches in Bullitt County. As of March 31, 2015, Peoples had approximately \$239.2 million in assets, \$59.5 million in loans, \$208.3 million in deposits and \$30 million in total equity. First Capital/First Harrison has 12 offices throughout Indiana and has assets of approximately \$472.9 million, \$297 million in loans, \$411.2 in deposits and \$58.4 in total equity.

#### VERSAILLES

■ Kroger is set to open its largest Kentucky store on July 16 in Versailles. In addition to an increased selection of meat, seafood, organic fruits and vegetables, sushi and more natural foods, the 133,000-s.f. supermarket will include an expanded deli and cheese shop and a 60-seat café. The location will also sell clothing, housewares and bed and bath



products. The new store will create 175 new jobs in addition to the current 200-member Versailles Kroger staff.

#### STATE

■ Tennessee-based LifePoint Hospitals has changed its name to Life-Point Health to reflect its offerings across the continuum of care. Life-Point's Kentucky hospitals are located in Georgetown, Lebanon, Mayfield, Maysville, Paris, Russellville, Somerset, Versailles and Winchester.

■ The **Kentucky Community and Technical College System** board of regents has approved an \$888,114,300 budget for the 2015-2016 year and a 1 percent salary increase (or \$1,000, whichever is greater) for full-time faculty and staff. The 2015-16 budget represents a \$36 million reduction from the prior year due to a decline in state funding, the decision not to raise tuition and a decrease in enrollment that is being attributed to an improved economy.

■ Gov. Steve Beshear and his wife traveled to England in June to promote Kentucky tourism to British travel operators and media representatives. According to Tourism Arts and Heritage Secretary Bob Stewart, the United Kingdom ranks No. 1 in the number of overseas travelers visiting Kentucky and a recent travel forecast from the U.S. Commerce Department indicates continued growth in international visitors through 2020.



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#### **INTERSTATE LANE**

Business news from Indiana, Ohio, Tennessee and West Virginia

#### **BUSINESS BRIEFS**

#### INDIANA

■ Automotive parts manufacturer **Chiyoda USA Corp.** is expanding its operations with the addition of a new 90,000-s.f. facility at its existing U.S. headquarters site in Greencastle, Ind. The new facility, which will house a new paint line, will create 300 new jobs by 2017. The Greencastle location currently has 133 full-time employees as well as 100 temporary workers.



■ Smith Brothers of Berne, a custom residential furniture manu f a c t u r e r, is expanding its operations in Berne, Ind., adding 110,000 s.f. to its existing 215,000-s.f. facility to meet increas-

ing demand. Since its inception in 1926, the company has grown to employ more than 420 employees and now sells to retail stores in more than 35 states. The latest expansion will add another 266 jobs by 2021.

■ Beach Mold & Tool Inc. is investing \$23.3 million to expand its injection molding and precision tool manufacturing operations in New Albany, Ind. The company is building a new 140,000-s.f. warehouse adjacent to its manufacturing and assembly plant that will allow the company to convert space at the existing facility to increase manufacturing. The investment will also be used to purchase several large injection-molding presses and to update existing equipment. The expansion will create up to 160 new jobs by 2019.

#### **INDIANA/OHIO**

■ The Cincinnati accounting firm of **Ossege Combs & Mann Ltd.** has merged with **Blue & Co. LLC**, an accounting firm headquartered in Carmel, Ind. The combined firm will operate as Blue & Co. and will have a total of 340 professionals operating in 10 offices across Ohio, Indiana, Kentucky and Texas.

#### оню

■ Cincinnati-based **Fifth Third Bancorp** has announced plans to consolidate or sell approximately 100 branches in response to changing consumer demographics and customer preferences regarding the way in which they handle banking transactions. The company is also selling 30 other properties that had been purchased for future branch expansion.

#### **TENNESSEE**

■ Nissan North America has announced a 20-year exclusive naming rights partnership with the Tennessee Titans that rebrands Nashville's downtown stadium as Nissan Stadium. Nissan Stadium



will host all Titans home football games, Tennessee State University football games, the Music City Bowl and a variety of concerts and numerous other events. Nissan North America's headquarters are located in Franklin, Tenn., just outside of Nashville, and the company has operated a vehicle assembly plant in nearby Smyrna since 1983.

**Connexion Point**, a Utah-based healthcare services company that specializes in customized contact center services for major health insurance companies, is opening a new site in Memphis. The new center will bring 400 new jobs to Memphis.

■ Financial advising company **UBS** is investing \$11.2 million to open a new office in Franklin, Tenn., just outside of Nashville. The new space will accommodate the growth of the UBS Business Solution Center and serve as a satellite branch office for **Wealth Management Americas** financial advisors. The expansion will create more than 350 new jobs over the next several years.

#### TENNESSEE: AUTO MIRROR MAKER FICOSA BUILDING \$58M PLANT IN COOKEVILLE

America is investing \$58 million to build a new 270,000-s.f. facility in Cookeville, Tenn., that will create 400 new jobs.

Ficosa, which is a headquartered in g Spain, focuses on " the research, development and production of safety,

communication and



Ficosa produces rearview mirror assemblies for major automotive manufacturers, including Ford, Nissan and General Motors, among others.

efficiency systems for the automotive industry.

The company's existing Tennessee plant in nearby Crossville produces rearview mirror assemblies for **Nissan**, **Ford**, **Volkswagen**, **Fiat Chrysler**, **General Motors** and other auto manufacturers. Once the new plant is up and running, Ficosa plans to cease operations in Crossville, transfer the 500 existing Crossville jobs to the new Cookeville facility and add another 400 jobs. The new plant will be equipped to increase production capacity and allow components currently made in China and Mexico to be made in Tennessee.

Ficosa also has a production plant in Shelbyville, Ky., and a sales office and development center in Detroit.

Construction of new facility is already underway and Ficosa will begin limited production from the new factory in mid-2016.

#### INDIANA: HILL-ROM BUYS WELCH ALLYN FOR \$2B; WILL MOVE HQ TO CHICAGO

**ILL-ROM**, a global medical technology company headquartered in Batesville, Ind., announced in June that it is buying medical device manufacturer **Welch Allyn** for \$2.05 billion in cash and stock. The boards of both companies have approved the transaction and expect to close on the deal by September.

Hill-Rom produces hospital beds, furniture, healthcare equipment and medical technology systems. Welch Allyn manufactures medial diagnostic devices, patient monitoring systems and miniature precision lamps.

Steve Meyer, president and CEO of New York-based Welch Allyn, said, "Hill-Rom has the scale, geographic reach, experience and vision necessary to foster the next stage of growth and to ensure Welch Allyn's continued success."

The acquisition will significantly increase Hill-Rom's size and scale. The combined company will have \$2.6 billion in revenues and employ approximately 10,000 employees working in 30 countries.

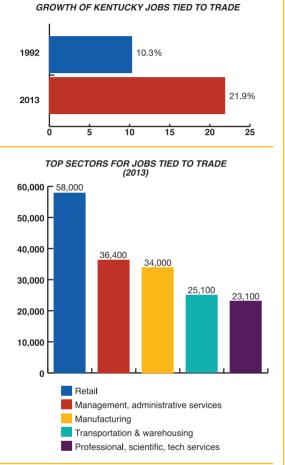
Hill-Rom also announced that it is relocating its headquarters to Chicago, where its executive team has been located since 2011. According to local reports, the relocation will not affect the operational jobs located in Batesville, where the company is city's largest employer with approximately 2,100 workers. Hill-Rom has also said it will preserve the Welch Allyn brand and maintain "a substantial presence" in Skaneateles Falls, N.Y., where Welch Allyn is headquartered, and in Tijuana, Mexico, where it has significant operations.

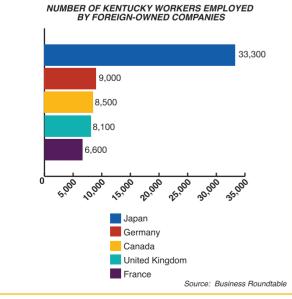
#### **KENTUCKY INTELLIGENCER®**

A sampling of business and economic data

#### INTERNATIONAL TRADE IN KENTUCKY

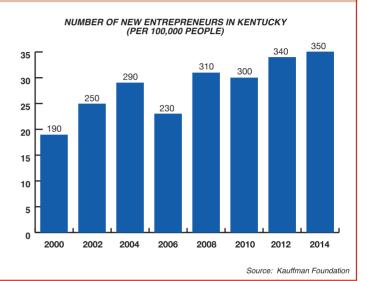
We've been hearing about the global economy for a while now, but the statistics below provide a picture of how that affects us right here in Kentucky, where more than one in five jobs are tied to international trade and trade-related employment grew 5.4 times faster than total employment from 2004 to 2013.





#### A GROWING SPIRIT OF ENTREPRENEURISM

Though the number of new entrepreneurs in Kentucky has fallen off slightly from 2014 to 2015, a look at figures compiled since 2000 shows an overall steady increase in entrepreneurial activity in the commonwealth. The chart below measures the percent of the adult population that became entrepreneurs in Kentucky.



#### **AMERICANS' PERSPECTIVE ON U.S. INSTITUTIONS**

Americans' confidence in most major U.S. institutions remains below the historical average – with the exception of the military and small businesses. The figures below reflect the percentage of Americans who say they have confidence in the American institutions listed here:

	Current year	Historical average	Difference
The military	72%	68%	+4
Small business	67%	63%	+4
The criminal justice system	23%	24%	-1
The medical system	37%	38%	-1
Organized labor	24%	26%	-2
Big business	21%	24%	-3
The police	52%	57%	-5
Newspapers	24%	32%	-8
Television news	21%	30%	-9
The public schools	31%	40%	-9
The presidency	33%	43%	-10
The U.S. Supreme Court	32%	44%	-12
Banks	28%	40%	-12
The church or organized religion	42%	55%	-13
Congress	8%	24%	-16
			Source: Gallup

#### CORPORATE MOVES

New leadership for Kentucky businesses

#### BANKING

Andrew Varga has joined Republic Bank in Louisville as chief innovation and strategy officer.

**Houston Hall** has joined Forcht Bank as Lexington Andrew marketing president.

Joan Strafer has joined Central Bank as vice president-commercial lending. Shane Anderson



Shane Anderson

has been promoted to assistant vice presidentcommercial lending for the bank.

Ioan

Strafer

#### **EDUCATION**

Amy Wagner has been named director of communications and public relations for Thomas More College.

**Emmanuel "Manny" Caulk** has been named superintendent of the Fayette County public school system. Caulk comes to the position from Portland, Maine, where he has been superintendent since 2012.

#### Cindy Meyers Gnadinger

has been named president of St. Catharine College. Gnadinger previously served as the college's provost.

Cindy Meyers

Gnadinger

Cor

Curl

■ Jeff Briggs has been appointed vice president of finance and operations for Thomas More College.

**Cory Curl** has been named associate executive director of the Prichard Committee for Academic Excellence.

#### FOOD/SPIRITS/ HOSPITALITY

**Elaine Gravatte** has been promoted to president and chief executive officer of Louisville-based DDW and has been named to the DDW board of directors.

#### GOVERNMENT

The Kentucky Department Elaine of Veterans Affairs has Gravatte appointed LuWanda Knuck-

les to the newly created position of women veterans coordinator, focusing on the specific needs of Kentucky's 33,000 women veterans.

■ Monica Conrad has been named director of parks and recreation for the Lexington Fayette Urban County Government.

Gov. Steve Beshear has appointed Terry Sebastian to lead his communications team. Sebastian succeeds Kerri Richardson, who has left to accept a public relations position in Louisville.

■ John Fischer has been named director of community development for the Kentucky Cabinet for Economic Development.

#### **HEALTHCARE**

■ Dr. Gerhard Hildebrandt has been named division chief of hematology and blood and marrow transplantation at the University of Kentucky Markey Cancer Center.

■ John Fowlkes has returned to the University of Kentucky as director of the Barnstable

Brown Diabetes and Obesity Center. Fowlkes previously held the Barnstable Brown Gala Professorship in Diabetes Research at UK in 2000-2001 and was part of the UK Department of Pediatrics from 1996 until 2001.

**Dorothy Lockhart** has been named regional director for the KentuckyOne Health Partners Lexington market

**Kaitlin Gilbert** has been promoted to regional director of Lifeline Homecare's Bluegrass region.

The University of Kentucky HealthCare's Gill Heart Institute has named Gretchen Wells director of women's heart health.

**Garren Colvin** has been Gretchen named president and chief Wells executive officer of Northern Kentucky-based St. Elizabeth Healthcare.

■ Jeffrey Bumpous has been named chair of the department of otolaryngology - head and neck surgery and communicative disorders at the University of Louisville School of Medicine.

#### **INSURANCE**

**Steven Huff** has joined Assured Neace Lukens' Lexington office as senior account executive.

#### LEGAL

**Greg Ehrhard** has been named chair of Stites & Harbison's real estate and banking service group.

**Martin B. Tucker** has joined Dinsmore & Shohl's Lexington office. Tucker will be a partner in the corporate department and a member of the bankruptcy and restructuring practice group.

**H. Derek Hall** has joined the Lexington law office of Dinsmore & Shohl. Hall will practice out of the corporate department with the business restructuring group.

#### MANUFACTURING

**Ed Tackett** has been named director of educational programs for the new UL Additive

#### DEPARTURES

■ Walt Robertson has retired as vice president of sales for Keeneland. He will continue to serve as part of the Keeneland auction team and as the lead on the annual sporting art auction at Keeneland in November.

**Ogden Mills (Dinny) Phipps** has announced that he is resigning as chairman of The Jockey Club effective Aug. 8, 2015. Phipps has served as chairman for the past 32 years, the longest tenure in the history of the 121-year-old organization.

■ Janie Miller has resigned as chief executive officer of Kentucky Health Cooperative Inc. Glenn Jennings, a former commissioner of the Kentucky Department of Insurance, has agreed to fill the CEO position on an interim basis.

**Sam Lawson**, a founding member of the Kentucky Agricultural Development Board, has announced that he will retire from the board in July.

Manufacturing Competency Center, a partnership between the University of Louisville and UL LLC.

**Rob Orlowski** has joined Lexington-based LBX Co. as director of marketing and communication

#### **TECHNOLOGY**

Lexington IT security firm SDGblue Inc. has named Gui Cozzi as director of security and consulting group and chief information security officer.

#### TOURISM

**Gathan Borden** has been named vice president of marketing for VisitLEX, a destination, sales, marketing and service organization that promotes the Lexington region. Borden comes to the position from the Louisville Convention and Visitors Bureau, where he was director of brand marketing and advertising.

#### UTILITIES

Ellen Williams has joined Kentucky American Water Co. as major accounts/external affairs specialist at the company's offices in Lexington.

**James Cooper** has been promoted to operations cen-

ter manager for Columbia

Ellen

Williams



Gas of Kentucky.

General Cable Corp. has named Michael T. McDonnell president and chief executive officer and a member of the board of directors. McDonnell succeeds Gregory B. Kenny, who retired effective July 1, 2015.

■ Jason Lee has been named president of housing for Lexington-based Community Ventures. Dan Heffernan has been named vice president of business development.





