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OCTOBER 2015

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and manufacturing all making major capital
investments across Kentucky

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ANNUAL REPORT TO THE COMMONWEALTH

A 2014-15 RETROSPECTIVE

A MESSAGE FROM THE PRESIDENT

The University of Louisville's impact on Kentucky's quality of life extends far beyond the educated, skilled men and women who we send into the workforce. The construction, leadership, innovation and discovery that are taking place at the state's premier metropolitan research university help drive Kentucky's economy and set the standard for workforce development in the years to come.

Of course, it comes as no surprise that our faculty, staff and students continue to excel. As you will see in this report, we improved in every important measure

of what UofL should be doing: graduating more students who think critically and are prepared for the jobs of the 21st century; performing groundbreaking research; engaging in our community and serving as a catalyst for economic development in our region.

While we've continued on this upward trajectory in academics, research and athletics, we also realize we must change in order to continue producing students who compete for top jobs and to maximize every tuition, tax or donated dollar. So, in 2014-15, we began implementing

recommendations stemming from our 21st Century University Initiative.

Together, we will make UofL a better, stronger institution. This report provides an update on our steady progress to transform the university and the learning opportunities offered to our students. We are proud of the steps we've taken so far and hope you'll join us as we look for new ways to improve UofL even further.

James Ramsey,
President, University of Louisville

EXTRAORDINARY ACHIEVEMENTS

The University of Louisville is on an amazing trajectory since 1998, when the Kentucky General Assembly mandated that UofL be a premier, nationally renowned metropolitan research institution; to 2002, when UofL began to experience funding cuts; right up until now, in 2015.

	1998 REPORTING YEAR	2002 REPORTING YEAR	2015 REPORTING YEAR
Freshman ACT score (avg.)	21.4	23.2	25.5 ²
Six-year graduation rate	30.1%	33.0%	53.6%
Baccalaureate degrees awarded	1,734	1,849	2,832*
Doctoral degrees awarded	76	90	174*
Startup companies (cumulative)	1	6	81*
Patent applications filed (cumulative)	151	259	1,716*
Research expenditures	\$39.1M	\$80.9M	\$179.3M*
Endowed chairs & professorships	35	87	159*
Endowment ¹	\$317.0M	\$478.9M	\$822.4M
Intellectual property income	\$90K	\$221.3K	\$6.6M

*2015 data are preliminary and subject to revision. ¹Includes UL Trust and separately held endowments. ²Average ACT score will be reported in the 2016 reporting year.

IN THE KNOW

At the heart of UofL is the mission to best prepare students for the opportunities of tomorrow. UofL boasts nationally and internationally renowned programs in many areas, including health sciences, engineering and business. This past year provided no shortage of success stories involving faculty and students.

National Academy of Inventors heralds UofL faculty

Suzanne Ildstad, MD, director of the Institute for Cellular Therapeutics, and Kevin Walsh, PhD, director of the Micro/Nano Technology Center joined the prestigious National Academy of Inventors as fellows at its 4th Annual Conference this past year.



Spider Gliders

National Geographic and the Smithsonian picked up the peer-reviewed journal article from Steve Yanoviak, PhD, and his team on certain spiders that have the ability to glide from tree to tree. Through his research, Yanoviak has seen firsthand how climate change has impacted the rainforest canopy, which furthers our understanding of what changes in weather patterns could mean globally.

Student successes

With top-notch faculty and elite programs, the university is well-prepared to develop students who are ready to tackle the world's toughest issues. This past academic year, UofL students enjoyed outstanding success.

9 Fulbright Scholarships

88 total Fulbright Scholarships brings the total count since 2003 to 88, more than all other Kentucky institutions combined

Only Truman Scholar in Kentucky

Amanda Allen, who is entering her senior year, became one of only 58 students nationwide to earn a Truman Scholarship.

Global business plan winners

For the second time in four years, a UofL entrepreneurial MBA team took the top prize at the Global Venture Labs Investment international competition in Austin, Texas.

Forbes "30 Under 30" innovators

Forbes Magazine named three J.B. Speed School of Engineering graduates to its 2015 "30 Under 30" list of innovators.



Marianne Barnes, master distiller at former Old Taylor distillery (left). Jeremiah Chapman, founder of FreshFry, LLC (middle). Alex Frommeyer, co-founder of Beam Technologies (right).

Faculty research by the numbers

UofL and its esteemed faculty received numerous grants to continue its impressive research across UofL's campuses.

**\$3
MILLION**

National Institutes of Health

Create a new initiative to commercialize discoveries made by university researchers.

**\$2.3
MILLION**

National Institute on Aging

Examine the personal and environmental influences of asthma in older adults.

**\$1.5
MILLION**

Leona M. and Harry B. Helmsley Charitable Trust

Support medical research into cancer prevention and cures and rehabilitation efforts for paralyzed people.

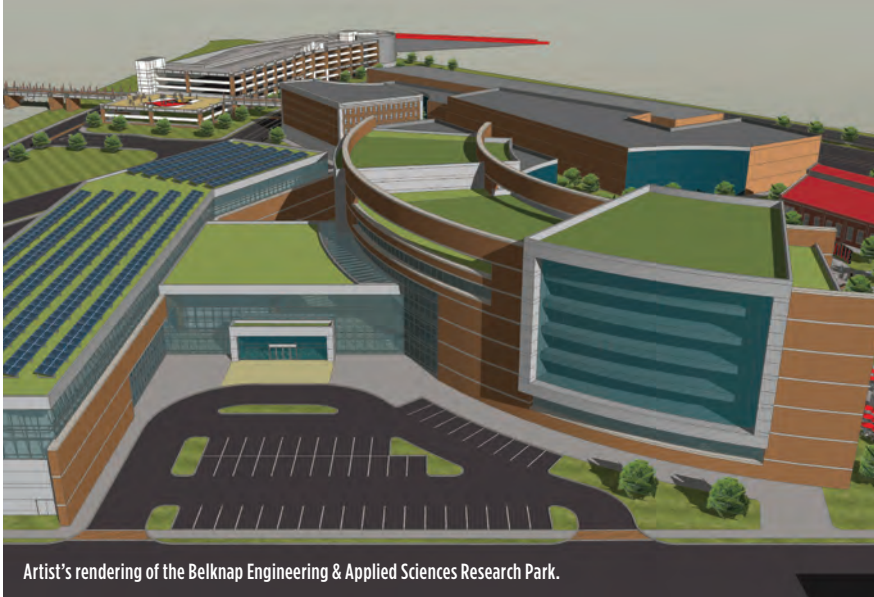
**\$1.05
MILLION**

U.S. Department of Defense's Defense Threat Reduction Agency

Support UofL engineers in investigating devices that could prevent computer memory damage resulting from radiation exposure.

BUILDING FOR THE 21ST CENTURY

The development of three research parks helps UofL attract new businesses, thereby creating jobs, boosting tax revenue for the city and state and providing UofL faculty and students with avenues for furthering their research and educations. Additionally, the university's public-private partnerships and real estate investments provide additional cash flows, helping to avoid placing an inordinate burden on students and families.



Artist's rendering of the Belknap Engineering & Applied Sciences Research Park.

Belknap Engineering & Applied Sciences Research Park

- 39-acre research park
- 225,000 square-foot Institute for Product Realization
- Research facilities for the J.B. Speed School of Engineering
- Office space for applied sciences researchers
- Collaborative areas for interaction between private businesses and UofL personnel
- Total of five to seven buildings built in phases comprising nearly 1 million square feet

Advancing manufacturing

The J.B. Speed School of Engineering's Institute for Product Realization, part of the Belknap Engineering and Applied Sciences Research Park, will house FirstBuild, the UL Additive Manufacturing Competency Center and UofL's own micro-factory, which will enhance opportunities for faculty, students and community members to tinker.



FirstBuild micro-factory

FirstBuild

UofL's long-standing relationship with General Electric Co.'s Appliance Park led to the opening of the FirstBuild micro-factory, where engineers, entrepreneurs, designers and community members can collaborate to make better appliances. Products built according to this model can be tested, brought to market and sold much more quickly and efficiently than through the traditional assembly-line process.



President James Ramsey (right) congratulated Keith Williams, CEO of UL LLC (left), after the two signed an agreement creating the UL Additive Manufacturing Competency Center.

ULAMCC

Similarly, UofL and global safety science organization UL are co-developing a first-of-its-kind international facility for the training and certification of additive manufacturing professionals. Opening this fall, the ULAMCC will usher in a new era of manufacturing, advancing knowledge and workforce expertise in working with advanced metals and emerging materials.

J.D. Nichols Campus for Innovation & Entrepreneurship

- Located on the former Haymarket property in downtown Louisville
- Home to tenants Atria Senior Living Inc., ElderServe Inc., UofL's Institute for Sustainable Health and Optimal Aging and a variety of life sciences, aging care and innovative start-up ventures
- Renovated the former Dulworth Office Furniture building and a former restaurant and nightclub into a technology hub offering computer coding classes
- Six-story, 825-car parking garage under construction



Artist's rendering of the garage currently under construction at the J.D. Nichols Campus for Innovation & Entrepreneurship.

ShelbyHurst Office and Research Park

- 230-acre campus
- Home to 500 North Hurstbourne (under construction), 600 North Hurstbourne (fully leased) and 700 North Hurstbourne (fully leased) office buildings for a total of more than 1.5 million square feet of space
- Tenants include Churchill Downs Inc., Semonin Realtors, Stifel Nicolaus & Co. Inc. and Steel Technologies
- Part of Shelby Campus, which houses academic buildings including UofL's Center for Predictive Medicine for Biodefense and Emerging Infectious Diseases



700 North Hurstbourne office building, already fully leased, opened its doors for business this year.

SOWING THE SEEDS OF SUCCESS

The University of Louisville continues to demonstrate its commitment to the larger community. In 2014-15, The Carnegie Foundation for the Advancement of Teaching again recognized the University of Louisville for its commitment to community engagement.

Largest gift ever to Cardinal Covenant

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Dr. Robert and Joyce Hughes

Cardinal Covenant covers the cost of tuition, room, board and books at UofL for students from families living at or below 150 percent of the poverty level.

Support for Signature Partnership

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Mary K. Oxley Foundation

UofL's College of Education and Human Development boosts teacher preparedness, retention and professional development at five Louisville-area schools.

Counseling program established at The Academy @ Shawnee

Faculty and graduate students from the College of Education and Human Development's Educational and Counseling Psychology, Counseling and College Student Personnel Department will offer counseling services to students and their families through the Cardinal Success Program @ Shawnee.

Parkland oral history project

History professor Lara Kelland is documenting the historical fight for justice in West Louisville, a portion of the city that still struggles with racial and economic inequities. The study of the Parkland neighborhood will present a public radio series, documentary film and multimedia website alongside the oral histories of community residents and social activists.