Martin Tucker









Gerhard

Hildebrandt

#### **ON THE BOARDS**

Kentuckians named to organizational leadership roles

#### AMERICAN MEDICAL ASSOCIATION

■ Steven J. Stack, an emergency physician practicing in Lexington, has been sworn in as president of the American Medical Association, the nation's largest physician organization. Bruce A. Scott, a Louisville otolaryngologist, has been elected vice speaker for the AMA's House of Delegates. Scott currently serves as speaker for the Kentucky Medical Association and as chair of the board of the Greater Louisville wdical Society.

#### CENTRAL KENTUCKY AG CREDIT

■ Mary-Lynn Hinkel has been elected to serve on the board of directors for Central Kentucky Ag Credit. Hinkel is a director with the Lexington accounting firm of Barr, Anderson & Roberts.

#### COALITION FOR THE HOMELESS Kitty McKune, LaTonya V. Phillips, Troy Ransdell and Mark McWane have been elected

to serve as board members for Coalition for the Homeless, a Louisville nonprofit organization.

#### FAYETTE COUNTY BAR ASSOCIATION

■ John M. Spires has been selected to serve as a member of the Fayette County Bar Association board of directors. Spires is an attorney with Dinsmore & Shohl.

Trov

Ransdell

#### **FAYETTE COUNTY FARM BUREAU**

■ The following have been named to the board of directors for the Fayette County Farm Bureau: President – Larry Swetnam; Vice President – Sean Millard; Secretary – Brennan Gilkison; Treasurer – John Tucker; At-Large – Jill Mahan; Women's Chair – Edie Swetnam; and Young Farmer – Patrick McNutt. Directors: Bonnie Eads, Maner Ferguson, Harry Graves, Walter Hillenmeyer, Gary Hilliard, John James, Robert James III, Phil Meyer, Joe Nallia, Cody Rakes, Patrick Robinson, Jody Sparks, Stuart Turlington, Billy Van Pelt, Stacy Vincent, Kevin Welsh, Jason Whitis and Bill Witt.

#### HAZARD COMMUNITY AND TECHNICAL COLLEGE

■ Joel C. Brashear has been appointed to the board of directors at Hazard Community and Technical College. Brashear, of Hyden, is a community outreach and business development officer with Hyden Citizens Bank.

#### KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM

The following individuals have been named to the Kentucky Community and Technical College System board of regents for 2015: Chair -Porter G. Peeples Sr., Urban League of Lexington, Lexington; Vice Chair - Marcia L. Roth, Mary Byron Project, Louisville; Secretary - Carolyn E. "Betsy" Flynn, Community Financial Services Bank, Murray; Ginger M. Carroll, Hazard Community and Technical College, Chavies; Robert G. Cooper, public finance (retired), Newport; Angela Fultz, Maysville Community and Technical College, Morehead: Gail R. Henson, Bellarmine University, Louisville; Mary R. Kinney, Owensboro Community and Technical College, Owensboro; Barry K. Martin, Primary Care Centers of Eastern Kentucky, Lexington; Shawn S. Payne, Owensboro Community and Technical College, Owensboro; Tiffany L. Quinlan, Hazard Community and Technical College, Hazard; Donald **R. Tarter**, Tarter Farm and Ranch Equipment and Tarter Wood projects, Dunnville; Doris C. Thomas, Commonwealth Health Corp., Bowling Green; and Ebenezer Yankey, Henderson Community College, Morganfield.

#### KENTUCKY DEPARTMENT OF FISH AND WILDLIFE

■ Gary Greene has been appointed as a member of the Fish and Wildlife Resources Commission. Greene, of Greenup, is retired.

#### **KENTUCKY OPERA**

Kentucky Opera has announced its 2015-2016 board of trustees: President – Williams A. Blodgett Jr.; Secretary - Christopher W.D. Jones; Treasurer/Finance Committee Chair – John Sweeney; David Armstrong, Ruth Atkins, Turney Berry,

Jane Boyer, Derek Burcham, Ann E. Georgehead, Lawrence Gettleman, Matthew Hamel, Paula Harshaw, Cary Hearn, Karla Hopkins, John Hudson, Thomas A. Jones, Christy Stoll Kramer, Henry H. Kuehn, Dianne Lee, Adele Leight, Mary Celeste Lerman, Shawn P. Malone, Celia Manlove, David Mateja, Michael McNalley, Greg Miller, Thomas P. O'Brien III, Janet Reilly, Renee Reynolds, Jon Sanders, Ann Schell, Duane Schrader, Eric Scott, Anita Streeter, Gail B. Tway, Abby Weleski, Maria White, Richard Whipple, Ernest Williams and Joy Yudofsky.

Williams

Blodgett

Roh

Patterson

#### KENTUCKY SOCIETY OF CERTIFIED PUBLIC ACCOUNTANTS

■ Bob Patterson has been named president of the Kentucky Society of CPAs. Patterson is the founder and president of Patterson & Co. CPAs in Louisville.

#### LEXINGTON-FAYETTE URBAN COUNTY AIRPORT BOARD

■ Richard Moloney has been named to the Lexington-Fayette Urban County Airport board of directors, the governing body for Lexington's Blue Grass Airport. Moloney serves as council member at-large for the Lexington-Fayette Urban County Government.

#### **LEXINGTON FORUM**

■ **Greg Parsons** has been elected to the board of directors of the Lexington Forum, an organization dedicated to the discussion and analysis of community and regional issues. Parsons is office executive member of the Lexington Stites & Harbison office and a member (partner) of the firm, based in the construction service group.

#### LOUISVILLE CONVENTION & VISITORS BUREAU COMMISSION

■ Brad Pernaw has been appointed to serve on the Greater Louisville Convention & Visitors Bureau Commission, the policy-making body of the Louisville Convention & Visitors Bureau. Pernaw is development director of Fourth Street Live!, a dining and entertainment complex in downtown Louisville.

#### LOUISVILLE SPORTS COMMISSION

■ The Louisville Sports Commission has appointed eight new members to its board of directors: J. Duffy Baker Jr., Chase Commercial Banking; Winston Bennett Van Zandt, Emrich & Cary; James Brammell, Louisville Water Co.; Cornelius Coryell II, Wyatt, Tarrant & Combs LLC; John Cox, Kentucky Speedway; Philip Poindexter, Stock Yards Bank & Trust; John P. Hollenbach, Hollenbach Oakley Development, and Lannette R. VanderToll, KentuckyOne Health.

#### NATIONAL ASSOCIATION OF STATE AND TERRITORIAL APPRENTICESHIP DIRECTORS

■ Michael Donta, the Kentucky Labor Cabinet's deputy commissioner of workplace standards, has been chosen as president of the National Association of State and Territorial Apprenticeship Directors.

#### SOCIETY OF MINING, METALLURGY AND EXPLORATION

■ Steve Gardner, president and CEO of Lexington-based ECSI LLC, is serving as 2015 president of the Society of Mining, Metallurgy, and Exploration. SME is a professional society with over 15,000 members in 100 countries representing scientists, engineers and professionals serving the minerals and mining industries.

#### THOROUGHBRED CHARITIES OF AMERICA

■ Nathan McCauley has been appointed to the board of directors for Thoroughbred Charities of America. McCauley, a native of Lexington, owns and manages the Providence Auto Group in Nashville, Tenn.

#### **WORLD MEDICAL ASSOCIATION**

■ Ardis D. Hoven has been elected as the first female chair of the World Medical Association. Hoven is a retired University of Kentucky professor. She has served as chair of the American Medical Association delegation to the WMA for the past few years and now will serve a two-year term as chair

Ardis Hoven

of the WMA. The WMA is the international organization representing physicians from 111 national medical associations.



Mary-Lynn

Hinkel

Kitty McKune







#### **LANE ONE-ON-ONE**

Kentucky's leaders express their opinions



#### **Connie Harvey**

Connie Harvey is chief operating officer of the commercial healthcare business group for Xerox Services, which encompasses service offerings for the healthcare industry. In her position, Harvey has focused on various initiatives to improve operational performances to better serve Xerox customers and diversify the service offerings. Prior to joining Xerox, Harvey was an early adopter of utilizing offshore operations and spent 18 years in consulting and operations management in the Caribbean. She joined Xerox in 2001 when the company acquired National Processing Co. Harvey is involved in various organizations, including serving on the board of directors for the Kentucky Chamber of Commerce and Commerce Lexington. She also serves as the corporate champion for the Hispanic Association for Professional Advancement at Xerox. Harvey holds a bachelor of science in industrial engineering degree from Iowa State University.

#### **'EDUCATED, ARTICULATE, FRIENDLY KENTUCKIANS ARE A XEROX ASSET'**

Connie Harvey is COO of the commercial healthcare business group, which employs 25,000 employees and generates \$1 billion in revenue

#### **BY ED LANE**

Ed Lane: In 2010, Xerox acquired Affiliated Computer Services (ACS), a Dallas, Texas-headquartered company with significant business operations in Kentucky. ACS, a business process management company, was achieving sales of \$6.2 billion in 2009 and had 74,000 employees prior to its acquisition by Xerox. You have been employed with Xerox since 2001, and in 2014 you were selected as the chief operating officer of the Commercial Healthcare Business Group for Xerox Services. In 2012 you were made a vice president of Xerox Corp. How large is **Xerox's Commercial Business Process** Outsourcing today in terms of annual sales and number of employees?

**Connie Harvey:** Almost two years ago, Xerox reorganized its business process outsourcing into vertical segments. Commercial BPO has been broken down into specific industries. I now manage the commercial healthcare segment and serve as chief operating officer and industry business leader for commercial healthcare. The commercial healthcare segment generates about \$1 billion in revenue and employs approximately 25,000 employees.

EL: What are the other major customer categories that are included in Xerox's vertical segments?

**CH:** Our other services business segments include financial services; government; high-tech and communications; retail and consumer services; and transportation.

#### EL: In the area of transportation, what back office services would Xerox provide? CH: Most of Xerox's transportation segment serves the public sector. For exam-

ment serves the public sector. For example, Xerox operates the back offices for New Jersey E-ZPass (toll collection). Other services include parking services, toll roads and toll bridges.

## EL: How would you describe the scope of services provided by Xerox to the public and private sector?

**CH:** Services are always changing to meet our clients' needs. Xerox really talks about itself in two areas. One is Xerox technology, which is the legacy equipment business, and the other is Xerox services. Xerox services is a combination of what used to be ACS as well as the managed print service business and some other services that Xerox brought to the table as well. That combined business is roughly \$13 billion in services. And more than 60 percent of Xerox's annual revenue (\$19.54 billion in 2014) is now generated by services.

#### EL: Approximately how many workers does Xerox employ in Kentucky, and how many total employees do you manage corporation-wide?

**CH:** In the state of Kentucky, Xerox has roughly 4,500 employees; 3,000 of those are in Lexington. And those employees support commercial healthcare. A big part of Lexington-based employees do work inside of my division. We also have employees who support government business, including KYNECT, as well as telecommunications and technology clients. This segment includes telecom customers, electronics, technology and the financial services industry. Xerox services also provides services to several large non-healthcare insurance companies. Probably the majority of our Kentucky employees are within those four groups.

#### EL: How would you demographically profile the typical employees who deliver the outsourcing services Xerox provides and interface with your clients' customers?

CH: Most of our employees are fulltime. In terms of age, eight or nine years ago the average age of employees in our call centers was probably 23 to 27 or so. That changed a lot in 2008 when a lot of people found themselves unemployed later in life, and Xerox was able to hire some really fantastic employees who had more business experience and were a little more mature. Our average employee's age now is more like 30 to 35. All our call center employees are high school graduates. Most have some college. When you get into the management ranks, most have college degrees.

#### EL: Lexington is ranked nationally has having one of the best-educated workforces in America. Is that a major plus factor for having Xerox operations in Central Kentucky?

**CH:** Yes. Xerox needs people who are well-educated, who are articulate, and who are friendly. And Lexington, and Kentucky in general, has provided a great workforce for Xerox.

The quality of employees Xerox has recruited in Lexington is good – we've always been happy with them, but more importantly, our clients have always been happy with them. Again, a lot of our employees are being pulled from surrounding communities, too, so it's a combination of Fayette and the surrounding counties. In addition to those educated at UK, Transylvania, EKU, Georgetown and other local area universities, the quality of the employees that Xerox has gotten from BCTC also has been phenomenal. BCTC provides an affordable education for those who aren't attending one of the local universities, so there's still an opportunity for a person to continue past high school.

#### EL: Lexington's current unemployment rate is 4.0 percent. Has a low unemployment rate been a factor in recruiting new employees at Xerox?

**CH:** For the most part, Xerox is able to fill the jobs it needs. Because a lot of what Xerox does in Lexington includes supporting healthcare open enrollments, which have big peaks of activity in the fall, staffing needs can sometimes be a challenge. But overall, Xerox has been very happy with the quality of employees it's been able to recruit in Lexington.

EL: Louisville's Metro Council has passed an ordinance, currently being contested in appeals court, increasing the minimum wage in the Louisville Metro to \$9. Lexington's Urban County Council has a pending ordinance in committee that raises the minimum wage to \$10.10 per hour plus an annual CPI adjustment. How will these types of ordinances - enacted by local gov-

#### ernment - affect Xerox's future operations in Kentucky if they are ultimately upheld as legal by the court?

**CH:** Most of our employees, when they get out of training, are above any minimum wage increase that's currently being discussed. I think a city, a state or local entity needs to be competitive, and if unemployment rates are so low that you can start to get very choosy about the jobs that come into your community, maybe setting the higher minimum wage doesn't hurt a community. I don't know that there's any place in the state of Kentucky where that is really true.

When expanding, Xerox can select from the different cities and states in which it operates today. We'll make business decisions based on where Xerox can cost-effectively operate, and we'll hire good-quality employees who can deliver services to our customers at a price that we can bill our customers that will keep Xerox competitive. If you look at our employees in Lexington, I would estimate that 50 percent of them don't live in Lexington. Xerox is strategically located at the four corners of Fayette County; one facility is on Fortune Road, and we pull a lot of employees from Clark



County. New Circle Road, we pull from Franklin County and Georgetown. In this building (on Yorkshire Boulevard in East Lexington), we pull from Berea, Richmond, Madison County. So setting a higher minimum wage in Lexington doesn't just affect Lexington; it could potentially affect wages in communities around Lexington.

EL: In which Kentucky cities does Xerox have corporate business operations? CH: Our largest operation is in Lexington; probably the second-largest is in

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#### LANE ONE-ON-ONE

London. We also have operations in Frankfort, Louisville, Erlanger and Richmond.

#### EL: When Xerox hires a new employee to deliver outsourced services for a client, what type of special training does a new hire receive?

CH: Xerox typically does on-site training for new employees. Obviously it's very different depending on what the employee is being hired to do. If we're hiring somebody in a professional role, for example, finance or software development, that's a different training process. But most of the production employees that Xerox would hire, whether it be in a customer care space or a document processing space, would receive on-site training. Usually that training is a collaboration - using materials from our end client being delivered by our training. We do partner with BCTC to provide ongoing training for our employees where Xerox actually pays for college credit classes for our employees at BCTC. We started that program last year.

#### EL: Now that the need for highly trained employees is becoming greater, "workand-learn" or "earn-and-learn" type programs are becoming more popular. Many companies like Toyota, GE and Ford have these programs. Is Xerox utilizing more of this kind of training?

CH: Xerox provides on-the-job training to its employees so they can do their day job. I would consider the BCTC classes that Xerox offers for continuous education to be an employee benefit, because it's a skill that they can take with them. If our employees stay with Xerox, they can use it to get promotional opportunities. If they choose to go back to college full-time or whatever, they've gained college credits along the way. As a corporation, Xerox is looking at a whole career path of opportunities for its employees, and from an HR perspective there are currently several alternatives being explored. So it may look differently than what Xerox has done in Lexington with BCTC or it may look the same - that's being explored as we talk - but from a corporate perspective, employee development is very important.

EL: Sometimes it's difficult for an employee to work full-time, take care of a family and continue postsecondary education. In a recent interview with Jay Box, president of the Kentucky Community and Technical College System, he indicated the community col-

#### leges are offering more online classes and training.

CH: Yes, we've used that at Xerox. I'm on the board of BCTC's foundation and have had a lot of conversations about online learning. I would love to figure out a way Xerox can partner more with BCTC, because the community colleges have their hearts in the right place. Xerox has a large base of employees who would benefit from continuing education. Call centers, which we do a lot of in Lexington, are not a lifetime career for most people. If our employees move up to management that is great, but that's a few select employees. Xerox looks at career development as an opportunity to move into the management ranks. That's great; and if not, continuing education prepares our employees for the next step.

#### EL: How helpful have the Kentucky Cabinet for Economic Development and local economic development entities been in helping Xerox expand its Kentucky operations?

CH: I'll give you an example. When Xerox opened its New Circle Road facility (in Lexington), we had a division of one of our largest customers, also a Kentucky-based company, that wanted Xerox to open a call center for them. We had about 90 days to have approximately 600 people employed. Xerox worked with Commerce Lexington (the chamber of commerce), which has a been great partner whenever Xerox needs to expand operations. The mayor's office was also very helpful in getting the word out and helping recruit employees. We tended to work with the state agency for economic development more when we opened our Erlanger facility, starting a brand-new facility. We had good support there from both private and government entities.

## EL: How can Kentucky's local and state economic development agencies better assist Xerox?

**CH:** I can't think of anything that I would ask them to do above and beyond what they're doing today.

#### EL: KYNECT is the poster child for one of the best-implemented Obamacare websites in the country and was successful in signing up uninsured Kentuckians for healthcare insurance. What was Xerox's involvement with KYNECT?

**CH:** Xerox launched the call center to help Kentuckians either enroll or answer questions if they were enrolling

online. We have about 200 people in that program today and have been supporting that program since it was launched in 2013. Another firm developed the website, and Xerox is providing the support services.

#### EL: How does Xerox support local communities?

CH: Through both our employees and the Xerox Foundation. With help over the past few years from Chris Gilligan (manager of executive communications for the commercial healthcare segment), we've been able to really tap into some Xerox Foundation opportunities and get funding into Lexington. The foundation really focuses on education, particularly in the STEM fields: science, technology, engineering and math. So for instance, two years ago Xerox was able to sponsor robotics kits for all the elementary schools in Fayette County so they could start to build a robotics program at the grass roots. Another program was started a couple of years ago in conjunction with United Way of the Bluegrass: the STEAM program, meaning science, technology, engineering, arts and math, at Leestown Middle School and Bryan Station High School. That STEAM program is specifically for Hispanic students, because the statistics in Lexington indicate the number of Hispanic students who enter those fields was low. This month, Xerox will also be announcing a big grant of \$100,000 for principal training in Fayette County from the National Institute for School Leadership. That's one of the things that a company the size of Xerox is able to bring to the community.

#### EL: Do you have a closing comment?

**CH:** From a Xerox standpoint, Lexington has the largest employee population in services in the United States, the second-largest in all of Xerox, only behind the company's original head-quarters in Rochester, N.Y. When ACS was acquired by Xerox, it could have gone different ways. Xerox could have started to migrate more jobs to the areas where they had heavy employee populations, or it could have continued to grow its services in Kentucky. I am delighted that Xerox is now one of Kentucky's largest employeers.





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#### **COVER STORY**



## Stainless Steel's Kentucky Home

North America's largest mill poured 1.2 million tons last year, and it's still growing

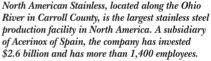
#### **BY JOSH SHEPHERD**

ID you know stainless steel production is part of Kentucky's growing and diverse portfolio of leadership in advanced commercial manufacturing? With little fanfare, the largest stainless steel mill in North America operates on the banks of the Ohio River between Cincinnati and Louisville, where it has access to inexpensive electricity and the U.S. manufacturing heartland.

Its product goes into vehicles, appliances, spacecraft, surgical instruments, plumbing and many architectural uses, including in the new One World Trade Center in New York City.

U.S. 42 between Carrollton and Ghent in the 1980s was largely underdeveloped in the 1980s, former Carroll County Judge Executive Harold "Shorty" Tomlinson remembers. Kentucky Utilities' Ghent generating station, the electricity provider's larg-

est coal-fired plant, had opened in 1973 not far from a pair of chemical plants



that opened in the 1950s and 1960s. However, many strongly suspected Interstate 71 a few miles east had probably siphoned away the area's prospects for development, along with most of the Louisville-to-Cincinnati traffic when it opened in the late 1960s.

Things changed in 1990, though.

Acerinox, one of Europe's leading stainless steel producers, announced plans to expand operations into North America in partnership with U.S.-based Armco Advanced Materials. A new subsidiary, North American Stainless (NAS), would build a production mill near the power plant, with plans to grow in stages.

Today, after 25 years and an estimated \$2.6 billion investment, NAS is the largest fully integrated stainless steel manufacturing plant in North America, melting 1.2 million tons of product last year. Following plans laid in 1990, NAS built out in seven phases based on the business model Acerinox pioneered at its facility in El Campo de Gibraltar, Spain.

In May, North American Stainless celebrated the 25th anniversary of its Carroll County plant. The Kentucky organization welcomed the leadership of its parent,



Tomlinson.

Executive,

Former Judge

Carroll County

#### Why it doesn't rust

Steel, an iron-carbon alloy, made with more than 10.5 percent chromium – often additionally including nickel and molybdenum – does not rust and is resistant to most acids and corrosion agents. A chromium oxide coating on stainless steel prevents iron oxidation (rust). Krupp engineers received the first stainless steel patent in 1912.

Acerinox Europa, customers from across the country, commonwealth political and economic leaders, and its entire workforce of 1,400 to 1,500.

They celebrated expectations of a shiny future, too. In January, NAS announced another \$150 million expansion.

"Having just celebrated 25 years in the U.S. stainless steel market, North American Stainless continues to be one of Kentucky's premiere corporate citizens The sheer size and importance of NAS to their industry illustrates quality, and from Kentucky's point of view, there is no better company to be carrying our flag around the world," said Erik Dunnigan, deputy secretary of the Kentucky Cabinet for Economic Development. "Not only have they proven to be invaluable to the manufacturing sector in Kentucky and the many existing Kentucky industries that currently rely on their products, but they also illustrate how Kentucky has truly become one of the leading global players in the world's economy.

Total global stainless steel production for 2014 was an estimated all-time high of 41 million tons, according to the British steel market monitor MEPS Ltd., besting 2013's record mark by 7.6 percent. MEPS predicts 2015 world output will increase another 4.9 percent to 43 million tons.

"I was a magistrate in 1989 when I first heard that a stainless steel company was considering Carrollton as a possible location. I kept up with developments when I took over the judge executive's office in 1990," Tomlinson said. "The company's executives told us about how they planned to grow the facility. It seemed a little too good to be true at the time. But over these last two decades or so, NAS has been absolutely true to their word."

And other companies have followed in their wake, he noted. According to the Kentucky Cabinet for Economic Development, since NAS established operations in Carroll County, four other manufacturers have located in the region.

Widely used and versatile sheet metal coil is one of the North American Stainless' higher volume products.

In the meantime, NAS has demonstrated itself to be an active and community-minded corporate citizen locally and regionally. It helped fund the Kentucky Chamber of Commerce's \$3.2 million Frankfort building renovation in 2010, Tomlinson said, and it was among local industries that contributed to financing Carrollton's branch of the Jefferson Co



Lisa Cooper, Executive Director, Northern Kentucky Area Development District

branch of the Jefferson Community and Technical College system.

The impact extends well beyond Carroll County's borders, said Lisa Cooper, executive director of the Northern Kentucky Area Development District in Florence, because NAS draws its professional workforce from a six- to 10-county area. A lot of the daily commuter traffic heading out of Northern Kentucky, she said, is bound for Carrollton.

"As the largest, fully integrated stainless steel producer in the United States, Northern Kentucky is honored to have North American Stainless. NAS not only contributes to the region and state as a top-quality manufacturer and employer, but it is a great corporate citizen as well," Cooper said.

"We've come a long way from that day in 1993 when we sold our first coil of flat stainless," said Mary Jean Riley, NAS vice president of finance and administration.

#### Big plans from the start

Riley came on board the year before and recalls vividly her first organizational meeting. An official from Acerinox had a flip chart outlining every planned phase of facility construction for the next decade with a timetable for achieving full integration of all manufacturing processes, she said.

Selecting Carroll County as its building site achieved phase one.

"There were a number of reasons Acerinox selected Kentucky, and more specifically Carroll County, as a base for its North American operations," Riley said.

It is strategically located within a day's delivery time to most of the largest North American markets for stainless steel, she said. Chicago is home to many customers, but it also ships to manufacturing centers in Wisconsin and Michigan as well as all along the East Coast.

The site provides access to the Ohio River, where barge freight delivery cuts the company's costs for raw materials, Riley said. NAS ships in supplies of nickel and chromium, but she estimates about 80 percent of its finished flat and long products – solid bars, rebar and angled bars – are made from recycled stainless steel scrap.

However, the factor tipping the siteselection scales in Kentucky's favor likely was the KU plant just a few miles up the road generating plentiful, cheap electricity.

"We knew we were going to be a fully integrated plant. That meant that we would be a hot-mill as well as a cold-mill producer. That kind of an operation would require a lot of electricity," Riley said. "KU provides electricity at some of the lowest rates in the country, which presented a major costs savings to us."

NAS started operations, according to its 25-year commemoration recap, with



#### **COVER STORY**

a single cold-rolling stainless production line composed of a Sendzimer mill, two annealing and pickling lines, a grind and polish line, and a slitter.

Two years later, NAS launched phases two and three; it constructed a barge dock facility on the Ohio River, and it doubled its manufactured production output with the addition of a second cold-rolling mill.

Between 1996 and 2001, NAS executed its most ambitious run of building phases. It invested approximately \$264 million into construction of a hot-rolling mill, including a reheat furnace that drives stainless steel slabs to temperatures of over 2,370 degrees Fahrenheit, according to the company's Flat Product catalog.

Addition of a plate shop in 2001 enabled NAS to produce stainless steel plate annealed in a furnace at 2,000 degrees and cut to lengths and thicknesses within the specific tolerances their customers require. For slabs exceeding one-inch gauge, specialized workers operate a 600-amp plasma cutter to cut widths and lengths to exacting order.

Its first melt shop was completed in 2002, concluding the company's journey to full integration in the manufacture of stainless steel. That addition

paved the way for NAS to begin producing "long product" - a whole range of solid stainless steel bars including cold drawn bar, peeled bar, wire coils and angled products.

#### First North America, then the hemisphere

In less than a decade. NAS achieved its initial goal. It became the largest, fully integrated stainless steel plant in North America. The company is still in the process of executing its business plan to become the leading supplier of stainless steel in the Western Hemisphere, Riley said.

It was the only plant of its kind in the United States until recently, she said. A competitor in Ala-

bama, formerly known as Thyssenkrupp USA, also became a fully integrated facility in the last few years, but it is still going through growth processes that NAS has completed.

Although it reached its primary business goal over a decade ago, NAS has remained ambitious and not settled into routine, satisfied operations. The company keeps investing and expanding operations as new markets open up Riley said. Keeping up with the times and remaining a state-of-the-art facility is extremely important in any industry, but especially in the world of stainless steel, Riley commented.

In its second decade of operation. NAS added a second hot-rolling mill line, including a second electric arc furnace and a metallurgy furnace, as well as an expansion of its laboratory facilities that oversee the quality and integrity of NAS' output.

would invest another \$150 million to install a bright annealing line that can add a mirror-like finish to its stainless steel. Many appliance companies fabricate with BA stainless for the inside drums of high-end clothes dryers and dishwashing machines, Riley said. There also are applications for BA by auto manufacturers for the cosmetic enhancement of a new car's trim.

"Though there are more similarities than differences between the (Acerinox Europa) plant in Spain and NAS in Kentucky," Riley said, "the key differences are that the Spain plant has two

Earlier this year, NAS announced it

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**HOUSTON HALL** 

Market President



Riley, Vice

President

of Finance

istration.

American

Stainless

North

and Admin-

BA lines. However, they don't manufacture long product on site. Another Acerinox plant produces the long product in Europe."

The BA line announced in January is expected to be completed in 2017.

#### Specialty product, specialty uses

NAS is a one-stop shop for its customers with the capacity to produce every grade of stainless steel: ferritic, austenitic, martensitic, precipitation hardening grades as well as the long product, Riley said.

It is sometimes difficult to separate the stainless steel manufacturer from the products that its customers use the steel to fabricate. Some of the more high-profile uses of stainless steel are in modern architecture. There is NAS-produced stainless steel in the One World Trade Center in New York City, Riley said. Customers with ties to the federal government have ordered NAS' Precipitation Hardening Grades to be used for instruments and panels in airplanes and even in space travel.

But these high-profile applications are not the company's bread and butter, she continued. The automotive industry is among its largest customers, along with appliance manufacturers and producers of commercial restaurant equipment. Surgical instruments, industrial grade fasteners, plumbing and specialized pipe fittings are manufactured from long-product stainless steel because of its relatively higher level of resistance to corrosion.

NAS sells some 70 percent of its production via distributors rather than directly to end users.

"The highest demand is for our ferritic and austenitic grades of stainless," Riley said. "Martensitic grades of stainless steel are mostly used in our long product."

NAS aims to maintain the most upto-date and environmentally forward manufacturing standards, Riley said, and became one of the inaugural members of the state Department of Environmental Protection's Kentucky EXCEL environmental leadership program. It upgraded to master-level membership in 2013, she said, both to demonstrate its commitment to environmental manufacturing and to enable it to sponsor educational programs.

The Carroll County site has grown from 161 employees when it began operations in 1992 to 1,382 in 2014, according to Acerinox's annual report. That number is now more than 1,400, and the com-



North American Stainless poured some 1.2 million tons of metal in 2014, which represents nearly 3 percent of global stainless steel production last year.

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#### **COVER STORY**

Gov. Steve Beshear, from left, speaks with NAS President Cristobal "Cris" Fuentes and former Carroll County Judge-Executive Harold "Shorty" Tomlinson in Frankfort.

pany is increasingly interested in Kentucky workforce development.

In education, NAS partnered with JCTCS several years ago to introduce an electrical technology associates degree program that is patterned on the Kentucky Federation for Advanced Manufacturing Education model (an article in June's edition of *The Lane Report* detailed KY FAME) under which students divide their time between classroom work and working full time at NAS.