CAMPUS CULTURE

The past school year witnessed outstanding performances outside of the classroom as well. From student athletes to student advocates, the leadership displayed was nothing short of inspiring.



Cards in Action student advocates participate in ACC Hill Day

Six UofL students from the Cards in Action student advocacy group visited Washington, D.C., with their counterparts from the Atlantic Coast Conference, to lobby for continued federal support of financial assistance for students and research.

Athletic teams make the grade

Student athletes at UofL once again proved they're at the top of their game in the classroom. Fifteen UofL athletic teams posted a perfect score in the most recent single-year Academic Progress Rate (APR) data released by the NCAA. Additionally,

the UofL men's basketball, men's cross country, women's golf and softball teams posted perfect 1000 scores for the four-year period from 2010-14.

Swimmer named ACC Scholar Athlete of the Year

University of Louisville junior Kelsi Worrell earned the title 2015 Atlantic Coast Conference Women's Swimming & Diving Scholar-Athlete of the Year and headlines the 2015 All-ACC Academic Women's Swimming & Diving Team. Worrell captured two individual national championships at the 2015 NCAA Championships as she set an American, NCAA and U.S. Open record with her 100 fly swim.

UofL swimmer Kelsi Worrell accepted the Adidas High Performance Athlete of the Year award during the athletic department's second annual Louies award celebration.



A full-page photograph of a university campus in autumn. The scene is filled with trees displaying vibrant yellow, orange, and red foliage. In the foreground, three young men are walking along a paved path. The man on the left is wearing a pink and white striped shirt and grey pants, looking down at a small object in his hand. The man in the middle is wearing a blue quilted jacket and khaki pants, looking forward. The man on the right is wearing a dark blue jacket and jeans, also looking forward. The path is bordered by a low stone wall on the left and large trees on the right. The overall atmosphere is bright and scenic.

IN FULL BLOOM

Since 2001, the University of Louisville has invested almost \$2 billion in campus expansion and beautification. The campus has blossomed into a thriving bed of intellectual activity and resources, surrounded by natural beauty everywhere you turn. **This is UofLNow.**

See more @ UofLNow.com

UNIVERSITY OF
LOUISVILLE

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'Be thankful you are in the United States and in the auto industry'



On the Cover

Phase 2 of the 340,000-s.f., \$132 million New Science Building at Eastern Kentucky University is "topped out" Aug. 31 in Richmond. 2015 is on track to be the strongest year ever for Kentucky's construction sector, including architects, builders, designers and engineers, with significant activity in education, health-care, industry, commercial and residential as well as transportation. Sarah Bucknam/EKU photo

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Hannah Ellis

'12 Integrated
Strategic
Communication



Scott Safford

'95, LAW '97
Safford Motley PLC
Attorneys at Law

In high school I realized that music was what I wanted to do with my life. Coming from a family full of musicians made life a lot of fun. My parents were so passionate about music and developed that passion in me.

I don't think I even applied to any other school - not going to UK was not an option.

My degree really is something that I utilize as a musician; I know how to market myself as an artist. I have the business background to help me with my music career.

My professors and advisor took a genuine interest in my passion for music. They supported my success.

My lawyer, Scott Safford, is a UK graduate, too. In Nashville, when you find another UK graduate, you want to work with them! Scott and I immediately bonded, sharing our campus experiences and pride for our Wildcats! When you're away from home, you want a couple of Wildcats in your corner to "see blue." with you.

The University of Kentucky is like a big family, cheering you along every step of the way.

Now I live in Nashville and I'm getting ready to sign my first publishing deal.

"It's awesome to have the champions I have from the University of Kentucky to share this journey with me."



♡ Hannah



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PERSPECTIVE

OF, BY AND FOR THE PEOPLE

Better government requires
informed citizens who vote

BY PAT FREIBERT

RECENTLY telecast GOP presidential “debates” make one wonder about the definition of the word. In true debates, all sides are presented the same questions with the same opportunity to respond. That is not what happened.

Some candidates were given barely any opportunity to comment unless, on the candidates’ own initiative, he/she interrupted the commentators. This system, totally controlled by national media personalities, has the media acting as participants in the debate rather than as reporters of the events.

Topic selections and which candidates are asked to respond are determined by the media. This control-style system of debate focuses too heavily on viewpoints of media participants, rather than first-person candidate responses. Very often, the media-selected issues do not reflect what is important to American voters. Network personalities often focus on topics for their entertainment value rather than how they demonstrate qualifications for the office.

Voters ultimately decide. But they make decisions based on information available to them from national media. To make informed decisions, voters need coverage of candidates’ positions and not media viewpoints masquerading as news.

Notable exceptions to such media-controlled and managed presentations of debates do exist. For example, Kentucky’s KET network does a far more masterful job producing political debates with results that are more fair and informative. KET does so without irrelevant topics or partisan presentations, and it remains the crown jewel of all Kentucky agencies.

Another example of straightforward presentation of news, political and otherwise, is CNN news anchor Pamela Brown. Her strength is competent and professional news reporting. Former Gov. John Y. Brown Jr. has reason to be proud of his daughter, whose mother is former Kentucky First Lady Phyllis George.

While the presidential election is more than a year away, we have an upcoming election for state offices this November. It is an opportunity to

monitor local and state news coverage of critical issues and presentation of the candidates for governor and other constitutional offices. There is no paucity of critical issues, and local media and news organizations generally do a commendable job of presenting candidates’ positions on salient issues.

The Sept. 16 issue of the *Lexington Herald-Leader* carried a front-page story of one of those important issues: problems with Kentucky’s retirement system for the commonwealth’s retired state employees and teachers. The story is worthy of close voter attention, as the *Herald-Leader* and the Kentucky Center for Investigative Reporting reveal that the KRS’ “annual investment expenses” are running 75 percent higher than reported in previous years. ... And a consultant’s report found that KRS investment costs were 9.2 percent higher than the benchmark of similarly sized public pension plans in 2014.”

Whatever the reason for this negative performance, whether it is incompetence, unidentified market issues, new reporting methodology, cronyism, etc., this is an urgent issue for Kentucky. Political officeholders and pension plan trustees must be held accountable.

Another high-profile state issue involves allegations of questionable spending by the Bluegrass Area Development District, based on Kentucky State Auditor’s examination of irregular spending. At issue are employee bonuses, conflicts of interest, travel expenses for people not employed by BADD, credit card charges and questionable rent arrangements.

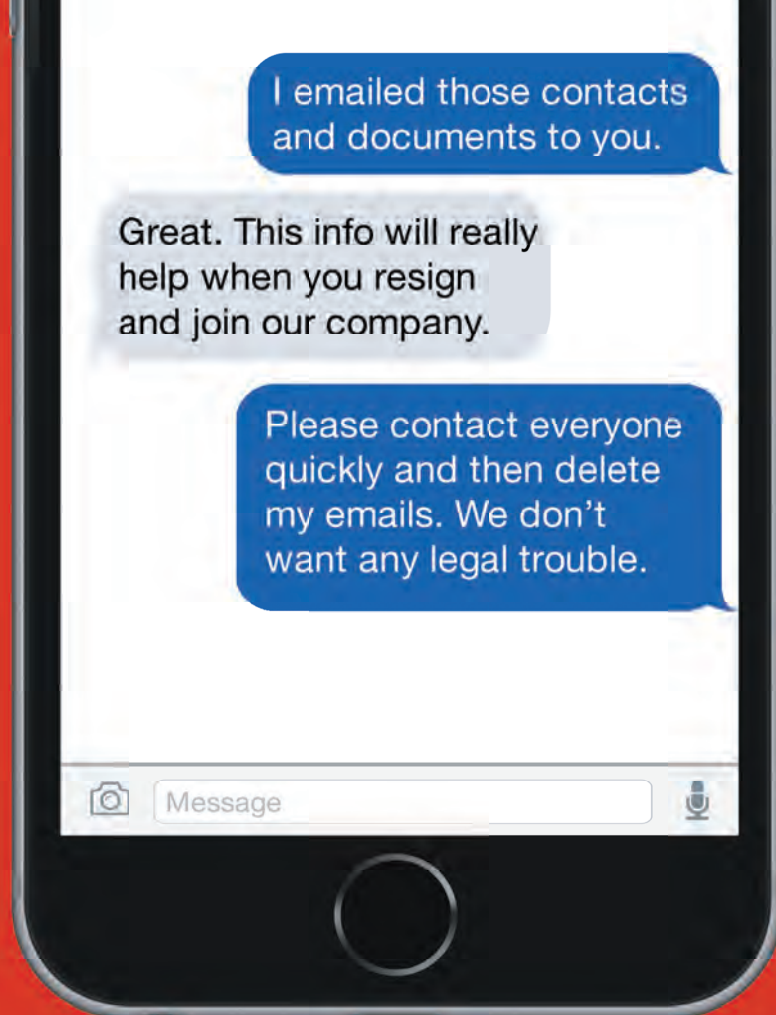
As you vote this November, ask who was responsible for this taxpayer money from 2010-2013, the period investigated. So far, only the BADD executive director has been replaced. Many voting board members remain comfortably in place.

The public can improve the quality of government by improving the quality of our citizenship. We have a civic responsibility to be involved in our government. Elected officials are simply our trustees.

Kentucky’s most distinguished statesman, Henry Clay, said in 1829: “Government is a trust, and the officers of government are the trustees; and both the trust and the trustees are created for the benefit of the people.” ■



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



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FAST LANE

A compilation of economic news from across Kentucky

LOUISVILLE: TRILOGY HEALTH SERVICES BEING BOUGHT BY GRIFFIN-AMERICAN HEALTHCARE REIT IN \$1.1B DEAL

TRILOGY Health Services, a Louisville-based provider of senior healthcare services, has agreed to be acquired by **Griffin-American Healthcare REIT III Inc.** for approximately \$1.125 billion via a joint venture with **NorthStar Healthcare Income Inc.**

Under the terms of agreement, Griffin-American will own 70 percent of the joint venture and will act as its manager, with NHI owning the remaining 30 percent.

Trilogy's management team will continue to be led by the company's founder and chief executive officer, Randy Bufford, and will maintain an investment of approximately \$24 million. The Trilogy name will be retained and the company's headquarters will remain in Louisville.

Bufford founded Trilogy in 1997 and has overseen the company's growth into a leading owner-operator of 96 senior healthcare campuses throughout Indiana, Ohio, Michigan and Kentucky. The campuses offer a range of care, including assisted living, memory care, independent living and skilled nursing services. Trilogy's operations also extend to the institutional **PCA Pharmacy** with four locations, and a rehabilitative services company, **Paragon Rehabilitation**. The company employs over 13,500 associates across all business lines.

Ron J. Jeanneault, chief executive officer and president of NorthStar Healthcare, noted that Trilogy has a "strong track record of delivering results."

"Trilogy's properties have a low average age, strong occupancy rates and a high-quality mix which, coupled with their robust development pipeline, creates an exciting addition to our portfolio that will continue to grow over time," said Jeanneault.

The sale is expected to close by the end of the year.



COVINGTON: ASHLAND AND VALVOLINE SPLIT INTO TWO PUBLIC COMPANIES

ASHLAND Inc. announced on Sept. 21 that it is proceeding with plans to separate its **Valvoline** unit into a separate company, creating Ashland and Valvoline as two independent, publicly traded entities.

The new Ashland will focus on providing specialty chemicals for the industrial market while Valvoline will focus on the engine and automotive maintenance business.

William Wulfsohn will serve as chairman and CEO of the new Ashland following the separation, while Luis Fernandez-Moreno, currently senior



Valvoline has been headquartered in Lexington for more than 30 years and currently employs approximately 600 employees there.

LEXINGTON: INNOVATIVE MATTRESS SOLUTIONS MOVING HQ AND 52 JOBS FROM WEST VIRGINIA TO LEXINGTON



Kentucky native Kim Knopf is the founder and CEO of Innovative Mattress Solutions, which operates as Sleep Outfitters in Kentucky.

INNOVATIVE Mattress Solutions, which operates in Kentucky as **Sleep Outfitters**, has announced plans to relocate its corporate headquarters from West Virginia to Lexington.

The company is investing nearly \$2.4 million in the move, which will bring 52 new jobs to Lexington. The positions will range from operations, financing and information technology to marketing, human resources and sales.

IMS was founded in 1983 by Louisville native and **University of Kentucky** graduate Kimberly Brown Knopf, who opened the company's first store in South Charleston, W. Va. The company has since grown to 155 stores in six states (West Virginia, Ohio, Kentucky, Tennessee, Alabama and Indiana) that operate as **Mattress Warehouse**, **Sleep Outfitters** and **Mattress King**.

IMS plans to move into the Lexington facility that previously served as headquarters for **Tempur-Pedic** (now **Tempur-Sealy International Inc.**). The facility includes warehouse distribution space that will provide

IMS with a larger distribution facility for its Lexington operation, which has seen sales growth exceed the capacity of its current space.

The company has already announced plans to give back to its new headquarters community through a partnership with Tempur Sealy: The two companies are donating more than 40 Tempur-Pedic mattresses, foundations and bed frames to a local women's shelter.

vice president of Ashland and president of Ashland's Chemicals Group, will be chief operating officer of the new company. Kevin Willis, currently senior vice president and chief financial officer of Ashland, will serve in the same capacity in the new Ashland.

At Valvoline, Wulfsohn will serve as non-executive chairman following the separation, and Sam Mitchell, currently senior vice president of Ashland and president of Valvoline, will serve as CEO.

The separation will be completed as soon as practicable, company officials said, but not less than a year's time. The company intends for the separation, which is subject to final board approval prior to completion, to be tax-free for Ashland shareholders. Immediately following the separation, Ashland shareholders will own shares of both the new Ashland and Valvoline.

In July, Ashland announced that it was investing nearly \$35 million to construct a new Valvoline office building in Lexington to bring employees there under one roof.

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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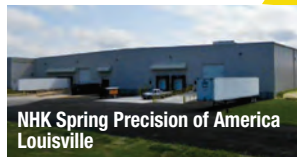
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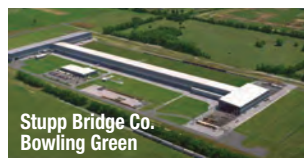
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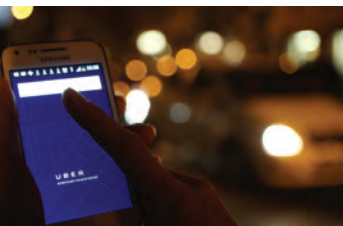


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BUSINESS BRIEFS

BELLEVUE

■ Bellevue's iconic **Marianne Theatre** will soon be home to a microbrewery, following a city-led economic development effort. Last year, the City of Bellevue purchased the theater, which is listed on the National Register of Historic Places, to help create a new economic development opportunity that would both complement existing businesses and bring new visitors to the area. **Hardman Investments**, a company that has handled a number of historic redevelopment projects in the Greater Cincinnati area, will be in charge of the proposed project. The brewery will retain the building's historic features, including its signature art deco marquee.



BOWLING GREEN

■ Bowling Green is the latest addition to **Uber's** mobile app-based transportation network in Kentucky, joining Lexington, Louisville and the Northern Kentucky communities of Covington, Fort Mitchell and Fort Thomas (which are considered part of the Greater Cincinnati metro area). To utilize Uber, users download the Uber app and enter the required information to

receive a ride. Once a ride is confirmed, users see the name and picture of the driver, the vehicle make and model, and the license plate number. Once the ride is complete, a receipt for the transaction is emailed to the user.

■ Kentucky's new workforce training program has created a chapter in Bowling Green – the seventh in the state – to help employers in the surrounding region address the shortage of technically skilled workers needed in advanced manufacturing. Students who participate in the **Kentucky Federation for Advanced Manufacturing Education (KY FAME)** program will attend classes two days per week at **Southcentral Kentucky Community and Technical College** and work another 24 hours per week for a sponsoring employer. Upon completion of the program, students receive an associate degree in applied sciences, and, with the practical skills gained during their paid work experience, most begin full-time employment with the sponsor.

ELKHORN CITY

■ Elkhorn City has become the seventh community in the state to become part of the **Kentucky Trail Town** program, a state initiative to help connect communities to trail systems and develop them as tourist destinations. Once a community receives the Trail Town certification, state agencies help promote and market the communities and their services via maps, websites, visitors' guides and other state promotional material. Elkhorn City is located along the **TransAmerica Trail**, a cycling route that stretches across the United States. Other assets include the **Russell Fork River**, which is popular for whitewater paddling; **Pine Mountain State Scenic Trail**; and **Breaks Interstate Park**.



ERLANGER

■ **Thelen Associates**, an Erlanger-based engineering firm, has been sold to **Geotechnology Inc.**, a geotechnical and environmental engineering firm headquartered in St. Louis. Thelen, founded in 1971, has been involved in some of Northern Kentucky/Cincinnati's major projects and developments, including **Paul Brown Stadium** (home to the **Cincinnati Bengals**); the **Cincinnati Reds Great American Ball Park**; **RiverCenter**, a high-rise office and hotel development in Covington; **Northern Kentucky University's BB&T Arena**; and the **Kentucky Speedway** in Sparta. With the addition of Thelen, which operated four offices with 108 employees, Geotechnology now has 280 employees in 10 offices.

■ **Dermody Properties** and **Hillwood Investment Properties** are developing a 900,000-s.f. fulfillment facility in Erlanger for **Wayfair Inc.**, a leading online retailer of home furnishings and décor. **LogistiCenterSM** at 275 will be located on a 52-acre site adjacent to the **Cincinnati/Northern Kentucky International Airport** and will complement Wayfair's current distribution center in Hebron, allowing the company to increase its distribution capacity. Fort Mitchell-based **Paul Hemmer Co.** is handling the construction project, which is expected to be complete in the second quarter of 2016.

STATE: UK, UofL GET \$3.76M TO CREATE NEW MICRO/NANOTECHNOLOGY CENTER

THE University of Kentucky and the University of Louisville have received a \$3.76 million National Science Foundation (NSF) grant to create a national center of excellence in micro/nanotechnology. The grant is one of just 16 awarded to more than 100 colleges and universities across the country that were competing for the funding.

UK and UofL are joining a new national network that will make university facilities, tools and expertise in nanoscale science, engineering and technology available to outside users.

The collaboration, said UK Provost Tim Tracy, "will establish our campuses and our commonwealth as hubs of next generation advanced manufacturing."

Eight key nanotechnology and advanced manufacturing facilities at UK and UofL will provide a collaborative center for academia, small businesses and industry to "build miniature solutions for applications in healthcare, energy, security and beyond," said Todd Hastings, director of the **UK Center for Nanoscale Science and Engineering** and **UK College of Engineering** professor.

The five year grant will be used to: enhance and upgrade advanced manufacturing equipment at UK and UofL research facilities, add staff to help train and support up to 500 additional external users, provide seed money for research projects in key advanced manufacturing areas, and engage more minorities and women in nanoscale science, engineering and technology.

"The next generation of commercial, medical, and industrial products will contain embedded tiny sensors and miniature wireless communication electronics," said Kevin Walsh, director of **UofL's Micro/Nanotechnology Center**. "New manufacturing technologies will need to be developed so these smart products can be made quickly, reliably and economically. UofL and UK are tackling those challenges."



Kevin Walsh, director of UofL's Micro/Nanotechnology Center; Robert Cohn, director of the UofL Huson Nano Core facility; and Todd Hastings, director of the UK Center for Nanoscale Science and Engineering will play major roles in the creation of a new national center of excellence in micro/nanotechnology.

CATLETTSBURG: EN ENGINEERING OPENS \$2.8 MILLION OFFICE; 80 JOBS COMING

EN Engineering has opened a new \$2.8 million facility in Catlettsburg that will bring 80 new jobs to the Boyd County area, with annual salaries ranging from \$50,000 to \$70,000.

EN Engineering, headquartered in Illinois, provides comprehensive engineering, consulting, design, integrity management, corrosion protection and automation services to energy and industrial clients, including natural gas and oil transmission and distribution companies, as well as petroleum refineries. The company currently employs more than 100 workers in Kentucky, where it has had a presence since 1994. The expanded 24,000-s.f. facility in Catlettsburg will enable the company to expand its engineering capacity to better serve the tri-state region of Kentucky, West Virginia and Ohio.

EN Engineering currently operates 13 offices throughout the country and has more than 800 employees.

SOMERSET: MENZNER LUMBER WILL BUILD PULASKI COUNTY PLANT, CREATE 90 JOBS

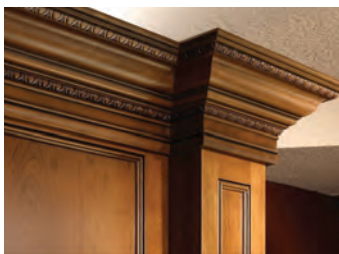
A Wisconsin-based hardwood molding company has announced plans to locate a new facility in Somerset, bringing 90 new jobs to the community.

Menzner Lumber and Supply Co. will lease

land and buildings in Somerset that previously served as the home of **Glen Oak Lumber**. The four buildings, totaling 195,000 s.f., will serve as rough mill, molding, priming paint line and sawdust processing facilities. The additional space will allow the business to grow beyond the production constraints the company currently faces.