"With KU, Dow Corning, NAS and the other industries in Carroll County, skilled electrical technicians are in high demand for this area," Riley said.

Its employees have been and will continue to be a vital component of the operational growth NAS has enjoyed in the past 25 years.

"People in this region have a great work ethic and they enjoy working here. When they come, the majority tend to stay," Riley said. "That experience translates into a very knowledgeable workforce,



from the people in the production end to the sales force around the country."

Advanced new production equipment looks impressive, Riley said, but it will be the employees that enable NAS to celebrate its 50th anniversary and the century marks in Kentucky.

"Stainless steel is an extraordinary material that is still in its growing phase," Acerinox CEO Bernardo Velázquez said in his 2014 annual report letter. "More and more applications can be found in our daily lives. Few materials can boast of a growth rate by 6 percent in the last 65 years."

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



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#### ENERGY



## More Business, Cheaper Power

Electric utilities have motivation to play pivotal role in Kentucky economic development

#### **BY CHRIS CLAIR**

HEN it comes to attracting companies to the Bluegrass State, near the top of the list of benefits economic development officials point to is Kentucky's relatively low cost for reliable power.

According to the state Cabinet for Economic Development, last year Kentucky offered the lowest electricity cost of any state east of the Mississippi River and the fourth-lowest overall in the nation - 8.13 cents per kilowatt hour on average across industrial, commercial and residential sectors.

But that's only part of the role electric and gas utilities play in attracting business to the commonwealth. Many are also directly recruiting companies and offering their own local incentives, backstopping public economic development efforts or even directly funding activities by underwriting key trade show visits.

Louisville Gas and Electric and its sister company Kentucky Utilities, American Electric Power, East Kentucky Power Cooperative and others have staff dedicated to economic development. Their staffs work with existing customers to help keep utility costs down and reliability up in order to retain businesses, and they partner with state economic development officials in providing information and actively recruiting new businesses. They house pages on their websites devoted to showcasing incentives; comparing water, gas and electric rates in Kentucky with other states; and offering maps showing available sites and properties in the utilities' coverage area.

East Kentucky Power Cooperative is working on an app that will bring detailed information about the electric utility's service area to mobile devices anywhere. LG&E-KU has an app that

Many power utilities play very active roles in economic development recruiting in their service areas, not only to grow their business but to more efficiently manage their demand loads. After Kentucky received the 2014 Governor's Cup from Site Selection magazine for the number and size of projects it had, among those who attended a reception at the Governor's Mansion to celebrate were, from left, Brad Thomas, associate manager of economic development for East Kentucky Power Cooperative; and Lisa Payne, lead economic development manager Louisville Gas & Electric and Kentucky Utilities. Pictured with them are Bruce Carpenter, executive director of Corbin Economic Development Agency; Hal Goode, president/CEO of Kentucky Association of Economic development; and John Bevington, deputy commissioner of the Cabinet for Economic Development.

allows users to search anywhere in its coverage area for available properties, or focus in specifically on the Louisville and Lexington areas.

In October 2014, East Kentucky Power announced a partnership with StateBook International, an online marketplace where companies and site selectors can interact with and learn more about communities and economic development organizations. StateBook includes some 20,000 data points covering everything from workforce information and taxes to utility costs and incentives. East Kentucky Power's member co-ops will be able to upload their own information to add to the StateBook database.

East Kentucky Power is the first utility in the country to partner with StateBook.

Together, LG&E-KU – part of publicly-traded PPL Corp. – and East Kentucky Power – a not-for-profit power generation and transmission cooperative made up of 16 distribution co-ops – serve slightly more than half of Kentucky's 4.4 million residents.

LG&E-KU's service area includes all or part of 90 counties and some large industrial and commercial users, including Toyota Kentucky's Georgetown assembly plant, Nestlé, Ford, Johnson Controls and several of the state's larger distilleries.

East Kentucky Power's customers, spread across all or part of 87 counties, tend to be more rural and mostly residential, although the co-op is working to bring in larger industrial and commercial customers.

LG&E operates nine power generation plants, while East Kentucky Power runs four. Those power plants play an important role in why the electric utilities have an interest in attracting commercial and industrial customers.

#### Managing their power load demand

Utilities' involvement in economic development goes back decades, said Nick Comer, external affairs manager for East Kentucky Power. Initially they wanted to

#### ENERGY

Former President Bill Clinton, right, announces the innovative STEM-TEK initiative during the Clinton Global Initiative America conference in Denver on June 10. At left, Tony Campbell, president & CEO of East Kentucky Power Cooperative, and Vince Bertram, president & CEO of Project Lead The Way, look on.

build demand for their product. In the 1940s and 1950s, he said, some power companies would give away electric appliances. More recently, bringing in bigger users of electricity has more to do with keeping the load factor – or demand – on the power plants steady.

With residential users, demand spikes occur at different times of the day, Comer said. In the morning, people get up and use electricity as they get ready for work and school. Then they leave and usage drops down until afternoon, when people return home.

Industrial users of electricity use more power, but importantly they use it more consistently over time. Rodney Hitch, economic development manager at East Kentucky Power, said the more stable the use is, the easier it is on the power plants, which affects rates down the line.

"The power plants, they have to operate at the peak demand," Hitch said. "So when you have this up and down shift



Cooperative

Nick Comer,

Manager, East

External

Kentucky

Cooperative

Affairs

Power

and people – mainly residential – coming online and going offline, the power plants still have to generate at that maximum level. When we get that level, more consistent usage, the power plants may be able to operate less, expenses come down and everybody's electricity costs come down. The more stable we can be, it helps everybody on the final end."

To help attract consistent users like that, LG&E-KU and East Kentucky Power offer economic development riders, which effectively give large users a break on their bills. East Kentucky Power offers companies that locate in one of the co-ops' territories discounts of 30 percent to 50 percent on the highest use part of their bills if they agree to provide a base load. The threshold to qualify is lower in counties with high unemployment, high poverty and low wages, Hitch said.

LG&E-KU's economic development riders reduce demand charges for large customers in Kentucky so long as they contract for a minimum monthly billing load of 1,000 kVA. The discount is 50



percent the first year, 40 percent the second year and so on until the rider ends starting with the seventh year.

"In the utility business, we are always looking ahead and planning for the future," said Liz Pratt, public relations specialist at LG&E-KU. "We have a team within the company that works closely to provide direct support for industrial customers."

#### LG&E/KU team among nation's best

Site Selection magazine, which covers corporate real estate and area economic development, publishes an annual list of the top economic development teams at utility companies. LG&E-KU made the list in 2000, 2002, 2004, 2012, 2013 and 2014. In last year's entry, *Site Selection* wrote that the utility helped create 10,303 of the 12,598 new jobs in Kentucky in 2013. Those new jobs came courtesy of companies that invested \$2.6 billion of the \$3.1 billion Kentucky saw in facility location and expansion that year.

Joe Lilly, spokesman for the Kentucky Cabinet for Economic Development, said the state is happy to partner with the utilities and leverage their resources to bring in jobs.

"Kentucky's utility companies have a strong story to tell prospective clients, and their ability to meet the needs of new and expanding industry makes them a tremendous asset," Lilly said. "The fact is that we are all in the service industry. Companies look

to us for solutions to roadblocks to their growth in Kentucky. Our utility partners work with us to break through those roadblocks and find solutions." For instance, the U.S. Department of Agriculture runs the Rural Economic Development Loan and Grant program (REDLG), which provides local utilities with zero-interest loans and grants that the utilities then pass along to businesses for economic development.

Because it's a loan, "the cooperative is responsible for that loan," Hitch said. "If the company goes out of business, that loan still has to be paid back. But they're in partnership with this company and with the state to make sure it's a good loan and a good project."

Brad Thomas, economic development associate manager at East Kentucky Power, said incentives like those offered by utilities through the REDLG program are designed to add the "cherry on top of the sundae" on the incentive side to help close deals to get companies to move to or expand in Kentucky.

"At the end of the day

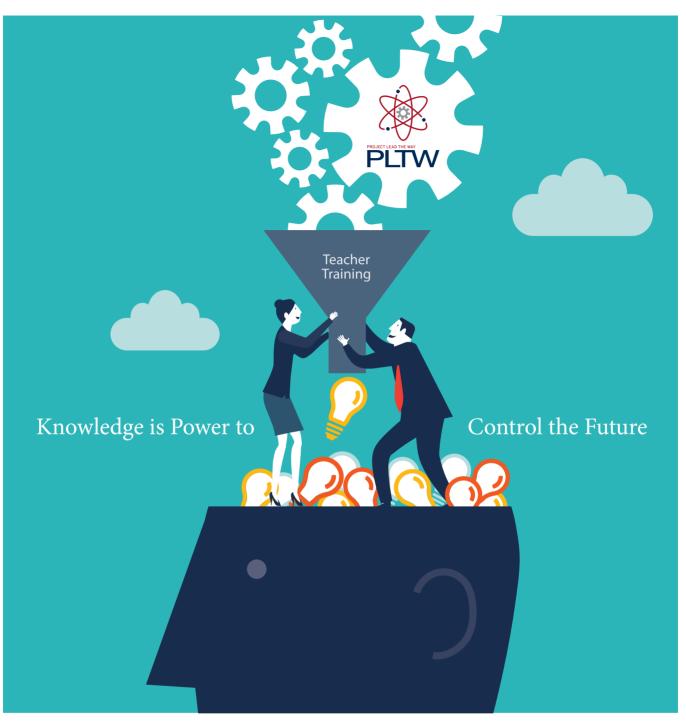




Brad Thomas, Economic Development Associate Manager, East Kentucky Power Cooperative



Joe Lilly, Executive Director, Office of Research and Public Affairs, Kentucky Cabinet for Economic Development



We're helping educate Eastern Kentucky's next generation of workers for high-demand, high-wage jobs in STEM fields.

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#### **ENERGY**

Brad Thomas, associate manager of economic development for East Kentucky Power Cooperative, and Shawn Rogers, then an Office of Entrepreneurship staffer with the state Cabinet for Economic Development, examine a Kentucky Space cubesat satellite at Morehead State University during a Startup Kentucky tour for out of state media last November. EKPC and LGSE-KU were underwriters for the tour.

East Kentucky Power's service area extends from a small part of Grayson County in the west to part of Martin County in the east and from the Ohio River on the north to the Tennessee border on the south. As such, the cooperative is agnostic about where a particular company might choose to locate in its service area, Thomas said.

"We'd be happy for it to be in any one of those counties," he said.

Several recent projects have landed in East Kentucky Power's territory.

#### Putting a deal together

In September last year, Japanese metalworking and metal treatment company Kowa Kogyosho Co. announced plans to build an \$8.3 million facility in Corbin that would eventually employ 30 people. Corbin straddles parts of Laurel, Whitley and Knox counties, which are served by Cumberland Valley Electric Inc., one of East Kentucky Power's co-ops. The nonseasonally adjusted unemployment rate for that region in April was 6.2 percent. That compares to a statewide average of 4.8 percent and a national average of 5.1 percent, both also non-seasonally adjusted.

The Kentucky Economic Development Finance Authority (KEDFA) gave preliminary approval for \$600,000 in tax credits and wage assessments through its Kentucky Business Investment Program, provided Kowa meets certain employment and investment targets, plus further benefits of up to \$50,000 through the state's Enterprise Act Initiative, which allows companies to recover sales and use taxes on construction costs, building fixtures, research equipment and development, and electronic processing equipment. State and local governments worked to build a road to access the site.

Cumberland Valley Electric provided a loan through the REDLG program that helped with construction of a speculative industrial building into which Kowa will eventually move, Hitch said.

Similarly, in May 2014 KEDFA approved up to \$4 million in tax incentives and benefits to encourage Diageo to build a new \$115 million distillery and warehouse facility on Benson Pike in Shelby County, adding 30 jobs to the local economy. East Kentucky Power offered to move some of its infrastructure, and its



Shelby Energy Cooperative offered money through the REDLG program.

"We were at the table, helping that community and helping the state of Kentucky put their best foot forward, and we were fortunate that they did choose to locate in Kentucky," Hitch said.

Also in Shelby County, when developers wanted to build the Outlet Shoppes of the Bluegrass mall at Interstate 64 and Buck Creek Road, East Kentucky Power installed a new substation and ran three miles of transmission lines in about seven months, a project that normally would have taken 18 months to two years.

The co-op is even happy about companies that don't locate in its service area at all, said Hitch.

"That's OK, too, because the state of Kentucky has been uplifted. And more than likely, the people working in that factory, they're going to have their homes in our territory because we're more of a rural area."

Along with LG&E and other utilities like the Tennessee Valley Authority, Kentucky Power and Duke Energy, East Kentucky Power is a member of Kentucky United, a public-private partnership comprising economic development organizations at the state, regional and local levels. It is led by the Kentucky Association for Economic Development.

To be part of Kentucky United, Hitch said, members agree to represent the state, not their own interests. Education and workforce development, too "First and foremost we want investment to come to the state of Kentucky," he said. "Now, we all want it to be in our areas, but bottom line, we're working as one large team out there to promote the state of Kentucky."

East Kentucky Power is also playing a key role in building a more skilled workforce in Eastern Kentucky tomorrow by changing parts of the K-16 education curriculum to emphasize science, technology, engineering and math (STEM). The co-op, along with Project Lead The Way, recently announced an initiative called STEM-Transforming Eastern Kentucky (STEM-TEK). Project Lead The Way is a nonprofit organization that specializes in providing science, technology, engineering and math-based curriculum for K-12 schools.

Working with Morehead State University, the Kentucky Educational Development Corp. and the Shaping Our Appalachian Region (SOAR) initiative, East Kentucky Power and Project Lead The Way are aiming to implement the STEM curriculum across 19 counties in Eastern Kentucky. That would include more than 80,000 students.

The project is starting with training and National Board Certification for 64 Eastern Kentucky teachers, said Hitch. STEM-TEK will pay for those teachers to receive certification from the National Board for Professional Teaching Standards with an emphasis on STEM training and leadership. They will receive master's degrees and with those, will be eligible to earn more money teaching in their districts.

In the short-term, the goal is to implement STEM-TEK in seven Eastern Kentucky School districts that currently offer Project Lead The Way curriculum. As the program expands, its backers hope it will lay the groundwork for a more skilled workforce, which in turn could attract more high-skill, higherwage jobs to Eastern Kentucky. Eventually the school superintendents and principals in STEM-TEK schools would serve on local industrial authorities and economic development councils, giving education a seat at the economic development table it currently lacks, Hitch said.

"We see this as the beginning of a long-term effort to fundamentally change the environment for high-quality jobs and investment in the region," said East Kentucky Power CEO Tony Campbell in a statement.

#### Eventual goal is transformational change

STEM-TEK got a boost in June when it was highlighted at the Clinton Global Initiative meeting in Denver, Colo. Campbell and Project Lead The Way President and CEO Vince Bertram joined President Bill Clinton on stage at the meeting, and Clinton praised the initiative as one of only a handful of examples of a state using its own education system to lay the groundwork for attracting good jobs.

"This commitment represents an investment in building out a highlyqualified STEM workforce that will attract businesses and high-wage, hightalent demand jobs to an area that desperately needs them," Clinton said. "It will also keep more talented young Kentuckians in a newly revitalized part of the state."