"Menzner Lumber was founded in 1894 and is still a family business, and our longevity can only be credited to great employees," said Phil Menzner, president of **Menzner Hardwoods**. "The availability of high-quality people, timber resource and central location make Kentucky an excellent location to help us continue our growth. It is clear Kentucky is very business friendly and willing to help wherever it can. We look forward to a very long partnership with Kentucky."

Menzner currently has 350 employees across three states. The company's hardwood and transportation headquarters are located in Wisconsin while kiln-drying facilities are located in Mississippi and South Carolina.



BUSINESS BRIEFS

FLORENCE

■ International freight carrier **Southern Air Holdings Inc.** has extended the lease for its headquarters facility in Florence, renewing its commitment to build on what the company called a "strong partnership" with the Northern Kentucky community. Southern moved its headquarters from Connecticut to Florence in 2013 and is a leading express delivery provider for **DHL Express** at its main U.S. hub at the **Cincinnati/Northern Kentucky International Airport**.



HEBRON

■ **GotPrint**, a company that assists small- and medium-sized businesses with promotional needs, is expanding its operations in Northern Kentucky. The \$6 million project includes a 32,000-s.f. expansion that will allow the company to increase production capacity by one-third. GotPrint, which currently employs 110 full-time employees, is expected to add about 20 positions the first year and another 15 more positions within three years. The company started at the location in 2008 with 12 employees.

HIGHLAND HEIGHTS

■ **Northern Kentucky University** has received an \$8 million gift from **St. Elizabeth Healthcare** to support its new **Health Innovation Center**. The funds will directly support the design and construction of a high-tech center that will include simulation space, clinical skills suites, nursing skills suites, imaging suites, and classroom and collaborative spaces. It will also provide simulation equipment to help students learn real-world skills in a safe environment. The facility is expected to open in 2018.

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BUSINESS BRIEFS

LEXINGTON

■ **United Way of the Bluegrass** has partnered with **NaviGo College** and **Career Prep Services** to launch the NaviGo Scholars Program in central Kentucky. The program, which is entering its second year in Northern Kentucky, works with local companies to pair them with high school students who have interests that connect with the companies' respective workforces. By identifying those students before they graduate from high school, companies can work with students who could potentially fill their future job needs. In turn, students get training and experience as well as a college and career coach provided by NaviGo.



■ **Fazoli's**, a Lexington-based Italian restaurant chain that was recently acquired by **Sentinel Capital Partners**, has launched an aggressive franchise development program and is preparing a new round of menu updates to further spur franchise development. The new franchise incentive program offers discounts of up to \$20,000 off the initial \$30,000 franchise fee, royalties have been cut from 4 percent to 2 percent for the first year, and vendor fees are being

discounted for the first 12 months. The company is also offering incentives for current franchisees to open more units.

■ A software company that specializes in working with the hospice and palliative care industry is expanding its headquarters facility in Lexington and plans to add 30 more jobs to support increased customer demand. **Consolo Service Group's** programs allow for record keeping, management and administration from patients' homes and other care facilities. The company, founded in 2002, currently has clients in more than 45 states and has grown from three employees to more than 55 nationwide.

■ **Uncle Maddio's**, a fast-growing Atlanta-based pizza chain, has signed a franchise agreement to open three Lexington restaurants with brothers Todd, Matt and Robb Sackett, and Billy White, a franchise group that currently operates 11 **Jimmy Johns** sandwich shops in the Lexington area. The first location is slated to open by the end of this year in Lexington's Chevy Chase area, near the University of Kentucky.



■ An investigational medical device for the treatment of late-stage lung cancer, pioneered by researchers at the **University of Kentucky**, has been approved for clinical trials by the U.S. Food and Drug Administration. UK is the only site in the country approved to test the new treatment on advanced lung cancer patients.

■ The regional law firm of **Bowles Rice** has announced plans to close its Lexington office. The following Bowles Rice attorneys will be joining the law firm of **Gess Mattingly & Atchison**, effective Jan. 1, 2016: Spencer D. Noe (business, government, insurance), Richard A. Whitaker (real estate, business), J. Thomas Rawlings (litigation, business, construction) and Donald M. Wakefield (administrative law, business, litigation). Also joining the practice, of counsel, are Charles W. Curry (estate and trust, business) and Bernard F. Lovely Jr. (equine, business).

LORETTO

■ **Maker's Mark Distillery** plans to build a \$4 million facility that will showcase its Maker's 46 product and allow visitors to see how the bourbon is made. The facility is expected to open next year.

LOUISVILLE

■ **SGS International**, a Louisville-based marketing services company that specializes in print production and packaging services, has acquired **Traffik**, a marketing services firm headquartered in Toronto, Canada, that has a 90-member creative team. Traffik CEO Mark Feffier will continue to lead Traffik while taking on an expanded role within SGS to oversee the Canadian SGS operations.

OWENSBORO: HOLLISON GROWTH CITED FOR ITS ENTREPRENEURIAL SUCCESS

A food safety solutions company that got its start with the Kentucky Innovation Network is investing nearly \$1.2 million to expand its operations in Owensboro. The expansion will add 34 new jobs.

Hollison LLC was founded in 2005 and provides innovative sampling technology that gives food manufacturers a greater ability to detect contamination – biological, viral and chemical – before a product is shipped. By testing products, as well as the environment around the products, Hollison is able to identify potential risks within a much shorter time frame and more accurately than similar technology. The company will lease a 30,000-s.f. facility and purchase equipment needed to manufacture technology and facilitate further research and development.

Hollison is among the first clients to get its start with the Kentucky Innovation Network at the idea stage and remain involved with the network each step of the way throughout its growth and approval for state incentives.

Hollison was also the first client to locate in the **Owensboro Centre for Business and Research** business incubator, giving the company access to equipment and lowering initial costs, which contributed to the company remaining in Kentucky.

"Hollison's story is an American success story – that a creative individual with a bright idea and a lot of hard work can achieve remarkable things," said Joe Berry, director of the Owensboro Kentucky Innovation Network office.



Hollison has the capability to test a wide range of food products, from spices, grains, fruits and nuts to animal feed and pet food.

STATE: KY SMALL BUSINESSES GETTING MORE HELP TO BOOST EXPORT TRADE

SMALL businesses throughout the commonwealth will be getting more state assistance to help them market their products worldwide, thanks to a \$400,000 grant awarded to Kentucky by the **U.S. Small Business Administration**.

The SBA's State Trade Export Promotion (STEP) program is designed to increase the number of small businesses that begin to export and to increase the value of exports for small businesses that already conduct international business. The latest grant is the fourth round of funding offered through the program. Kentucky previously received a \$300,000 grant in 2014; a \$276,000 grant in 2012; and \$427,000 in 2011.

Kentucky uses the funds to lower the cost for small businesses wanting to participate in international trade missions, sales trips and subscription services provided by the U.S. Department of Commerce. The funds also assist companies with international marketing campaigns, export trade show exhibits, training workshops or other export initiatives.

The STEP grant directly aligns with the goals of the Kentucky Export Initiative, which was launched in 2010 to streamline and elevate the state's efforts to help Kentucky businesses reach global markets. Since KEI launched, Kentucky exports have grown by more than 42 percent – compared to the national average of approximately 27 percent.

CLARKSON: KELLEY BEEKEEPING BUILDS A BUZZ WITH EXPANSION, 50 NEW JOBS

A Clarkson company that manufactures beekeeping products is expanding its operations there, bringing 50 new jobs to the Grayson County community.

Kelley Beekeeping has purchased 20 acres for the construction of a 100,000-s.f. manufacturing plant and showroom for its products, which are sold to hobbyists, small businesses and commercial markets around the world. The project represents an investment of nearly \$7.5 million.

The company, which was founded in 1924 and has operated in Grayson County since 1952, produces more than 3,000 beekeeping products, including specialty supplies such as woodenware units for keeping hives, protective clothing, honey extraction equipment and a variety of bees.

The expansion will accommodate continued growth for the company, which has added jobs overall but also sees seasonal swells, most recently to 110 employees.

The company has become a tourist attraction in the region as well. Currently, more than 300 people visit the operation each weekend in the spring and every September the community celebrates its ties to the beekeeping industry with the annual **Clarkson Honeyfest**.



BUSINESS BRIEFS

LOUISVILLE

■ **Connolly iHealth Technologies**, a Connecticut-based payment transaction analytics company, is investing \$3.5 million to expand its presence in Louisville. The company is moving into a new facility in the Meidinger Tower in downtown Louisville and plans to add 45 new jobs to its 140-member financial services team already working in Louisville. Connolly serves nearly 100 government, commercial healthcare and retail clients via 50 offices located in four countries. The company works to help its clients contain costs, lower administrative burdens and improve payment accuracy.

■ The **University of Louisville** is expanding **Papa John's Cardinal Stadium** for the second time in the last decade, adding another 10,000 seats that will bring the total capacity for the football stadium to 65,000. The \$55 million project also includes a major expansion of the Howard Schnellenberger football complex, which will double in size and create a total of 20,000-s.f. of space for training and conditioning. Funding for the project is being raised through sponsorships, private donations and ticket sales.



■ The **Sam Swope Auto Group** announced in September that it is selling all but one of its 12 Louisville auto dealerships to **Automotive Management Services Inc.** of West Palm Beach, Fla. A statement released by Swope President Patti Swope said that while many of the dealership names will change, all Swope employees will have the option to remain with the new owner and retain their current pay and benefits package. **Toyota of Louisville** will remain under Swope ownership. Financial terms of the transaction have not been disclosed.

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BUSINESS BRIEFS

LOUISVILLE

■ Louisville-based ad agency **Scoppechio**, one of the nation's leading hospital marketing service firms, has launched a dedicated healthcare marketing unit within its organization. Scoppechio CEO Jerry Preyss said the firm has seen "a dramatic rate of growth" within its healthcare client portfolio in the last few years and currently serves nearly 200 hospitals across the nation, in addition to having partnerships with brands in the insurance, dental services and nursing categories. Scoppechio Healthcare will be staffed with more than 50 healthcare marketing professionals who will work in strategy, client service, creative content and design, performance media and multicultural marketing.

■ Louisville Metro Government is working with **Google Fiber** to explore building a new superfast broadband network in the city. According to information released by Louisville Mayor Greg Fischer's office, Google Fiber could bring Louisville residents access to gigabit Internet speeds of up to 1,000 Megabits per second – up to 40 times faster than basic broadband. Google Fiber is currently available in Kansas City; Austin; and Provo, Utah; and is in the process of expanding to Atlanta, Charlotte, Nashville, Raleigh-Durham, Salt Lake City and San Antonio.