While initiatives similar to STEM-TEK have been implemented locally elsewhere, there has not been a strong push to use it at the regional level, said Thomas.

"I think that's something that, from the perspective of EKPC representing a large territory, we can make those types of suggestions and put into play those types of efforts to really make an impact. If we develop the workforce, we hope the jobs come."

Thomas said initiatives like STEM-TEK and the SOAR drive to improve broadband access in the region are transformational events for Eastern Kentucky. "The opportunity we're seeking right now is a future, because a lot of people in Eastern Kentucky do not see a future right now," Thomas said. "If we can get the skill sets and a STEM workforce created there, that creates opportunities that exist nowhere else in the country."

While some might find it surprising that a utility company is leading this charge, it makes perfect sense to East Kentucky Power, Hitch said. Bringing good companies with good jobs to Eastern Kentucky means more people living in the region, a better economy and more people paying their power bills. Although as nonprofits, power cooperatives are not concerned with making more money, they are invested in the quality of life of their users, said Comer.

"Really that's why electric coops exist – our members saw the improvements to the lifestyle that access to electricity had in cities and they said 'we want that,' " Comer said. "Extending that forward to today, people see that it makes sense to do economic development activities, to improve the quality of life for the small towns and rural areas. That's what we're doing."

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



#### HEALTHCARE

## Kentuckian Heads AMA – Again



## ER specialist Dr. Steven Stack wants to return joy to the practice of medicine

#### **BY ESTHER ZUNKER**

R. Steven Stack is well adjusted to the darkness. The Lexington-based emergency physician and president of the American Medical Association frequently rises before the light of dawn to catch flights to AMA conferences and meetings, or work back-to-back 12 hour shifts in the emergency department at St. Joseph East hospital. In a different city or country nearly three weeks out of every month, Stack often kisses his family goodbye not knowing exactly when he'll see them next.

Sometimes it's hours, sometimes days, and sometimes weeks. But they know he'll always return, and luckily they understand of the value of his work. For this reason, Stack continues on, always striving toward creating a healthier, happier world. Steven Stack, M.D., Medical Director, Emergency Department, St. Joseph East, St. Joseph Mt. Sterling, Baptist Memorial Memphis

"My family pays a price for my absence. But I couldn't be more blessed to have them; they're my strongest supporters," said Stack of his wife, Tracie, a pediatric allergist physician, and 10-year-old daughter, Audrey. "We feel we have an obligation and opportunity to make the world a better place. Sometimes it comes at a cost, but it's worth doing, and worth doing well."

Stack, 43, was elected president of the AMA, the nation's largest and most influential physician organization, in June 2014 and is the first emergency physician and youngest to serve in that role in over a century.

He is the second AMA president from Lexington, Ky., in three years. Ardis Hoven, a University of Kentucky infectious disease specialist, headed the organization in 2013-14. In June, Hoven was chosen chair of the World Medical Association, an international organization representing physicians from 111 national medical associations.

Stack, born and raised in Cleveland, has dedicated much of his life to being a leader in various areas of medicine and working tirelessly to improve healthcare across the nation.

"My interaction with patients is undeniably the most memorable part of my career," said Stack, who in the last 15 years has served as medical director of the emergency departments at St. Joseph East, St. Joseph Mt. Sterling in rural Eastern Kentucky, and Baptist Memorial Hospital in Memphis, Tenn. "Over the years, I've had the joy of saving lives, bringing new lives into the world, and assuring people they will recover from injuries and illnesses. There's a special bond between doctor and patient, and those bonds are priceless. That joy is what motivates and inspires me. It helps me to get up in the morning and do the work I do."

Stack graduated magna cum laude from the College of the Holy Cross in Worcester, Mass. He returned to Ohio and completed his medical school education and emergency medicine training at the Ohio State University before moving to Memphis to begin his clinical practice. In 2006, he and his family relocated to Lexington.

"My wife is a University of Kentucky graduate, and she and my daughter ride horses every week," Stack said. "Between

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## HEALTHCARE

Stack was inaugurated as the AMA president during a ceremony in June. Prior to serving as president Stack was the chair of the AMA's Health Information Technology Advisory Group from 2007 to 2013.

the rolling hills, horses and bourbon, it's a beautiful place to live; I'm glad this is our home."

Stack is nationally recognized for his special expertise in health information technology and served as chair of the AMA's Health Information Technology Advisory Group from 2007 to 2013. He has also served on multiple federal advisory groups for the Office of the National Coordinator for Health Information Technology (ONC), including the Information Exchange, PCAST Report, and Strategic Plan workgroups.

With additional contributions to the areas of physician licensure, regulation and assessment as a chair and member of other boards and committees, Stack's plate is incredibly full. But that hasn't distracted his focus from the vital role he plays in the emergency department. The passionate nature with which he speaks about his profession makes it clear he's found his calling.

"The emergency department is the great equalizer in the healthcare system – a place where rich and poor, insured and uninsured, those at death's door, and those with minor aches and pains, lay side by side," Stack said during his June 9 AMA inaugural address in Chicago. "You quickly realize illness does not discriminate – that the C-suite executive is no more immune to accidents or emergencies than the homeless man living under a bridge.

"These lessons have furnished me with a sense of perspective regarding the challenges we face in organized medicine. If one lesson stands above the rest, however, it's how tenuous and precious life is – and what a gift it is to be a physician."

Stack is undoubtedly grateful for the many blessings his vocation has provided, but he admits there have also been some major frustrations. In spite of the numerous groundbreaking medical advancements over the years, the nation's healthcare system has a long way to go, Stack said.

"The bureaucratic intrusions and interferences of government in healthcare are the singularly most frustrating parts of the practice," he explained. "There are so many different government programs we have to comply with, and when they're implemented, they cause a regulatory tsunami. People often take a good thing and turn it into a compliance nightmare.

"I'm going to work 46 hours over the next three days, and half of that time will be spent typing into a machine so some-



one can analyze what I'm doing and whether or not they should pay for the service," Stack said. "It prevents me from spending more time at people's bedsides, answering questions and spending extra care and attention like I want to."

Kentucky in particular needs to improve its Medicaid program, which Stack believes suffers from some government-sanctioned fraudulent activity.

"Now that Kentucky has expanded its Medicaid program, we must make sure those programs are acting in good faith and funding the clinical services being provided," he said.

"When I reflect on being a physician today, I see many challenges," he added. "But for each story of frustration, there is a story of vision, perseverance and success. There is a story of hope."

As an elected leader within numerous specialty and geographic medical associations at both the national and state levels in Kentucky, Ohio and Tennessee over the last 18 years, and now as president of the AMA, Stack has enjoyed many accomplishments. While he's proud of the improvements that have occurred under his guidance, Stack knows there is always more to be done.

Stack's ambitious goals for the future of the AMA include the following:

• To profoundly improve health outcomes for the 86 million people in the United States with pre-diabetes and the 70 million with hypertension.

• To forge a generation of physicians prepared to meet the needs of the 21stcentury healthcare system.

• To restore the joy in medicine and enable physicians to spend their time where it matters most – helping patients.

Stack admits they are ambitious goals, and accomplishing them won't be easy. But nothing worthwhile ever is. In the midst of many dark mornings and some pain along the way, Stack has also experienced immense joy, and a desire to continue his quest to overcome adversity and improve the face of healthcare – one patient, family and community at a time.

"The physician's life is defined not by one but by hundreds of moments," Stack said. "Our profession is literally built around them. And to play a part in these moments is a priceless gift. These are the moments we went to medical school for. These are the moments for which we forego nights with our families. These are the moments that sustain us."

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

## OPINION

## SELF-IDENTIFYING AS CONSERVATIVE

Views may surprise those on the left

#### **BY JOHN DAVID DYCHE**

ODERN usage of "conservative" usually connotes support for a particular set of political positions, most of which are pillars of GOP platforms. I support many of them: decentralized power, ending racial preferences, entitlement reform, federalism, free enterprise, personal responsibility, and strong national defense.

However, I also support abolishing the death penalty, abortion rights, legal status for illegal immigrants, Common Core education standards, de-criminalizing marijuana, gay marriage, gun control, tax increases and universal healthcare. So how can I call myself conservative and why do I?

Conservatism is more of an approach to or attitude about government and how to balance goals like liberty and order to produce the best society realistically possible. This kind of conservatism's intellectual pedigree begins with Plato, Aristotle, Cicero and St. Thomas Aquinas. It continues through Edmund Burke, John Adams and Alexis de Tocqueville, among others.

In his classic 1953 book "The Conservative Mind," Russell Kirk distilled conservatism's essence down to six "first principles." Among them, "conservatives generally believe that there exists a transcendent moral order," and they "uphold the principle of social continuity" because "order, justice and freedom ... are the artificial products of a long and painful social experience, the results of centuries of trial and reflection and sacrifice.'

Changes should be adopted with "prudence," and "any public measure ought to be gaged by its probable longrun consequences, not merely by temporary advantage or popularity."

Because our differences are a strength, Kirk wrote, conservatives "feel affection for the proliferating intricacy of longestablished social institutions and modes of life." The preservation of healthy societal diversity may require "orders and classes, differences in material condition, and many sorts of inequality."

And because humans are imperfect, conservatives believe "no perfect social order can ever be created" and "to aim for utopia is to end in disaster."

Burke acknowledged prudent change as the means of societal preservation. So one can self-identify as a conservative in this sense while taking policy positions that sometimes depart from what is considered current conservative orthodoxy.

The death penalty may not be immoral or unconstitutional, but as a practical matter it does not deter, is incredibly expensive, can be discriminatory, and risks executing innocent people.

The Supreme Court made a big mistake in creating a constitutional right to abortion, but letting the states handle the issue differently and having limits even where abortion is legal make sense.

Amnesty short of citizenship for illegal immigrants may be an appropriate part of an approach that first secures the borders, expands e-verify, truly tracks visas, and really reforms legal immigration.

Óbamacare is a bad and bureaucratic path, but universal healthcare is a worthy goal.

The Common Core education standards are not curricula, were created by the states (although the Obama administration tainted the effort by offering federal money to encourage their adoption), and are better than the erratic, ineffective and weak state standards that preceded them.

De-criminalization of marijuana makes sense given our alcohol laws, limited law enforcement resources, and prison populations.

Gay marriage as a product of democratic processes rather than judicial imposition is fair and will help preserve the institution of marriage.

Tougher gun laws and more mental health options are absolute necessities to tackle the carnage that has become commonplace.

A well-conceived carbon tax could make environmental, fiscal and public health sense.

Some tax increases coupled with entitlement reform as proposed in the Bowles-Simpson plan could be a commonsense compromise for responsibly dealing with the country's deficit and debt death spiral.

None of these positions is inherently "un-conservative" in the Burke/Kirk sense of the word.



John David Dyche is a commentator



## **ECONOMIC DEVELOPMENT**



# What Now for Eastern Kentucky?

Economic diversity is the goal for a long-distressed region whose coal mining paychecks are disappearing

#### **BY DEBRA GIBSON ISAACS**

Part 1 of 2. This month: Regional leaders joining forces to stimulate entrepreneurship and turn natural attributes into competitive advantages

B LOODROOT (Sanguinara canadensis), a dainty white flower with sun-colored stamens, might look like just another Eastern Kentucky woodland beauty. It is one of the faces also of an innovative way of thinking that could bring economic diversity and prosperity to a region seeking to answer the pressing question "what now?" after being buffeted for decades by economic forces beyond its control. Business students at the University of Pikeville have developed a product called Rhizofeed from the bloodroot. Properties of its root, the students found, provide a natural antibiotic for chickens that is less expensive and more stable than probiotics. Its rhizome extract also has anti-inflammatory properties and has been linked to improving the immune system, regulating digestion and promoting weight gain.

After winning first place in four competitions with their business plan for Rhizofeed, the UPike students are now working with Alltech to bring the product to market. Nicholasville-based Alltech, a \$1 billion company operating in 128 counUniversity of Pikeville students are developing a plan to commercialize extracts from the bloodroot, which grows in the Appalachian woods, as a feed additive for poultry production. It is an example of the economic diversification and entrepreneurial attitude being advocated to improve the economy in Eastern Kentucky.

tries, makes and sells natural feed supplements that improve animal performance.

The Rhizofeed initiative is an example of new thinking and attitudes that state and regional leaders hope is the beginning of an economic revolution.

The coal mining jobs that have been a financial cornerstone in Eastern Kentucky for multiple generations are crumbling away in recent years. Coal has been cyclical, but this time growing worry is that a rebound is not going to come and the 7,000 miners laid off from well-paying jobs the past three years have little prospect of being called back.

The U.S. energy sector and industry in general is pivoting toward cheaper, more ecologically friendly and now very

plentiful natural gas. Hydraulic fracturing has even made the United States the world's leading oil producer again and is creating what looks like permanent change in the nation's energy infrastructure – and the economies attached to it.

That was a major motivation behind the Shaping Our Appalachian Region (SOAR) initiative Gov. Steve Beshear and U.S. Rep. Harold Rogers launched in 2013 to stimulate discussion, thinking, collaboration and action to create new economic opportunity in Eastern Kentucky. Three multiday SOAR conferences have provided a framework for idea sharing and problem solving.

"We know we have natural attributes we can build into competitive advantages," said Tim Gibbs, executive director of the Ashland Alliance. "For

years it was coal, but that is not going to be the same driver as in the past. Other attributes are our cultural heritage, tourism and our central location (within an eighthour drive of 50 percent of the country)."

One key strategy is to build a new culture of entrepreneurship in the region so that residents can create the bootstraps with which to pull themselves up via new businesses such as the one envisioned by the UPike student team.

Stephanie Stiltner, University of Pikeville photos



Harold Rogers, U.S. Representative, House District 5



Executive Director, Ashland Alliance

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#### Unconventional thinking and new business

Rhizofeed aims to target a multibilliondollar poultry production industry – Kentucky's top agribusiness sector by revenue – that is looking for alternatives to probiotics or antibiotics, a market expected to grow as an increasing number of major food companies such as McDonald's demand antibiotic-free production. Grown, extracted and sold from Kentucky, Rhizofeed could diversify Eastern Kentucky's regional economy while improving poultry production globally.

"This is unconventional when you think of agriculture," said Howard Roberts, dean of the UPike Coleman College of Business, "but the agriculture market has to be much different in Eastern Kentucky. Traditional row crops won't work here."

This kind of thinking is at the heart of the UPike College of Business. Diversifying the

Eastern Kentucky economy was one of the original goals when the business school was established in 2013 and remains the thrust today.

"We look at regional needs and try to be in tune to the needs of the region so we can respond with programs that meet that need," Roberts said.

In 2011, the small local chambers of commerce of Floyd, Johnson, Knott, Lawrence, Letcher, Magoffin, Martin and Pike counties joined forces and became the Southeast Kentucky Chamber of Commerce to create an entity with enough resources to support business development regionally.



Like the economic diversification they are seeking, UPike programs have taken diverse directions. Healthcare is one example.

"We want to train young people for careers in healthcare, specifically healthcare management," Roberts said. "We have done that by creating a new masters in healthcare management."

Business recruitment is another focus. "We have a strong need in this area to attract businesses and to focus on economic development," Roberts said. "Most recently, through the Southeast Chamber of Commerce, we have hired Chuck Sexton who serves as economic development coordinator for the entire region. This will give us a focus we haven't had before.

The list goes on.

The Kentucky Science and Technology Corp.'s IdeaFestival, an annual multi-day exploration of creative thinking aimed at stimulating business innovation in Kentucky, in June put on a University of Pikeville assistant professor of chemistry Benjamin Clayton works with students Molly Frank of Greensburg and Wesley Barnett of Cynthiana, who are members of a team developing an organic feed additive for the poultry industry made from bloodroot grown in Eastern Kentucky.

one-day event in Pikeville focused on "The Future Of Healthcare." It attracted folks not just from the region but from Louisville and Cincinnati as well.

A new office of the Kentucky Innovation Network opened in Pikeville to advise existing small businesses and help aspiring entrepreneurs write business and marketing plans. In the fall of 2016, a new UPike Kentucky College of Optometry will open, becoming the state's first such school.

#### Success will revolve around talent

A new telecommunications program is already in place, designed to train and retrain displaced workers. Many of these workers could be employed with the



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## **ECONOMIC DEVELOPMENT**



Molly Frank, a biology major, and Wesley Barnett, a biology and chemistry major, work on a research project to developing a phytobiotic poultry feed additive derived from the bloodroot plant native to Eastern Kentucky.

expansion of dark fiber, a super highspeed Internet service that could make working from Eastern Kentucky as easy as working from New York City.

"When you look at Appalachia, the needs are great," Roberts said. "Appalachian has a future that is going to be very different – becoming less dependent on extracting minerals and more on providing services. It will happen slowly, but I have no doubt we can have a dynamic transition to a diverse economy."

Gibbs agrees, and the Ashland Alliance chamber of commerce and economic development organization he leads is another key player seeking economic success in Eastern Kentucky.

Gibbs believes future success will revolve around talent, which means shaping the region's workforce.

"A lot of economic development is based on matching talents to opportunities, being able to find a skilled, innovative workforce," Gibbs said. "Our workforce must be able to adjust to the new economic. We are trying to create a nimble structure that will give us a competitive advantage."

Ashland Alliance started with the Kentucky Work Ready program, which employs a nationally recognized standard for workforce skills.

"To make positive change you have to have business and industry, political leaders, educators all at the same table speaking the same language. This program forces you to bring people together," Gibbs said.

One of those meetings happened recently when area industry and educational leaders met to develop what they call a work field. High school seniors will be able to sign a contract and if they meet the conditions – certain coursework, no drug or alcohol incidents, solid attendance records, few tardies, soft skills development – they will be certified Job Ready and eligible to be hired by participating employers when they graduate.

"Educators listened to business and industry tell them what they needed," Gibbs said. "Some of their needs are straightforward. They need people to show up. For example, one executive from AK Steel talked about what happens if someone is late. In the production process, they still have to cover that position. For them, if that person shows up late, it isn't much different than them not showing up.

"Their operation is lean enough that every single person is important. They wanted one component of the (work field) plan to be whether students show up and are timely. This is an important indicator of a successful employee to them.

"We had all hands on deck in developing this plan. We knew if it the community didn't embrace it, it wouldn't be used. Now we will be able to match workers who need jobs with people who have what industry needs in workers."

#### Make a "glorious heritage" an asset

While Gibbs believes there is nothing more important to economic success than investing in people, he said Eastern Kentucky also must take a multifaceted approach to growing business and jobs. Gibbs believes the region's cultural heritage – the Country Music Highway, the array of musicians who've come out of the region, the Jenny Wiley Theatre in Prestonsburg, the Paramount Theatre (now Arts Center) in Ashland – has barely been tapped.

"We can take better advantage of our glorious heritage," he said.

The region's central location in the eastern United States likewise has not been fully tapped, he said.

"At the Huntington (W.Va.) airport, the vast majority of flights are to Florida and South Carolina," he noted. "We could be marketing to those states about the tourism opportunities here; the planes fly in both directions. For example, the Rush Adventure Drive Park in Boyd County had an event for ATVs and four-wheeling that was attended by 5,000 folks. That kind of thing is a huge opportunity. We have to re-evaluate what we have, how we value it, and how we market it."

Meanwhile, there must also be a transformation from a place-based economy to a technology economy, according to Gibbs.

"We have to go from megabyte to gigabyte," he said. "We are just now realizing what that can mean and how we can market it. It is similar to communities being electrified for the first time and getting water for the first time. We are not looking to be (ranked) in the high 40s of the states in terms of technology. We are looking for Eastern Kentucky to be in the top five.

"We did a trade trip to India a couple months ago. We were talking space



UPIKE biology student Molly Frank examines a sample of plant-derived poulty feed additive she and three other students hope to commercialize through Alltech to improve growth rates and replace the use of antibiotics.

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## **ECONOMIC DEVELOPMENT**

science – making micro satellites that do certain things very well. They can be built at one-tenth the cost of a (full-size) satellite. Every skill it takes to build these micro satellites we teach at our community colleges."

#### Sites and certification count - a lot

Not everything is about change, however. Good industrial sites, a staple of economic success for decades, is still important today. Flat land is at a premium in Eastern Kentucky, but Ashland Alliance does have a 1,000-acre multiuse business site known as EastPark.

"We are lucky enough to have one of the 10 regional industrial sites," Gibbs said. "We are not just certified 'shovel ready' but also as a quality site by McCallum Sweeney, a premiere site consultant.

"Certifications have become so much more important. It is a company's way of eliminating risk," he said. "They know you have training opportunities, know you have educational partners, have the bits and pieces they are looking for. We have done our due diligence. We are not ready in six or nine months. We are ready today. We are pre-certified."

It is important to act quickly to help develop businesses and industries that make it possible for people to live and make a living in the region, said Peter Hille, president of Mountain Association for Community Economic Development (MACED).

"There has been a lot of focus on the 10,000 *Economic* lost coal jobs, but even before that happened the



President, Mountain Association for Community Economic

region was characterized as economically distressed," Hille said. "The Appalachian Regional Commission (created in 1963) has identified the area as economically distressed as long as it has been making that classification. That would be the same even if we replaced those jobs.

Hille said the topic is "a big conversation a lot of moving pieces, and quickly adds that it is an area with "enormous opportunities."

#### Try it to see if it works

Taking advantage of those opportunities has been the focus of MACED since its inception in 1976. Hille said the organization has three key strategies:

• Community Investment – investing capital and technical assistance to create economic opportunities, protect natural and cultural assets, and provide critical services.



• Demonstration Initiatives – developing new approaches to old problems and testing them out on the ground.

• Research and Communications for Policy Change – conducting research on policy opportunities and barriers that results in better development practice and opportunities.

Within these strategies, MACED offers an array of programs. For example, the organization's Energy Efficient Enterprises helps businesses become more energy efficient while reducing greenhouse gas emissions. Specifically, How\$martKY, another MACED program, works with electric cooperatives to fund energy efficiency retrofits for homes.

"We were able to approve a \$400,000 investment in a grocery store in southeastern Kentucky for an LED lighting retrofit," Hille said. "The investment will pay off in two years, and the company will come out \$100,000 a year ahead after making the investment."

Forestry is another focus. The Appalachian Carbon Partnership promotes sustainable forest management through education, financial assistance, and new income options in the sale of carbon credits while the Center for Forest and Wood Certification helps landowners and wood products companies get involved in forest and wood certification.

The group also gets involved in policy development both on the front end UPIKE student Wesley Barnett works with bloodroot plant samples in the university chemistry lab.

in terms of research and on the back end in terms of helping to shape policy. The Kentucky Sustainable Energy Alliance, for example, advocates for state policies that support investment in energy efficiency and renewable energy. The Appalachian Transition Initiative fosters conversations about a more sustainable and prosperous future.

Eastern Kentucky Concentrated Employment Program, a Hazard-based organization that serves 23 counties, in June received a \$7.5 million grant from the U.S. Labor Department to help address coal industry layoffs through its Hiring Our Miners Everyday effort. EKCEP received a \$5.2 million Department of Labor grant last year.

These are not the only groups working on the issue. Perhaps the biggest effort by far is the SOAR initiative cochaired by Gov. Steve Beshear and 5th District Congressman Hal Rogers.

Read more about that in the next issue of *The Lane Report.* ■

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

# THE LANE LIST

## **TOP ECONOMIC DEVELOPMENT DEALS IN KENTUCKY**

New and expanded industry announcements, ranked by investments, of the past 12 months

HERE were 363 announcements of new and expanded industry across the commonwealth in the 12 months from July 2014 through June 2015 with capital investment of \$3.6 billion and 14,296 additional jobs when full employment is attained, according to the Kentucky Cabinet for Economic Development. The total dollars invested is a 33 percent increase over the previous 12 months, but remains less than the \$4.05 billion of two years ago.

The single largest project announced in the past year was General Motors' plans to invest a further \$439 million at its Corvette production facility in Bowling Green. Warren County had a good year with 15 projects totaling \$493.7 million in investment.

As usual, Kentucky's primary economic engine remains Louisville and Jefferson County, where in the past 12 months there were 76 new and expanded industry announcements totaling approximately \$622 million. Those included major reinvestments by two of its largest operations, GE Appliances (which is being acquired for \$3.3 billion by Electrolux of Sweden) and Ford Motor Co.

Boone County also saw a busy and productive year with 26 announcements that will bring \$262 million in investment. Its primary Northern Kentucky neighbor counties of Campbell and Kenton added 13 projects representing another nearly \$50 million.

Fayette County's 19 announcements total approximately \$45 million. Nelson had 11 project announcements, and Shelby County had 10. Boyle, Christian, Henderson and Marion counties each had eight new or expanded industry project announcements. Daviess, Hardin and Ohio counties had seven, and Montgomery and McCracken counties had six.

FACILITY	COUNTY/CITY	INVESTMENT	WHAT IT DOES	JOBS
General Motors Corp.	Warren/Bowling Green	\$439.0 million	Automobile assembly: Chevrolet Corvette	NA
Aleris Rolled Products	Hancock/Lewisport	\$350.0 million	Aluminum rolling mill that manufactures aluminum coiled sheet	NA
GE Appliance Park	Jefferson/Louisville	\$280.0 million	Manufacturing major household appliances: dryers, wash- ers, refrigerators, dishwashers & heat pump water heaters	5,263
RCC Big Shoal LLC	Pike/Pikeville	\$193.2 million	Gas to liquids refinery	30
North American Stainless	Carroll/Ghent	\$150.0 million	Mill, manufacture stainless steel flat and long products	36
Westlake Vinyls Inc.	Marshall/Calvert City	\$150.0 million	Commodity chemicals	NA
Ford Motor Co.	Jefferson/Louisville	\$129.0 million	Automobile assembly: Ford Escape and Lincoln MKC	300
DHL	Boone/Erlanger	\$108.0 million	Airfreight delivery service, international hub distribution facility	81
Metalsa Structural Products	Hardin/Elizabethtown	\$70.3 million	Stamping/forming, hydro forming, and assembly of the Ford F-150, Lincoln Navigator, Ford Expedition frames, Stampings for Toyota and GM frame components plus e-coating systems	247
Catalent Pharma Solutions	Clark/Winchester	\$61.8 million	Pharmaceutical processing	300
Wacker Chemical Corp.	Marshall/Calvert City	\$60 million	Polymer powders for the construction industry, polymer dispersions for adhesives, non-woven fabrics, paint, paper, building products and carpet	19
Fuel Total Systems Ky. Corp.	Marion/Lebanon	\$48.1 million	Plastic fuel tank and fuel filler pipe systems	63
DHL	Boone/Erlanger	\$45.6 million	Airfreight delivery service, international hub distribution facility	100
Bemiss Flexible Packaging	Shelby/Shelbyville	\$44.9 million	Flexible packaging for food industry	44
Toyotomi America Corp.	Washington/Springfield	\$44.3 million	Automotive after-market products; automotive stampings; sunroof frames	35
Heaven Hill Distilleries Inc.	Nelson/Bardstown	\$39.3 million	Whiskey & distilled spirits bottling, headquarters	NA
Kindred Healthcare Inc.	Jefferson/Louisville	\$35.7 million	National corporate headquarters; computer service center, call-in center for information requests	400
Four Roses Distillery LLC	Anderson/Lawrence- burg	\$34.1 million	Bourbon, distilled spirits	15
Brown-Forman Corp.	Jefferson/Louisville	\$31.0 million	Distilled spirits, headquarters, visitor's center	24
Curtis-Maruyasu America Inc.	Marion/Lebanon	\$28.7 million	Motor vehicle fuel systems and parts; fabricates pipes and fittings fuel or oil caps, hybrid fuel storage systems, fuel injection systems, fuel tanks, breather elements, nonfer- rous alloy tubing	72
T.RAD North America Inc.	Christian/Hopkinsville	\$25.0 million	Heat transfer products for off-highway and automotive industry. Products such as radiators, oil coolers and heater cores	200

# **SMALL BUSINESS**

# **Mentoring Before Money**



Start-ups need cash, but the most valuable aid Kentucky's small business support groups provide is advice

#### **BY ABBY LAUB**

ENTUCKY and its cities have climbed national listings recently in categories such as best places to raise a family, best places to retire and top travel destinations, but arguably the most notable ranking was the commonwealth's jump last year to fourth in the State Entrepreneurship Index (from No. 49 a year earlier).

The federal Bureau of Labor Statistics declared Kentucky has the highest percentage growth of business establishments in the nation, and the state received an "A" rating from the Kauffman Foundation and thumbtack.com for small-business friendliness.

A look around the state at the support programs in place for budding entrepreneurs reveals, though, that this success should come as no surprise – it is a product of acting with intention.

"Kentucky has a very strong and committed group of small-business service providers," said Michael Ashcraft, senior area manager for the U.S. Small Business Administration's Kentucky District Office. "The folks who do the work across the state are incredibly smart, dedicated and passionate, and they all seem to love what they do."

Last year, SBA and its resource partners in Kentucky directly served about 25,000 people with one-onone counseling, educational programs and requests for information. It did not, however, serve 25,000 people with money. Technical support is where it's at – eventually.

"Most people initially come to us or our resource partners asking for money, such as small-business grants, which are very competitive and usually applicable only to those companies that are performing, high-tech, fast-growth sorts of companies," Ashcraft said.

"Ĥowever, once an SBA employee or resource partner counselor talks to the person, often they discover that the request for loans or grants often is masking other challenges for the business, such as slow-moving inventory, lack of



Ashcraft, Senior Area Manager, Kentucky District Office, U.S. Small Business Administration To help budding food service entrepreneurs operate their fledgling businesses legally in Louisville, Community Ventures partnered with the city health department to open the Chef Space Kitchen incubator downtown. Pictured during the June 29 groundbreaking are, from left, Louisville Metro Mayor Greg Fischer, Louisville Metro Council President David Tandy, Federal Reserve Bank Regional Executive Maria Hampton, Chef Space President Johnetta Roberts, Community Ventures President and CEO Kevin Smith, Susan Barry of the Community Foundation of Louisville and U.S. Congressman John Yarmuth.

sufficient working capital, poor accounts-receivable practices, bad marketing plans," he said. "That's where the free one-on-one counseling services and mentoring become very important."