■ **Churchill Downs** has announced plans for an extensive \$18 million capital project to modernize the Turf Club and several other premium areas. The project is the latest in a series of ongoing investments to improve and enhance the customer experience at Churchill and will increase premium seating by 41 percent, from 1,886 to 2,660. The project will begin after the Fall Meet ends on Nov. 29 and is scheduled for completion in advance of the Spring Meet, which opens April 30, 2016. Track officials have committed \$69.4 million to major capital improvements on the national historical landmark over the last six years.



■ **Spalding University** held a dedication ceremony in September for the new **Republic Bank Academic Center**, a 40,000-s.f. facility that will house the School of Nursing and the School of Social Work. The new facility will include 40 faculty offices, six instructional labs, five classrooms and a lecture hall.

■ **PARx Solutions Inc.**, a company that handles prescription authorizations for patients, is investing \$2.3 million to expand its operations in Louisville. The expansion, which comes only two years after the company first opened its Louisville operations center, will create more than 75 new jobs.

MEADE COUNTY

■ A 488-acre limestone quarry in Meade County that is one of the region's last fully zoned quarries for mining high-calcium limestone is being auctioned off, according to an announcement from New York auction firm **Sheldon Good & Co.** High-calcium limestone, known as scrubber stone, is used to remove sulfur from power-plant emissions and demand for scrubber has increased as greater focus on the environment has driven federal policy and regulation. The quarry's location near the Ohio River also provides a competitive advantage, as barge shipping is the least expensive means of distribution for the product. The sealed-bid deadline has been set for Nov. 11.

PADUCAH

■ **Paducah Riverfront Hotel LP** has won approval for incentives from the Kentucky Tourism Development Finance Authority for a 124-room hotel to be built next to the **Paducah Expo Center** and **Carroll Convention Center**. The \$19.4 million project is expected to operate as a Holiday Inn.

TAYLOR COUNTY

■ **Campbellsville University** has a total economic impact of \$105 million on Taylor County, according to a new study recently completed by **Younger Associates**. The study shows that CU supports a total of 1,343 jobs and directly employs and supports more than 12.3 percent of all jobs in Taylor County. The increase in the economic impact in the 10 years spanning 2003 to 2013 has been 82.6 percent. In total dollars, the increase has risen from \$57 million in 2003 to almost \$105 million in 2015.

SOMERSET: ENTREPRENEURSHIP AWARDS HONOR REGION'S TOP BUSINESS OWNERS

THE 2015 Excellence in Entrepreneurship Awards program recognized southeastern Kentucky's top small business owners and entrepreneurs in September at **The Center for Rural Development** in Somerset.

The EIEA program promotes and recognizes the region's business people who exemplify entrepreneurial spirit by creating and managing a successful business venture or non-profit organization in Southern and Eastern Kentucky. This year's winners were:

- **Young Entrepreneur:** Aaron Roberts, owner of **Yard Farmers LLC**, Somerset. Roberts started Yard Farmers, a complete grounds maintenance company, in 2005 at the age of 15 with one tractor and a bush hog. Ten years later, Roberts has six full-time employees and picked up one of his largest contracts ever in 2014, managing grounds maintenance for a 14,000-acre facility in central Kentucky.

- **Not-for-Profit Entity:** Eric Loy, chief executive officer/medical director, **Cumberland Family Medical Center Inc.**, Burkesville. Cumberland Family Medical Center originated from a grassroots effort to provide better healthcare delivery to one of the most underserved areas of Kentucky. Today, the medical center is a thriving community healthcare network with 25 clinic locations, approximately 60 medical providers and 300 employees.

- **Start-Up Business:** Lidia Godbey, owner/fitness instructor, **Turn It Up Dance & Fitness Studio**, Somerset. Godbey started her dance and fitness studio in 2013 with a simple goal to unite the community through dance.

- **For-Profit Business:** Garry Conley, owner/president, **Minuteman Press** of London. Conley launched Minuteman Press in 2004 with one offset press. Eleven years later, the business continues to grow and has added wide-format posters and banners, promotional products, and direct mail to its growing list of customer services.

JEFFERSONTOWN: ADP LAUNCHES \$26M EXPANSION TO CONSOLIDATE LOCATIONS

AD P LLC, a provider of retirement and benefit administration services, is investing nearly \$26 million plans to grow its operations in Jeffersontown.



The company currently operates multiple facilities in Jefferson County and plans a significant renovation of its 160,000-s.f. facility on the Bluegrass Parkway in Jeffersontown in order to consolidate its operations at one location.

ADP, a subsidiary of Automatic Data Processing Inc., was founded in 1949 and has become a comprehensive global provider of cloud-based human capital management solutions that include human resources, payroll, tax and benefits administration and other services. The New Jersey-based company generates nearly \$11 billion in annual revenue and serves more than 630,000 clients worldwide.

The company significantly grew its Kentucky operations through the acquisition of **SHPS Inc.** in 2012. The purchase expanded ADP's overall footprint in the commonwealth to nearly 950 employees. The company also has operations in Covington and Lexington.

The Jeffersontown expansion is expected to be complete within a year and will create an additional 35 jobs.

JEFFERSONTOWN: LOCATION MAKES AREA A GOOD FIT FOR ONLINE TUX COMPANY

A new e-commerce tuxedo rental business plans to open a distribution and customer service facility in Jefferson-town that will create new 80 jobs.

Generation Tux is a subsidiary of **zTux**, a company founded by George Zimmer, the founder and former CEO of **Men's Wearhouse**. The company provides customers with an online tutorial outlining how to obtain their tuxedo measurements. Those figures are then used to tailor the tuxedo specifically for the customer, who will receive the tux, shirt, shoes, cuff links and cummerbund or belt shipped to them free of charge seven days prior to their event. Customers have three days to return the items, again free of charge. Costs average around \$150.

Should a customer find that the fit needs adjustments, the company will either send a replacement garment or make arrangements to have an alteration done by a local tailor.

"Generation Tux is just the type of innovative e-commerce company Louisville is looking to attract," said Louisville Mayor Greg Fischer. "With our central location, world-class **UPS Worldport** headquarters and our thriving logistics and e-commerce sector, Louisville has the environment that will help George Zimmer's new company succeed."

Fischer also noted that because of the company's tech and coding needs, Generation Tux has partnered with **Code Louisville** – a program that teaches computer coding to young adults in the area – to mentor students and grow their software talent locally.

BUSINESS BRIEFS

STATE

■ **AT&T** has committed to extend broadband to more than 84,000 rural homes and businesses in Kentucky over the next six years. The company will be participating in the Connect America Fund, which was created by the **Federal Communications Commission** in 2011 to expand broadband in rural areas where market forces and economics do not support expansion. In those targeted areas of Kentucky, AT&T will deliver broadband at speeds of at least 10 Megabits per second for downloads and 1 Mbps for uploads.



■ Kentucky ranked second in the nation in the "cost of doing business" category in **CNBC's** recent "**America's Top States for Business 2015**" scorecard. The scores were based on each state's tax climate, state-sponsored incentives and utility and rental costs. Neighboring Indiana ranked No. 1 in the country in the "cost of doing business" category.

■ **Small Business Administration** loans were up over 28 percent in Kentucky compared to the same timeframe last year (Oct. 1-July 31). SBA loans during the time period amounted to almost \$163 million in Kentucky, similar to what occurred across the Southeast region of the U.S.

■ The **Kentucky Department of Education** has announced that all 173 of the state's public school districts have met the national goal of 100 kb of Internet bandwidth for each K-12 student. State officials say Kentucky is believed to be the first state in the nation to achieve that goal. The enhanced 100 kb per student speed is, on average, nearly 10 times faster, more robust and reliable than what Kentucky school districts had for their students just two years ago.

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INTERSTATE LANE

Business news from Indiana, Ohio, Tennessee and West Virginia

BUSINESS BRIEFS

INDIANA

■ **Sweetwater Sound Inc.**, a major retailer of musical instruments and audio gear, is investing \$8.8 million to expand its Fort Wayne headquarters operations. The project will include a new facility to house the company's marketing and merchandising departments as well as a new state-of-the-art video studio. The expansion will create up to 285 new jobs by the end of 2018, bringing the total full-time workforce in Fort Wayne to 1,000.

■ **Indiana Coatings**, a newly incorporated industrial coatings supplier serving Tier 1 automotive and appliance industries, is investing \$3.8 million to establish a new operation in Berne, Ind., that will create up to 120 new jobs by 2018. The company, which is affiliated with a similar facility in Ontario, Canada, is locating in the former **Ficosa North America** plant and plans to begin production in January 2016.

OHIO

■ Pharmaceutical services company **Omnicare** will begin laying off approximately 232 employees at its downtown Cincinnati headquarters at the end of October. The layoffs are tied to Omnicare's August acquisition by **CVS Health Corp.** and include numerous high-level executives at Omnicare.

■ Cincinnati-based law firm **Dinsmore & Shohl LLC** has merged with **Gifford, Krass, Sprinkle, Anderson & Citkowski P.C.**, a 100-year-old Michigan-based intellectual property firm. The merger adds 17 attorneys and 32 professional staff to the firm, boosting Dinsmore's IP department to 75 attorneys and 600 attorneys overall in 20 locations.

Dinsmore

TENNESSEE

■ **Worthington Industries**, a company that is a market leader in custom-engineered operator cabs for industrial mobile equipment, is investing more than \$14 million to expand its current operations in Greenville, Tenn. The project will add four new product lines and 140 new jobs. The company currently employs 315 in Greenville.



■ **Institutional Casework Inc.** (ICI) has announced plans to open a new manufacturing facility in Union City, bringing 200 new jobs to the western Tennessee community. The Union City plant will house the company's laboratory products division and will produce laboratory-grade painted steel casework and furniture, phenolic laboratory casework and work surfaces. Production is expected to begin in early 2016.

■ **Multimatic**, a Canada-based automotive supplier, is investing more than \$20 million to locate a new plant in Lewisburg, Tenn., that will create 181 new jobs. The Lewisburg plant will produce instrument panel structures, rocker braces, and upper and lower tie-bar supports.

■ A China-based injection molding company has announced plans to locate its U.S. headquarters in Knoxville. **Innovate Manufacturing** has four plastics factories and an engineering office in China but is moving a portion of its operations to the United States due to lower shipping and energy costs and proximity to its client base. The office will employ approximately 50 people and will be Innovate's first facility outside of China.

WEST VIRGINIA

■ **MorphoTrak** has opened a facility in Morgantown, W. Va., to house the company's program management and engineering operations. MorphoTrak is a subsidiary of Morpho (Safran) that provides biometric identity and security solutions to more than 1,000 federal, state and local government agencies and commercial enterprises. The Morgantown location will enable MorphoTrak to be responsive to the needs of the FBI, its key federal client, and will also allow the company to expand its work with West Virginia University's biometrics and forensics programs.