Money is important and often is a component of aid provided, but mentorship is even more so – since everyone needs a good return on their loan/investment.

"I would say the most important thing we do is we get them ready, so when they do get the money they can use it correctly," said Rick Johnson of state government's Kentucky Innovation Network. "They'll always tell us they need money, and sometimes they're right. But many times they're not ready for money. They need to add a key person or to fix a process



Rick Johnson, Associate Vice President, Kentucky Innovation Network

key person or to fix a process, or to finalize a prototype."

Lexington-based Community Ventures provides targeted financial assistance and education statewide. President/CEO Kevin Smith points to three types of impactful business aid, all with degrees of financial investment: support for micro enterprise (typically one- or two-person businesses) through micro loans; midrange loans; and the federal New Market Tax Credit program.

Since it was founded in 1993, Community Ventures has focused on smallbusiness support in all stages, home ownership and other community programs. From humble beginnings and a staff of one, it now manages more than \$121 million in assets and has a 38-member team in five regional offices.

"If you're looking at job creation and large community impact, then you have to point to the New Market Tax Credit program," Smith said. "We've put \$179 million into Kentucky communities through New Market Tax Credit investments, including \$11 million to help rebuild the downtown area after the West Liberty tornadoes. We put \$23 million into the Bowling Green downtown renovation, \$24 million into Owensboro to do the riverfront, \$11 million in the Galt House renovations in Louisville.

"When you're looking at really making communities different and creating jobs, you just don't find a program that can have an impact like New Markets Tax Credits," he added.

#### Small loans have big impacts

Even though the amounts of money invested are not as impressive, Smith said, it's the small-business microloans that do the heavy lifting over the long haul and directly impact families on a daily basis. Through business training and micro enterprise, families are able to better themselves and ultimately their communities.



Kevin Smith President/ CEO, Community Ventures

"On average those loans are about \$9,000 to \$10,000," Smith said. "Where we saw the power of the micro loans is in the Great Recession when the banks pulled back from business lending. We would make about 80 to 90 a year, but when recession hit we got about 250 loans a year. I think it was the entrepreneurs who brought us out of that recession. They continued to create jobs, and I credit this micro-loan program as part of what got us back on track."

Ashcraft agreed with that sentiment. The SBA set an all-time record for SBA loan dollars in Kentucky in 2011 at just under \$200 million.

Also "extremely important to the economy," he said, are the in-between programs through which a mid-level

community ventures entrepreneur might get a loan of about \$1 million and immediately create jobs.

Community Ventures receives small business loan capital from a wide variety of sources. New Markets Tax Credits come from the Community Development Financial Institution fund at the U.S. Treasury Department and most of the micro-enterprise dollars come from the SBA, which Congress created in 1953.

"That is one government entity that has remained solid and responsive to our community and the economy," Smith said. "They are much more in touch than sometimes they get credit for."

Ashcraft credits SBA's "lean and mean" eight-person Kentucky staff for this.

"We are all passionate about what we do, and we have a great network of resource partners and other small business service providers, lenders and others across the state," he said.

The SBA's resource partners, such as SCORE, Small Business Development Center, and the Women's Business Center of Kentucky, often are the face of SBA. They provide free one-on-one counseling for small business owners and aspiring entrepreneurs across the state.

"Many people are not aware of all of the free resources available," Ashcraft said. "My primary role at SBA is to visit with chambers of commerce and other economic development organizations across Kentucky to increase awareness about SBA, its loan programs and free small business counseling and mentoring services through our resource partners, as well as small business contracting and exporting opportunities and programs."

**Network of relationships leverages resources** Part of the way the SBA can get away with having a small staff is by working

#### U.S. Small Business Administration aid

The SBA and its partners provide advice first, but it has an array of loan and grant programs:

- Loan and line of credit programs: sba.gov/content/what-sba-offershelp-small-businesses-grow and sba.gov/loanprograms
- Small business technology grant programs: https://www.sba.gov/ category/about-sba-navigationstructure/sba-programs/ contracting/technology-sbirsttr
- STEP exporting grants: sba.gov/ content/state-trade-and-exportpromotion-step-pilot-grant-initiativecfda-59061-1
- Resource providers by state/zip code: sba.gov/tools/local-assistance.

closely with the referrals it gets through its resource partners.

SBA gets client referrals, Ashcraft said, from chambers of commerce, local city and county governments, universities (all of the SBDC offices in the commonwealth are affiliated with a university or college), the Kentucky Innovation Network (KIN), the Kentucky Cabinet for Economic Development, many commercial bank and nonprofit lenders, as well as other business association contacts, like the Kentucky Retail Federation, the Kentucky Restaurant Association, the Kentucky Society of CPAs, and the Bar Association.

"So we have built relationships with these other organizations over decades, stay in touch with them regularly and keep each other informed often about with program updates," he said. "The small business resource organizations, particularly in Kentucky, work well together, like each other and know each other very well."

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### **SMALL BUSINESS**

Johnson, associate vice president of KIN, which has 13 offices across the state, works closely with SBA and its regional offices. Each KIN office has a local partner organization – in Lexington it is the University of Kentucky; in Louisville it's Greater Louisville Inc.; in Northern Kentucky it's Tri-ED. It has a fund matching program with those state and local partners.

"So right away, we're sort of not siloed," Johnson said.

Kentucky Innovation Network works with many organizations for funding, like the National Institute of Health, the state Council on Postsecondary Education and many more in a competitive process that works to target dollars but also find the best partner possible for an entrepreneur or small business.

"If anyone wants to start or grow a business in the state, we'll hand them off if necessary," Johnson said. "We listen to them and make an informed hand-off if need be. If any state organization is looking for someone to help them achieve something, we will help them. Too many people think in silos, but we're trying to think across everything."

He echoed similar sentiments to Ashcraft and Smith. Most people need more than just money, and that's why KIN offers mentorship and follow through.

"They'll always tell us they need money," he said. "And sometimes they're right, but many times they're not ready for money. They need to add a key person or to fix a process, or to finalize a prototype. So typically there's a little bit of coaching and mentoring they need before that. I would say the most important thing we do is we get them ready, so when they do get the money they can use it correctly."

The network coaches and prepares entrepreneurs to go before angel investors and venture clubs to pitch their idea to get funding, and it even holds pitch competitions. KIN also gets entrepreneurs "investment ready" and set up with a team of coaches, whether that is legal counsel, financial advisors or business planners.

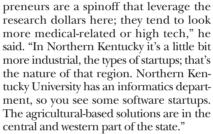
"Kentucky has a wonderful set of integrated tools, statewide, to work with their entrepreneurs," Johnson said. "And that's been showing up in the rankings the last few years, of great places for startups ... The climate here has been great. Kentucky has gone from near the bottom of the pack to near the front of the pack, and that's because of these integrative programs."

It is working and will continue to work.

#### Start-ups, and aid, vary by region

Big things are happening regularly, Johnson said, and they display the diversity of the commonwealth.

"In Lexington and Louisville, you have the two research universities, so the entre-



Johnson noted a far Western Kentucky start-up that, as a solution to a big invasive fish species problem in the Lake Michigan area, processes and packages Asian carp for foreign consumption.

In Morehead, many projects revolve around the internationally acclaimed Kentucky Space program based at Morehead State University.

In the Appalachian region, KIN officials are talking with younger and younger students about controlling their own futures. KIN also runs the Governor's School for Entrepreneurs held annually for high school students.

"The idea, from an economic development point of view, is catching really smart kids and getting them thinking about starting a business, and maybe they won't leave the state; they'll create that great company here," Johnson said.

Later, the same "really smart kids" will have a leg up in winning SBA grants, such as originations from Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR), and State Trade and Export Promotion (STEP) grants.

Typically only about one in five SBIR Phase 1 research grant applicants nationwide get funding each year, Ashcraft said. For Phase 2 grants, about one in two get funding. For STEP grants, the dollar amounts are smaller (up to \$7,000) but slightly more prevalent.

The state hopes some of the business-inclined students it takes an interest in now will take advantage later of some of the federal high-tech startup Fusion Corp., a Lexington custom website, print, ecommerce and design firm, launched in December 2014 with a loan from Community Ventures. Pictured are, from left Kim Wilson, senior SBA loan administrator with Community Ventures; co-owners Daniel Boone, Michael Baer and Tim Raymer; and Kim Bennett, senior commercial loan officer with Community Ventures.

money that is available. Kentucky matches federal SBIR and STTR grant funds, dollar for dollar, the only state with 100 percent matching, not only for in-state businesses but also for companies that agree to move operations to Kentucky. The SBIR and STTR Matching Funds Program has awarded close to \$51 million over the past decade and motivated nearly three dozen companies to relocate to Kentucky.

For business capital that must be repaid, SBA's loan guarantee program and the Certified Development Company/504 Program for lending up to \$5 million or more also are competitive in the sense that a business has to first go through rigorous preparation provided by SCORE, SBDC and the Women's Business Center.

"The microloan program (amounts up to \$50,000) is somewhat less competitive, but the businesses often must be involved with on-going technical (business) assistance from our microlenders across Kentucky," Ashcraft said. "Kentucky has some of the best microlenders in the country."

SBA is involved in 550 to 700 Kentucky lending transactions annually, nearly all of which are 7(a) general small business, 504 Program and microloans, he said, and its write-off rate is considered low.

The SBA even provides free lender training for banks across the state to ensure that lenders are always kept apprised of SBA policies and procedures.

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

# **SPOTLIGHT ON THE ARTS**

## Kentucky's Creative Industry Report to be Highlighted at International Conference

HE Kentucky Arts Council is celebrating 2015 as the Year of the Arts, but it could also be called the Year of the Creative Industry in Kentucky.

Kentucky's Creative Industry Report has drawn praise from the National Endowment for the Arts and provided a baseline assessment of the number of people employed by Kentucky's creative enterprises, the industry's economic impact and an examination of its convergence with other important economic sectors. The report also includes recommendations for the Kentucky Arts Council, other state government agencies and creative industry stakeholders to consider in further expansion of the creative industry. The Kentucky creative industry includes all individuals and companies whose products and services originate in artistic, cultural, creative, authentic and/or aesthetic content.

Emily Moses, the arts council's creative industry manager, and Lori Meadows, executive director of the arts council, will present findings of research done for the report at the Community Development Society's 46th annual international conference, July 19-22 at the Hilton Lexington/Downtown.

## Applications Being Accepted for Kentucky Crafted Program

THE Kentucky Arts Council is accepting applications from artists interested in participating in the Kentucky Crafted Program.

Kentucky Crafted is an adjudicated marketing assistance program for the state's finest visual and craft artists. It provides assistance to Kentucky artists through marketing and promotional opportunities and arts business training. The program is an ideal way for artists to open up a new market to wholesale buyers and work on their entrepreneurial skills. Carrying the Kentucky Crafted brand puts them among the best visual and craft artists in the state.

Artists accepted into the Kentucky Crafted Program are eligible to use the Kentucky Crafted logo, exhibit at Kentucky Crafted: The Market, be included in the arts council's online directory for artists, sell work at the Governor's Derby Celebration, and take advantage of cooperative advertising opportunities.

Madison County woodworker Jerry Hollon has been in the Kentucky Crafted Program since the early 1980s.

"Being in the program has meant a lot of work has come my way," Hollon said. "It's given me the opportunity to market my craft in places I never dreamed of. I went to New York in the early '90s as part of the program and I was able to gain sales all over the New England area. Kentucky Crafted gave me the structure I needed to move forward in marketing my art and craft and it gave me the avenue to do it. When you're first starting out, you need structure in how to do it, and the program helped me with that."

The deadline to apply for Kentucky Crafted is Aug. 17. For more information about the program, contact Ed Lawrence, arts council arts marketing director, at ed.lawrence@ky.gov or (502) 564-3757 ext. 473.

## Arts Events Around the State

Orchestra Kentucky: Blood, Sweat & Tears World Tour SkyPac, Bowling Green 7:30 p.m., Aug. 22 theskypac.com (270) 904-1880

## A Tradition of Variations from the Pilgrim/Roy Collection

National Quilt Museum, Paducah Now thru Aug. 17 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

#### **Travis Tritt**

Mountain Arts Center, Prestonsburg 7 p.m. Aug. 16 macarts.com



Louisville musician Erin Fitzgerald is among the artists to be included in the Kentucky Arts Council's Performing Arts Directory.

## 5 Artists Juried into Performing Arts Directory

THREE performing arts groups will join the roster of performers from a variety of disciplines in the Kentucky Arts Council's Performing Arts Directory.

The directory is a go-to resource for arts programmers, event planners, libraries, businesses and anyone who wants to hire Kentucky talent for a performance program or private event.

Artists or groups who have been added to the directory include:

• Misty Mountain String Band, music, Louisville

• Mitzi Sinnott (All Here Together Productions), theater, Flatwoods

• Nick Hill (Phourist), music, Louisville

In addition, one individual and one group were readmitted to the directory:

• Erin Fitzgerald (A Girl Named Earl), music, Louisville

• TDH4, music, Lexington

In addition to booking and performance opportunities, participation in the directory also gives performers access to training in business and marketing and other professional development tools.

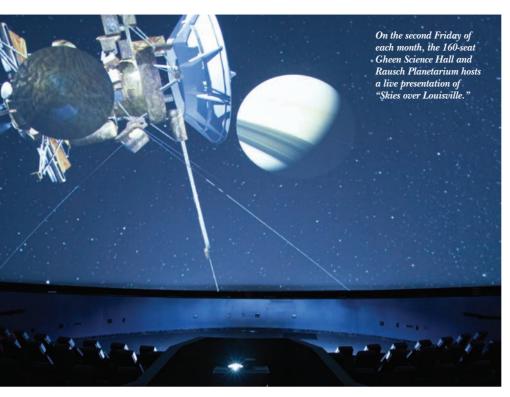
For more information on the directory, visit the arts council website or contact Tamara Coffey, individual artist director, at tamara.coffey@ky.gov or (502) 564-3757, ext. 479.



Lori Meadows is executive director of the Kentucky Arts Council.



## **EXPLORING KENTUCKY**



# **Space Out**

Kentucky planetariums offer an ideal escape on hot summer days

#### **BY KATHERINE TANDY BROWN**

N a particular evening every August of my childhood, my dad would announce the arrival of the annual Perseid meteor shower. In the warm, waning twilight my mom would spread a patchblock quilt in our Hopkinsville backyard and put an icy pitcher of lemonade on a small wrought-iron table nearby. Stretched out well into darkness, Daddy, my sister and I would gaze heavenward at the marvelous star show, counting flashy shooting stars with tails that streaked across the sky until our eyelids grew heavy.

Still today, the Perseid puts on a spectacular display. This year's incarnation should peak between August 11th and 14th, with its most splendid array on the 13th. Fortunately, the skies should be nice and dark thanks to a waning crescent moon not due to rise until just before dawn, providing exceptional viewing of meteors flying overhead in many different directions. Past midnight and into the pre-dawn hours, as many as 50 or more meteors may appear per hour. For the best viewing, you might want to take a nap in the afternoon, then at dusk, find a wide open spot away from city lights and hunker down for a bit of Mother Nature at her finest.