INDIANA: SUBARU GEARS UP FOR \$140M EXPANSION THAT WILL ADD 1,200 JOBS

SUBARU of **Indiana Automotive** is investing \$140.2 million to increase production capacity at its Lafayette, Ind., plant by 100,000 annually. The expansion will drive the addition of 1,204 more jobs at the plant by 2017.

Subaru photo



Subaru's plant in Lafayette, Ind., produces the company's Outback (above) and Legacy models.

Established in 1987, SIA is a wholly owned subsidiary of Japan-based **Fuji Heavy Industries Ltd.** and is one of only three Subaru assembly plants worldwide. SIA, which builds the Subaru **Outback** and Subaru **Legacy**, is Subaru's only production facility located outside Japan. The plant also produces the **Toyota Camry** under a contract with Toyota.

SIA's investment will be in addition to a \$400 million expansion that is currently underway. That project is dedicated to a new paint shop and an expansion of the engine assembly and stamping sections to enable SIA to begin Subaru Impreza production by the end of 2016.

SIA currently employs more than 3,800 people and produces approximately 300,000 cars each year. The company's expansion is also expected to spur growth of its direct material suppliers, 28 of which are located in Indiana.

INDIANA: NEW STRESS-RELIEF PRODUCT LINE FROM EXCELLON ADDS 400 JOBS

EXCELLON Technologies, a Fort Wayne manufacturing company that primarily serves the aerospace and defense industries, has announced plans to launch a new product line that will create up to 415 new jobs within the next four years.

Excellon is investing \$2.14 million to purchase new equipment and upgrade its existing manufacturing facility in Fort Wayne to produce its new **CapeAble** line, a group of therapeutic products designed to ease stress, anxiety, learning challenges, sleep issues and related health concerns. The line includes more than 18 items that create deep pressure on muscles, joints, tendons and ligaments through CapeAble's medical patent-pending quilted squares. According to the company, the products address various symptoms of stress and anxiety by allowing the central nervous system to better interpret and integrate various sensory inputs. Production of the CapeAble Sensory Products line has already begun and the products' effects are currently being studied at **Baptist Memorial Hospital** in Jacksonville, Fla.

Excellon was established in Fort Wayne in 2001 as a two-person engineering firm and has since been named twice to **INC Magazine's** 100 fastest-growing inner city companies in the United States. The company currently employs 65 associates in Indiana and is hiring seamstresses, tailors and support personnel to accommodate the expansion.

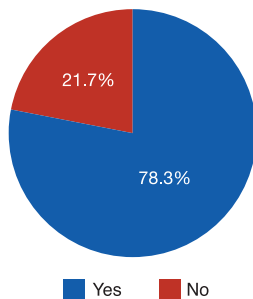
EXECUTIVE COACHING

The best CEOs are always looking for ways to improve outcomes – and that includes improving their individual performance as well. According to the results of an executive coaching survey conducted by Stanford Business School's Center for Leadership Development and Research, nearly 100 percent of the CEOs polled would like to receive coaching and/or leadership advice from outside consultants or coaches. Of those who are receiving executive coaching, nearly 79 percent say it was their own idea. The data below provides some insight as to the types of skills/behaviors being targeted by those CEOs who are receiving executive coaching:

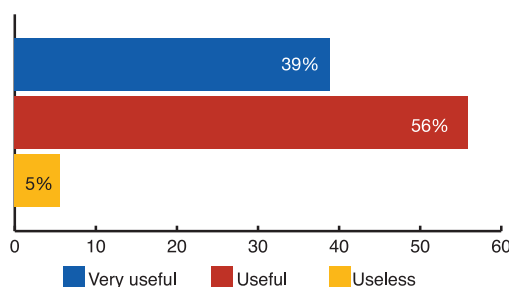
WHAT LEADERSHIP SKILLS OR BEHAVIORS ARE YOU CURRENTLY WORKING ON? (SELECT ALL THAT APPLY.)



APART FROM THE COACHING AND LEADERSHIP ADVICE THAT YOU RECEIVE FROM A FORMAL ADVISOR, DO MEMBERS OF THE BOARD PROVIDE YOU WITH INFORMAL COACHING AND LEADERSHIP ADVICE?



HOW USEFUL IS THIS INFORMAL ADVICE?

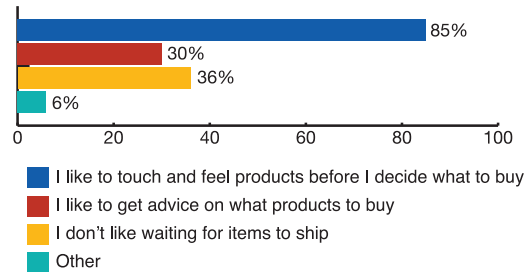


Source: Stanford Graduate School of Business Center for Leadership Development and Research

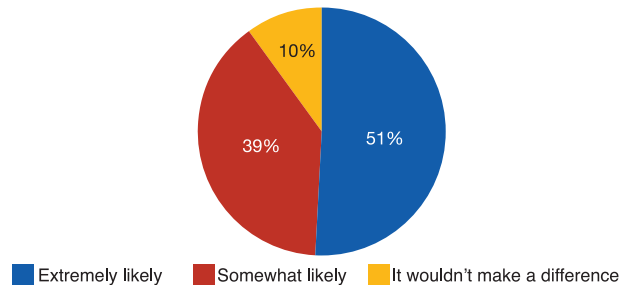
WHAT DRIVES CONSUMERS' CHOICES?

With the holiday shopping season looming ever closer, it's a good time to take a closer look at customer expectations and what impacts their buying decisions. Consumer behavior has been shifting over the last several years and despite the proliferation of online shopping sites, 65 percent of respondents to a recent survey indicated that if an item they wanted was available online or in a nearby store, they'd prefer to shop in a store. And – surprise! – good customer service makes a big difference when it comes to closing the sale.

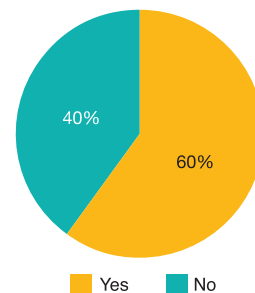
WHY DO YOU PREFER SHOPPING IN THE STORE VS. ONLINE?



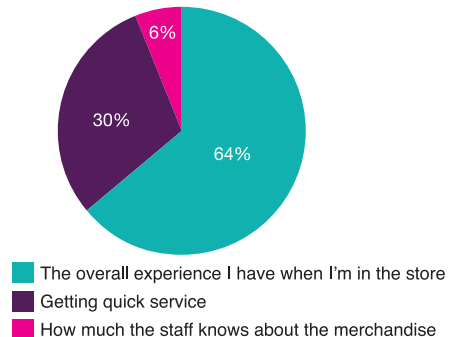
WHEN HELPED BY A KNOWLEDGEABLE ASSOCIATE, HOW LIKELY ARE YOU TO BUY?



IF YOU GENUINELY LIKE THE ASSOCIATE HELPING YOU, ARE YOU LIKELY TO BUY MORE THAN YOU PLANNED TO PURCHASE?



IF AN ITEM IS THE EXACT SAME PRICE AT FOUR DIFFERENT RETAILERS, HOW WILL YOU DECIDE WHERE TO SHOP?



Source: TimeTrade

CORPORATE MOVES

New leadership for Kentucky businesses

ARCHITECTURAL/ENGINEERING

■ **Michael Metheny** has joined Omni Architects as financial manager/controller.



Michael Metheny

ARTS

■ **Joseph Mechavich** has been named artistic director for the Kentucky Opera in Louisville. **Chuck Schmidt** has been named production director. **Frances Skolnick** has been appointed development and administrative director for the organization.

BANKING

■ **Michael Schachleiter** has joined PNC Financial Services in Lexington as vice president and investment adviser.



Michael Schachleiter

■ **Bruce VanHorn** has been named president and chief executive officer of Ashland-based Town Square Bank.

■ Bank of the Bluegrass & Trust Co. has promoted **Laura Haley** to financial center manager of the bank's East High Street location in Lexington.



Laura Haley

ECONOMIC DEVELOPMENT

■ **Wade Williams** has been promoted to senior vice president of business development for the Northern Kentucky Tri-County Economic Development Corp. (Tri-ED).



Wade Williams

■ **Betsy Dexter** has been named executive director of the Business & Education Network, a subsidiary of Commerce Lexington that is charged with assisting efforts to close the workforce skills gap in central Kentucky.



Betsy Dexter

EDUCATION

■ **Patrick McKee** has been named sustainability manager at Eastern Kentucky University.



Patrick McKee

■ **Perry A. Papka** has joined the Prichard Committee for Academic Excellence as senior policy director.

■ **David Horohov** has been named chair of the department of veterinary science and director of the Gluck Equine Research Center at the University of Kentucky.



David Horohov

■ **Mary Rado Simpson** has been named founding dean of the Elizabeth Akers Elliott School of Nursing at the University of Pikeville.

■ Midway University has appointed **Heather Bigard** as its chief financial officer.



Heather Bigard

■ **Candice Love Jackson** has been named chief of operations for Kentucky State University.

FINANCE

■ **Sakya Schuler** has been named director of client experiences for the Gleason Group, an investment adviser located in Prospect.

FOOD/SPIRITS/HOSPITALITY

■ **Theona Simbrat** has been named general manager for the Griffin Gate Marriott Resort & Spa in Lexington.



Theona Simbrat

■ **Robert Thompson** has been promoted to senior vice president of marketing for Louisville-based Papa John's International Inc. **Edmond Heelan** has been named senior vice president of North American operations and global operations support and training for the company.

■ **Brent Elliott** is the new master distiller for Four Roses Bourbon in Lawrenceburg. He succeeds **Jim Rutledge**, who has retired.

GOVERNMENT

■ **Israel Ray** has been named as the administrator for the new Radcliff Veterans Center that will open next year. Ray comes to the position from Christian Care Communities, where he has been executive director of the company's Hopkinsville campus for the last six years.



Eric Conley

HEALTHCARE

■ **Eric Conley** has been named division vice president of service lines and surgical services for KentuckyOne Health.



Aaron Crum

■ **Dr. Aaron Crum** has been named chief medical officer for Pikeville Medical Center.

■ **Emily Beauregard** has joined Kentucky Voices for Health as executive director.

■ **Bruce Tassin** has been named president of Saint Joseph Hospital and leader for KentuckyOne Health's Lexington market.



Bruce Tassin

■ **Thomas James III** has been named chief medical officer for Baptist Health Plan and Baptist Health Community Care.



Thomas James III

LEGAL

■ **Kelley Rosenbaum Schenck** has joined the Lexington office of Stoll Keenon Ogden as counsel to the firm.

DEPARTURES

■ **Tim Longmeyer** has stepped down as secretary of the Kentucky Personnel Cabinet. Longmeyer, an attorney from Louisville, plans to return to the practice of law.