However, if you're not a night owl or the weather doesn't cooperate mid-August, the majority of Kentucky's nine planetariums can tell you all about the Perseid, as well as what to look for in your local night sky. Most show movies about stars, planets, black holes and other fascinating astronomical subjects and as a bonus, present elaborate laser shows that provide sensory stimulation for the eyes and ears. Not only are planetariums cool places to visit in the summer heat, but these unusual-looking, domed facilities are loaded with intriguing entertainment all year round.

We're able to take visitors on a virtual space ship to the edges of the universe to explore things that aren't possible to explore from an earthbound perspective," says Paula McGuffey, assistant director of the Gheen Science Hall and Rausch Planetarium that's affiliated with the University of Louisville. The Rausch dome weighs in at 55 feet in diameter, whereas most of the state's other planetarium domes are 40 feet. "Our shows bring concepts to life that people have only heard about. Schoolkids learn more about astronomy in the planetarium in five minutes than they can get in the classroom in a week."

On the second Friday of each month, the 160-seat planetarium offers a live presentation of "Skies over Louisville." Visitors can also see planets and stars through telescopes set up outdoors, and take home a sky map.

In watery Western Kentucky, Land between the Lakes (LBL) National Recreation Area has a planetarium with astronomical shows and laser light shows featuring music by such greats as the Beatles, Pink Floyd, Led Zeppelin and all-country performers. In addition to the 84-seat planetarium, there's also Golden Pond Observatory.

Kentucků



Shelbyville Horse Show Jubilee (breakfast, car cruise, concert, contests & more! July 23-30

Shelbyville Horse Show July 29-August 1

Talon Winery Live Music every Saturday 5-8PM

Wednesdays 4-6PM & Saturdays 8AM-12PM



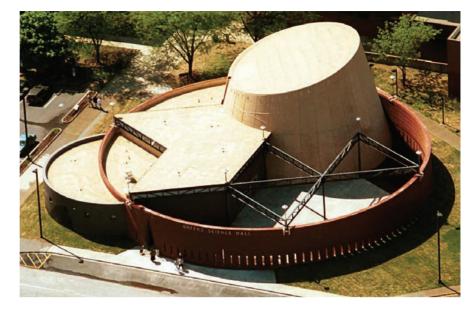
#### **Go Star Gazing**

- Arnim D. Hummel Planetarium, Richmond (EKU), planetarium.eku.edu (859) 622-1547
- Eastern Kentucky Science Center, Prestonsburg (BSCTC) bigsandy.kctcs.edu/eksc (606) 886-3863
- Gheens Science Hall & Rausch Planetarium, Louisville (U of L) planetarium.louisville.edu (502) 852-6664 Group tickets (502) 852-6665
- Golden Pond Observatory, Cadiz landbetweenthelakes.us/seendo/ attractions/planetarium (270) 924-2233
   Group tickets (270) 924-2020
- Haile Digital Planetarium, Highland Heights (NKU) planetarium.nku.edu (859) 572-1432 Group tickets (859) 572-5600
- Hardin Planetarium, Bowling Green (WKU) wku.edu/hardinplanetarium (270) 745-4044
- Star Theater, Morehead (MSU) moreheadstate.edu/startheater (606) 783-9593 Closed until September
- Weatherford Planetarium, Berea (Berea College) (859) 985-3351

"It's nice and dark in the middle of LBL," says Robert Milner, acting manager of the facility. "Every other Saturday night we have Star Parties. Our 16-inch Mead telescope pokes out of the observatory roof, and we set up about a dozen telescopes outside, all at no charge."

Western Kentucky University's Hardin Planetarium in Bowling Green offers programming on Tuesdays, Thursdays and Saturdays all year (except holidays), a science camp three times a year, and a local night sky program for six weeks twice a year.

"Our focus is different than most," explains Ronn Kistler, planetarium coordinator. "It's interactive, live and dispels any misconceptions folks might have about astronomy. For example, instead of learning about the constella-



tion Leo or the Big Dipper, people make up their own star patterns in the skies so they're easier to spot."

The rest of the year, the 110-seat facility's shows include aspects of space and astronomy, such as exploration of Mars, the Hubbell telescope and exoplanets outside our solar system.

The 85-seat planetarium at the Eastern Kentucky Science Center in Prestonsburg features a variety of 14 different astronomical shows and 27 different laser shows. Every program includes a segment on the current seasonal sky, and this summer, info on the Perseid, where to look and how to look for the best meteor viewing. The facility itself is a wonder.

"Ours is one of the most advanced planetariums in the country," says Steve Russo, the center's director. "We have a full-dome system, one of the best star machines ever made and a laser system. Some planetariums have one or two, but we have all three."

Part of the Big Sandy Community and Technical College, the center also offers programming to supplement school classroom study, as do most of the commonwealth's planetariums. The dome at Gheens Science Hall & Rausch Planetarium at the University of Louisville is 55 feet in diameter, whereas most planetarium domes are 40 feet.

The Morehead State University's Star Theater features a complete K–12 curriculum and "simulated travel through deep space in a 3-D universe" for its public offerings.

As a bonus, the Weatherford Planetarium on the campus of Berea College shares a floor in the science building with the geology museum, and a ticket for a star show – \$1 for a public show – includes a self-guided museum tour. Shows at Northern Kentucky University's Haile Digital Planetarium take place on Mondays at noon and Wednesdays at 1:15.

Check individual planetariums' websites for show descriptions, schedules, times and pricing.

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



Commentary on Kentucky

PASSING LANE

## Two of the Most American-Made Cars Driving Out of Kentucky



WO cars manufactured in Kentucky have been named "most Americanmade" on a list from Cars.com. The Toyota Camry and the Chevrolet Corvette have claimed the No. 1 and No. 7 spots, respectively, in the annual Cars.com American-Made Index.

This marks Toyota's return to the American-Made pinnacle for the first time in three years and the fifth time overall that Camry has been ranked No. 1 on the index.

According to Cars.com, the "American-Made Index rates vehicles built and bought in the United States. Factors include the percentage of parts considered "domestic" under federal regulations, whether the car is assembled in the United States, and U.S. sales. Models with domestic-parts content ratings below 75 percent are disqualified, as well as models built exclusively outside the United States or models soon to be discontinued without a U.S.-built successor."

The Toyota Camry, America's bestselling car for 13 consecutive years, comes out of Toyota Motor Manufacturing Kentucky Inc. in Georgetown, Ky. alongside the Camry Hybrid, Avalon and Avalon Hybrid. TMMK, Toyota's largest manufacturing facility in North America, also builds engines and employs more than 7,500. The plant built its 10-millionth vehicle in 2014 and will begin adding the Lexus ES to its lines this fall – the first Lexus to be manufactured outside of Japan. The addition of Lexus is the hallmark of a \$360 million investment in the plant that also adds 750 new jobs.

General Motors began production of the Corvette at the Bowling Green plant in 1981, and the facility has remained the exclusive home of the Corvette for over 30 years. Known around the world as America's sports car, the Corvette is the world's longest-running, continuously produced passenger car, with more than 1.6 million assembled. Earlier in 2015, GM announced that it will invest \$439 million to expand operations at the Bowling Green Corvette Assembly Plant, including facility upgrades and a new paint shop.

## Union College Joins Bonner Leader Program

Beginning this fall, 20 community minded Union College freshman will get more than \$10,000 in renewable scholarship aid packages through a partnership the 136-year-old Barbourville school has forged with the Corella and Bertram F. Bonner Foundation Inc. of Princeton, N.J.

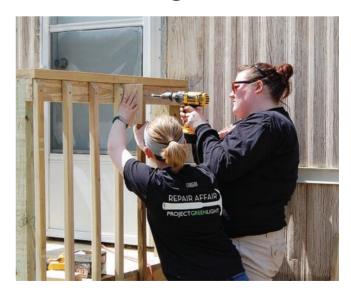
To qualify, students must demonstrate strong interest in community service; commit 10-15 hours per week to the program; have a minimum grade-point average of 2.5: and arrive early for orientation. Participants will have access to engage in on leadership development and social justice trainings, plus opportunities to travel to other campuses with Bonner students from other areas.

"This is a great opportunity for our college to build upon the foundation of service Union has committed to the people of this region dating back to the 1960s," said Jodi Carroll, director of the school's Center for Civic Engagement.

The program could add 300 hours per week of student-initiated service, Carroll said. Other service programs at the private, 1,200-student liberal arts college include Common Partners and U|SERVE.

Bonner Leader Program is one of largest, oldest and most successful models for service-based scholarships. It supports 3,000-plus students at 60 U.S. campuses who could not otherwise afford to attend college.

Students accepted receive an \$8,000 scholarship, a \$1,175 AmeriCorps Education Award and a \$1,500 stipend. This aid



may be combined with federal and state financial assistance and, in some cases, other scholarship programs at Union.

Students interested in the Bonner Leader Program can apply online at unionky.edu/BonnerScholarship or by contacting Carroll at (606) 546-1278.



Bill Gatton asked attendees to sit during a standing ovation at the announcement of his gift to fund the new UK Student Center.

## Gatton Made Lifetime Honorary Trustee on University of Kentucky Board

Recognizing Carol Martin "Bill" Gatton's unmatched decades of support for education excellence in Kentucky, especially to his alma mater, Gov. Steve Beshear last month made him a lifetime honorary member of the University of Kentucky Board of Trustees.

A current car dealership and former bank system owner, Gatton is the single largest donor to UK in the school's history. His recent \$20 million contribution for the construction of a new university student center, in addition to generous support for the renovation and expansion of the Gatton College of Business and Economics, bring his total philanthropy to UK to more than \$45 million, with a total gift impact of nearly \$57 million.

He also provided the founding donation for the creation of the Carol Martin Gatton Academy of Mathematics and Science at Western Kentucky University, which has been named the best high school in America for three years, and he was the lead donor to the Bill Gatton College of Pharmacy at East Tennessee State University.

Gatton was appointed to a six-year UK trustee term in 2009.

"Bill's support for excellence in education at all levels is simply unparalleled," Beshear said in June. "A native Kentuckian and a proud UK alum, he has never forgotten that education played a key role in his success, and he's devoted his life to ensuring others have those same opportunities. By designating him an honorary trustee, his wisdom, counsel and guidance will continue to be an immeasurable benefit to the board as it governs one of our leading educational institutions in the commonwealth."

After growing up in Muhlenberg County and earning degrees from UK and Pennsylvania's Wharton School of Business in the mid-1950s, Gatton entered the car dealership business and later banking in the Owensboro area. A a longtime resident of Kingsport, Tenn, he was the subject of a *Lane Report* cover story in March 2012.

"Bill Gatton's lifelong commitment to his alma mater as a leader, trustee and philanthropist without peer has transformed the University of Kentucky – for generations of students and their families and for the commonwealth that we serve as the state's flagship institution," said UK President Eli Capilouto.

## UofL School of Dentistry Ranked No. 2 in the Nation

NIVERSITY of Louisville School of Dentistry ranks No. 2 among its U.S. peers, according to Graduateprograms.com, a website that uses student evaluations to rank programs throughout the nation.



Current students and recent grads contacted via scholarship entries and social media rate schools on 15 areas, including academic competitiveness, workload and faculty accessibility. UofL School of Dentistry received an 8.94 composite score on a scale of 1-10.

UofL ranked No. 4 on the list last year. This year, UofL scored greater than 9 on a 10-point scale in career support, education quality and program value, and greater than 8.5 in faculty support, network quality and use of technology. UofL scored above 7 in all 15 areas.

The No. 1-ranked program is Western University of Health Sciences in Pomona, Calif.

"It is gratifying to know that students at the UofL School of Dentistry value their experience in the program, even if it is from a limited sampling. In any case, we will persevere to continually seek to improve the quality of our educational programs and develop the empathy and skills of the professionals we educate," said John Sauk, D.D.S., dean of the UofL School of Dentistry.

"The dental program at UofL is top notch and has one of the best curriculums in the country. Even though the program is rigorous and the workload is high, you are surrounded by wonderful faculty, staff and classmates that make this graduate program an excellent choice for pursuing a career in dental medicine," according to comments by second-year student Giselle Neukirchner.

"I chose UofL because of the family atmosphere, the faculty and the staff. My overall impression of the student body was very positive and I wanted to give positive feedback so other students would know how amazing it is," Neukirchner said.

## **KENTUCKY PEOPLE**

### MIDWAY: HALE, JONES RECOGNIZED BY MIDWAY COLLEGE



At its second annual Spotlight Awards ceremony, Midway College recently honored Jean Hale and Elizabeth "Libby" Lloyd Jones for their accomplishments and contributions. Hale (right) is president and CEO of Pikevillebased Community Trust Bank and was honored with the L.L. Pinkerton Vision Award for her accomplishments as a leader and role model for women in the commonwealth. Jones is a secondgeneration Midway College trustee and now serves as chair of the board's academic committee. She is also a director of American Farmland Trust, vice chair of the Bluegrass Conservancy and director of the Kentucky Historical Society Foundation.



### GEORGETOWN: BAFFERT DONATES \$50K TO OLD FRIENDS



Just two days after watching his horse secure the coveted Triple Crown, American Pharoah trainer Bob Baffert and his wife, Jill, pledged a \$50,000 donation to Old Friends, a retirement facility for Thoroughbreds in Georgetown. Old Friends is home to three of Baffert's former trainees, including 1997 Kentucky Derby and Preakness winner Silver Charm, pictured here with Baffert and his son, Bode.

### LOUISVILLE: TEMPUR SEALY & HUMANA HONORED AT INVESTKY CONFERENCE



Lexington-based Tempur Sealy International and Louisville healthcare insurer Humana won honors as Kentucky's best performing public companies last month at the 2015 INVESTKentucky Equity Conference. Pictured above displaying the Humana award are Kevin Horsley and Regina Nethery. In the picture below, Tempur Sealy Chief Financial Officer Dale Williams (right) is shown accepting the award for his company. With him is Bill Ferko, of Financial Executives International.



## WINCHESTER: CLARK REGIONAL BREAKS GROUND ON NEW MEDICAL CLINIC



Clark Regional Medical Center held a groundbreaking ceremony on May 27 for a new 45,000-s.f. expansion project. Pictured here at the event are (left to right) Dr. Mark Simon, U.S. Congressman Andy Barr, Kentucky Sen. Ralph Alvarado, Dr. Michelle Carpenter, Dr. Erica Gregonis, Clark Regional CEO Cherie Sibley, Wehr Constructors Inc. representative Jay Harris, Stengel Hill Architecture representative Brad Stengel and Clark Regional Board of Trustees Chairman Allen Cawley.

# PARK ON OUR STOOP FOR STOOPS' TROOPS.

KET supporters who make a gift of \$1,200 or more to the KET Fund for Excellence receive exclusive benefits including a reserved parking space for the University of Kentucky's 2015 season home football games. The spaces are at KET's Network Center, located adjacent to Commonwealth Stadium.

Contact Katelyn Lincoln at (800) 866-0366 or, to make your donation online, go to KET.org/support/football-parking.htm.

Proceeds benefit KET programs and services. Thank you!





# Connecting with us just got easier.



Whether you're at home or on the go, doing business with LG&E and KU is now easier than ever. Our new website offers an improved experience no matter how you connect with us. Features like outage reporting and online bill payments can be accessed easily whenever you need, and from wherever you are. Modernizing our services is just another way our energies go to serving you. **Visit Ige-ku.com to see what's new.** 