■ **Ed Hughes** has retired as president of Gateway Community and Technical College.

■ **Amelia Martin Adams** has been named executive director of the Kentucky Bar Foundation, the charitable arm of Kentucky's legal community.

■ **Ben Crittenden** has joined the Lexington office of Morgan & Pottinger as of counsel.



Ben Crittenden

■ **Michael N. Fine** has joined the Louisville office of Wyatt, Tarrant & Combs LLP. Fine specializes in assisting nonprofit and tax-exempt organizations.



Michael Fine

TOURISM

■ **David Miller** has been named manager of Lake Barkley State Resort Park in Cadiz.



Doug Bennett

■ **Doug Bennett** has been appointed senior vice president of convention development for the Louisville Convention and Visitors Bureau. **Brad Knapp** has been named convention services manager in the convention services department for the bureau.

UTILITIES

■ **Linda L. Rumpke** has joined Columbia Gas of Kentucky as director of finance.



Linda Rumpke

■ **Joe Arnold** has been named vice president of strategic communications for the Kentucky Association of Electric Cooperatives.

OTHER

■ **Stacey Jarboe** has joined the Bluegrass Sports commission as director of membership and special events.

■ **Brian Riggs** has been named vice president of business development and innovation for AMR Management Services in Lexington.

■ **Scott L. Thompson** has been named chairman, president and chief executive officer of Lexington-based Tempur Sealy International.

ON THE BOARDS

Kentuckians named to organizational leadership roles

BIG BROTHERS BIG SISTERS OF KENTUCKIANA

■ The following individuals have been elected to the 2015-2016 board of directors for Big Brothers Big Sisters of Kentuckiana: **Emily Johnson**, vice president of legal and public affairs at UPS Airlines; **Greg Pestinger**,



Emily Johnson



Greg Pestinger



Scott Godthaab

alumni Big Brother and director, North American brand at Brown-Forman; **George Holtzmann**, alumni Big Brother and Arby's operations manager; **Steve Nassau**, Big Leadership team member, Big Brother and risk consultant for Old National Insurance; and **Scott Godthaab**, alumni Big Brother and vice president, regional manager of retail banking at Republic Bank.

CHILDRENS ADVOCACY CENTER OF THE BLUEGRASS

■ The following individuals have been named to the board of directors for the Children's Advocacy Center of the Bluegrass: President – **William George**; Vice President – **Paige Rea**; Treasurer – **Guy Bradley**; Secretary – **Morgan Hall**. Board members: **Susan Blake**, **Matthew Brotherton**, **Shannon Hillenmeyer**, **Callie Keller**, **Amelie Larson**, **Ray Larson**, **Matthew Malone**, **Brenda Mannino**, **Alicia Miller**, **Cyndy Harbett Miller**, **Lee Milward**, **Jenna Mitchell**, **Marion Queen**, **Sarah Razor**, **Lou Anna Red Corn**, **Barbara Saunier**, **Bruce Simpson**, **Philip Wahle** and **Derrick Whitaker**.

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

■ **Rick Christman**, chief executive officer of Employment Solutions in Lexington, has been named to the board of directors of the Corporation for National and Community Service. The corporation operates AmeriCorps, Senior Corps and the Social Innovation Fund.



Rick Christman

DANVILLE COMMUNITY ARTS CENTER

■ **Alethea Price** and **Larry Hensley** have been named to the board of directors for the Danville Community Arts Center. Price is a county agent for family and consumer sciences. Hensley is president and publisher at Advocate Communications Inc.

EASTERN KENTUCKY UNIVERSITY

■ **Craig M. King**, president and CEO of Nicholasville-based R.J. Corman Railroad Group, has been named to the board of regents at Eastern Kentucky University.



Craig King

EDUCATION PROFESSIONAL STANDARDS BOARD

■ **Donna Hedgepath**, vice president of academic affairs at Campbellsville University, has been appointed to Kentucky's Education Professional Standards Board.

KEENELAND

■ **Seth W. Hancock** has been named a trustee of Keeneland. He succeeds **Louis Lee Haggin III**, who retired in August. Hancock, a longtime member of the Keeneland board of directors, joins **William S. Farish** and **William M. Lear Jr.** as Keeneland trustees.

KENTON COUNTY AIRPORT BOARD

■ **Nathanial G. Smith**, of Fort Mitchell, has been appointed as a member of the Kenton County Airport Board. Smith is a founding partner of SSK Communities.

KENTUCKY LAW ENFORCEMENT COUNCIL

■ **Phillip D. Reed** and **David T. Gregory** have been named members of the Kentucky Law Enforcement Council. Reed, of Pikeville, is chief of police for the City of Pikeville. Gregory, of Berea, is police chief for the City of Berea.

LIVING ARTS AND SCIENCE CENTER

■ The Living Arts and Science Center in Lexington has announced its 2015-2016 board of directors: President – **Paige Bensing**, Lexmark; President-Elect – **Coley Stiltz**, Kinkead & Stiltz PLLC; Past President – **Maggie Mick**, Council of State Governments; Treasurer – **Robert Williams Jr.**, Unified Trust; Chair, Capital Campaign – **Harriet Dupree Bradley**, Dupree Catering & Events; Chair, Community Engagement Committee – **Yajaira West**, PNC; Chair, H'Artful of Fun – **Emmy Hartley**, Cornett Integrated Marketing Solutions; Chair, Building and Grounds – **Dan Hitchcock**, Wyatt Tarrant & Combs; Directors – **Ryan Atkins**, Kentucky Utilities; **Brandi Berryman**, Lexington Downtown Development Authority; **Seth Brewer**, Enoteca, Wine + Market, Brewer Natural Resources, Stillwater Holdings; **Joseph Coleman**, Kentucky League of Cities; **Marcus Cross**, Eastern Kentucky University; **Colmon Erldridge**, Kentucky State Government; **Chris Ford**, Lexington Fayette Urban County Government; **Jenny Frey**, Alltech; **Heather Hadi**, Heather A. Hadi PSC; **Brendon Halvorsen**, Chase Bank; **Hannah Huggins**, Commerce Lexington; **Debra Hughley**, Clark Material Handling; **Hope Hurst Lanham**, Hurst Office Suppliers Inc.; **Dianne Loeffler**, University of Kentucky College of Social Work; **Stacie Marksburry**, Marksburry Family Foundation; **Gregory Pettit**, Guthrie Mayes Public Relations; **Chad Rudzik**, Fifth Third Bank; **Randall Vaughn**, Gray Construction; **Jennifer VanNess**, Lexington OBGYN Associates; **Meredith Sheffler Walker**, Bluegrass Sotheby's; and **Gina Whitis**, Dean Dorton Allen Ford, PLLC.

MID-SOUTH CONFERENCE COUNCIL OF PRESIDENTS

■ **Michael V. Carter**, president of Campbellsville University, has been named chair of the Mid-South Conference Council of Presidents.

OPPORTUNITY FOR WORK AND LEARNING (OWL)

■ **Phil Blandford**, **Bradley King** and **Johnathon Davis** have been named to the board of directors for Opportunity for Work



Phil Blandford



Bradley King



Johnathon Davis

and Learning. OWL is a nonprofit that supports the Lexington community by educating and equipping individuals with barriers to employment, such as mental and physical disorders, and assists them in reaching vocational goals.

SOUTHERN ORTHOPAEDIC ASSOCIATION

■ **Dr. Darren L. Johnson**, professor and chair of the department of orthopaedic surgery at the University of Kentucky, has been elected president of the Southern Orthopaedic Association.



Darren Johnson

TOWN SQUARE BANK

■ **Darryl E. Akers**, **Stephen S. Burchett** and **Daniel King III** have been appointed to the board of directors of Ashland-based Town Square Bank. Akers served as president and CEO or co-president and co-CEO of the bank from 1997 until his retirement in 2012. Burchett, a current director of the company, is a partner in the law firm of Offutt Nord Burchett PLLC. King, also a director of the company, has practiced law in Catlettsburg, Ky., since 1978 and is the assistant attorney for Boyd County.

UNIVERSITY OF KENTUCKY

■ **Frank Shoop** and **Claude A. "Skip" Berry** have been appointed to the University of Kentucky board of trustees. Shoop, of Lexington, is an auto dealer. Berry, of Eminence, is chairman of Wehr Constructors Inc.'s Kentucky division.

UNIVERSITY OF KENTUCKY ALUMNI ASSOCIATION

■ **David Ratterman** has been named president of the University of Kentucky alumni association. Ratterman is a partner with the law firm of Stites and Harbison.

UNIVERSITY OF LOUISVILLE

■ **Paul J. Diaz** and **Larry M. Hayes** have been appointed to the board of trustees at the University of Louisville. Diaz, of Louisville, is executive vice chairman for Kindred Healthcare. Hayes, of Louisville, is secretary of the Kentucky Cabinet for Economic Development.

WORLD TRADE CENTER KENTUCKY

■ **Zachary B. Scott** has been named chairman of the board for the World Trade Center Kentucky. Scott is former district president for United Parcel Service.

LANE ONE-ON-ONE

Kentucky's leaders express their opinions



Jean Hale

Jean Hale is chairman, president and CEO of Community Trust Bancorp Inc. and chairman of the board of the corporation's two subsidiaries, Community Trust Bank Inc. and Community Trust and Investment Co. During her 45 years with Community Trust Bank, Hale has participated in the growth of the corporation from \$18 million in assets to \$3.7 billion. In addition to leading Community Trust, Hale has been highly active in economic development and education initiatives. She currently serves as chairman of the Kentucky Economic Development and Finance Authority Board, is a member of the Kentucky Economic Development Partnership Board, serves on the boards of Commonwealth Seed Capital, ARH Foundation and the University of Pikeville, and is co-chair of CEOs Against Cancer. She is also the past chair of the Kentucky Chamber of Commerce and the KCTCS Foundation Board and served as director of the Cincinnati branch of the Federal Reserve Bank of Cleveland for six years.

DECENTRALIZED DECISION MAKING, CENTRALIZED RISK MANAGEMENT

CEO/Chairman Jean Hale explains strategies that grew Pikeville's Community Trust into the largest Kentucky-domiciled financial institution

BY MARK GREEN

Mark Green: You've been with Community Trust Bank for a long tenure, pretty much your entire adult life except for teaching high school one year, and you've watched the bank grow from \$18 million in assets to \$3.7 billion as of the 2014 annual report. It's Kentucky's largest domestically based bank. What are the unique strategies that have been involved in Community Trust Bank's long-running success?

Jean Hale: I became president and CEO of Community Trust Bancorp in July of 1999 and added the position of chairman in 2004. I am also chairman of Community Trust Bank and Community Trust and Investment Co., our two subsidiaries. Prior to that, I served as president and CEO of the bank from 1993 to 1999. I served in other executive leadership positions with the bank and the bank holding company since 1991.

Community Trust currently holds the position of the No. 1 deposit market share for Kentucky-domiciled institutions and is the second-largest by assets. Community Trust implemented its strategic plan for diversification of the company when Kentucky changed its banking laws to allow for multibank holding companies and for branching

across county lines. That was about 1985 or 1986. They weren't changed at the same time. They allowed for multibank holding companies a couple of years before they allowed for branching across county lines.

We have always operated with a two-pronged growth strategy: organic growth for all of our market locations as well as growth by acquisitions. Since 1987, we have acquired 15 banks and 17 branches, expanding our franchise in Kentucky and entering into West Virginia and Tennessee.

One of the factors contributing to our success has been our ability to properly execute our business model of community banking, which provides for decentralized decision-making and centralized risk management. Customers in each of our communities want to do business with their local banker, who has the ability to make the decision. Decentralized decision-making – I use that phrase in most of my investor presentations as one of the bullet points. We talk about the fact that we do have decentralized decision-making and centralized risk management. We recognize our strengths, and focus on the execution and delivery of great products and services to our customers.

MG: That 2014 annual report showed \$2.7 billion in loans, an increase of 4.6 percent over 2013. How is your loan portfolio distributed by business sector and geography? Is there a strategy there?

JH: Yes, there is. We currently operate the company with four regions. Each of those regions represents a unique business environment, allowing for diversification in our loan portfolio. As of June 30, 2015, our Eastern region's loan portfolio was \$867 million. That's followed by our other three regions: our Central region has \$627 million, our South-Central region \$597 million, and our Northeast region \$347 million.

MG: Is there a business-sector targeting?

JH: There's not a business sector targeting. Our goal is to have 50 percent of our portfolio being commercial-related credits and 50 percent of our portfolio being consumer-oriented, consumer-directed: being residential real estate mortgages, automobile lending and direct personal loans. So we look for a balance of 50/50 between our commercial lending and our consumer-related lending.

MG: To what extent is that distribution the result of predetermined goal-setting versus market mechanics?

JH: We have an expectation of growth in each of our markets and regions. However, we do recognize the economic conditions in any region at any given time can vary and impact their growth opportunities.

MG: When and why did Community Trust initiate its separate wealth management subsidiary, and what's the status of that business?

JH: Over the years with our acquisitions of financial institutions, we acquired several small trust operations. We believe very strongly that our trust and wealth management business provides us the greatest opportunity to grow the fee income for the company. To be successful in doing so, we needed to consolidate the assets and operations of the smaller entities into one and have employees who specialize in those products and services that are provided to trust and wealth management customers. Community Trust and Investment Co. currently has \$1.9 billion in assets under management, including the bank's investment portfolio. As of June 30, they had annualized revenues of \$13.1 million.

MG: The Federal Reserve has maintained the federal funds interest rate at very near zero percent for six years now, since the Great Recession and the economic

crisis of late 2008. That compares with interest rates that were at or sometimes much higher than 5 percent for most of the last 50 years. How have those very low interest rates affected banking management and profitability?

JH: The Federal Reserve's decision to maintain the interest rates near zero during the past six years has had a negative impact on the net interest margin of all banks. The net interest margin is the primary driver of profitability for most banks, particularly community banks.

MG: How differently do banks manage themselves, conduct themselves, when the economy is growing versus when it's in difficulty or even in recession?

JH: That's a very good question, because how banks conduct themselves, whether it's during robust or weak economic conditions, depends upon the company's business model and operational philosophy. A robust economy will provide greater opportunity for bank growth and profitability than weaker economic conditions, which result in limited lending opportunities. Successful banks understand the impact that varying economic conditions can have on their customers and their profitability.

MG: The economy has been out of recession, technically, for six years. Official unemployment is below pre-recession levels, and the stock market, although turbulent, has hit record highs in the past couple of years. The GDP growth rates have been low and rather inconsistent. What's your general view or the bank's general view of the condition and health of the U.S. economy?

JH: I believe that the U.S. economy has been improving, but at a very slow pace. We still have not seen a growth in wages, which is a very important part of a strong economy. Also, inflation is still below the Federal Reserve's desired level. Unfortunately, the jobs that have been added in the recovering economy are not as good as the jobs that were lost during the recession. Our economy is currently a work in process.

MG: Although intended to curb risky practices by large institutions whose failure could damage the whole U.S. economy, the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act has been criticized as having placed unnecessary regulatory burdens on smaller banks. From your view, has Dodd-Frank accomplished its stated goals, and what unintended consequences has it generated?

JH: I do not believe that Dodd-Frank has accomplished its intended goal. It

has not adequately addressed the too-big-to-fail institutions. Consolidation is occurring in the industry, and with the consolidation comes larger banks, and you're not seeing de novo banks begin operations. Although Dodd-Frank contains some exemptions for community banks, most of the exemptions have become the unintended consequences as the regulatory burden has flowed down to small community banks. Small community banks cannot afford to hire the compliance expertise required for today's regulatory environment.

This is not only an impact on the bank but on the customers of all banks. It is particularly challenging in small towns, where most community banks do business and are important drivers of economic activity.

MG: So Dodd-Frank has impacted the typical consolidation that takes place in the industry and distorted that normal process and caused more consolidation to larger banks, which may lead to less local decision-making?

JH: Yes, I think that's correct. It has driven and will continue – unless there are changes in the regulatory environment – to drive mergers and acquisitions.

MG: When Kentucky bankers talk to banking industry policymakers in Washington, what type of changes are they advising or seeking?

JH: When I speak with industry policymakers in Washington, I'm usually talking about relief from the current regulatory burden placed on community banks. I believe that our representation in Washington is trying to address the issue, but it's a challenge to change laws and regulations once they're in place.

MG: Do you have an expectation that any significant change will occur in the near-term?

JH: I think that there is an opportunity not to necessarily repeal Dodd-Frank but to make changes that will make the implementation of Dodd-Frank better for the financial services industry.

MG: When a business or individual entrepreneur comes to Community Trust Bank seeking financing, what characteristics does a borrower have who tends to be successful in obtaining a loan and paying it back?

JH: Community Trust has a comprehensive underwriting process for all commercial loans. We analyze the financial information for the borrower to see if they have the ability to repay. However, we also look at other

Community Trust Bancorp

President/CEO/Chairman: Jean Hale
Subsidiaries: Community Trust Bank Inc. and Community Trust and Investment Co.

Community Trust Bank Inc.

Headquarters: 346 North Mayo Trail, Pikeville, Ky.

Founded: In 1903 in Pikeville, Ky., as Pikeville National Bank.

Banking centers: 70 Kentucky locations in four region: Eastern, Northeastern, Central, and South Central. Six locations in southern West Virginia. Four locations in Tennessee.

Assets: \$3.7 billion

Deposits*: \$2.522 billion in Kentucky; \$399.7 million in Tennessee and West Virginia

Community Trust and Investment Co.

Headquarters: 100 East Vine Street, Lexington, Ky.

Assets: \$2.4 billion

Community Trust Financial Services unit conducts retail investment and insurance business.

Wealth and Trust Management unit conducts trust and estate planning and administration, investment, private wealth services, institutional and retirement services, operations and compliance, and wealth insurance services.

** Source: FDIC report as June 30, 2015*

business factors including collateral, credit history, the business plans and the knowledge of their business, and above all, their character.

MG: Have new requirements for lending that have come on the scene as the result of Dodd-Frank made it harder for businesses to get loans?

JH: It's not impacted businesses as much as it has the consumer. The consumer has been the most adversely impacted by the regulatory changes coming from Dodd-Frank.

MG: How have they been impacted? Costs, fees?

JH: They've been impacted by time delays because of some of the requirements on the disclosure side. They have been impacted by the definition of what is a qualified mortgage and not a qualified mortgage, and financial institutions' decisions whether to make loans that are not qualified mortgages.

MG: What's the trend today in the rate of nonperforming loans, especially among commercial customers?

JH: It's positive. Nonperforming loans have declined for most banks as existing problem loans are resolved and the economy continues to improve.

MG: In the past decade especially, there's been an ongoing shift towards online and mobile banking, and some banks are closing and selling branches as a result. Has this impacted Community Trust Bank significantly, and are there further technology-driven changes in operations that business and individual customers might be seeing soon?

JH: Community Trust provides competitive products and services in online and mobile banking. The banking industry has seen a decline in transaction volumes at branches, which is why you're seeing branch closures, sales consolidations and reconfigurations. We continually look at how best to deliver our products and services to our customers. The industry will need to be adaptable to the changing consumer, because the delivery of products and service to millennials is not the same as to baby boomers. We will continue to see changes in operations driven by technology, which I believe will only be tempered by cyber-security risks.

MG: How big of an issue is cyber security? It continues to grow in frequency and in the news.

JH: I think cyber-security risk is a risk faced by not just financial institutions. As we have seen in some of the breaches in the past – it impacts retail businesses, as well as the healthcare industry, as well as the government itself. It is a huge risk, and a lot of resources and time are being spent in ensuring that your systems can withstand an attempted breach.

MG: You also are chair of the Kentucky Economic Development Finance Authority (KEDFA) board, which authorizes the state's economic development incentives, usually in the form of tax breaks for business investment and job creation in Kentucky. Some people question the need for incentives or criticize them. But what's the role of economic development incentives in today's world?

JH: In today's world, certain economic incentives are needed to be competitive in business recruitment, but a large focus in Kentucky over the past several years has been with the continuation and support of existing businesses already operating within the state as well as new businesses. I'm talking about entrepreneurs and small business. There are several tax programs that have been put in place to support small businesses – those that make the improvement of one employee and a small addition to their fixed assets, as well as for entrepreneurs. There are

angel tax credit programs. There are business pitch competitions where the state is pulling out the entrepreneur and putting them in a position to find investors. The entrepreneurial effort is really strong in Kentucky right now.

MG: How does Kentucky's portfolio of economic development incentives compare to those of neighboring peer states?

JH: I would say competitively. I do not have, of course, the exact information available to me at this time regarding what other states are doing. I will point out, of course, there was news this week from Florida's governor being in Kentucky and being successful in recruiting one of Kentucky's businesses. So I think it's important for Kentucky to be competitive in its incentive programs with other states.

MG: In addition to being chair of the KEDFA board, you're a member of the Kentucky Economic Development Partnership board that oversees the Cabinet for Economic Development, and you serve on the board of Commonwealth Seed Capital. Does the Kentucky business community have sufficient options to finance its operations and fulfill growth potential?

JH: I believe that it does. The different programs offered through KEDFA, combined with those that are offered by other entities – Commonwealth Seed Capital is exactly what it says: It's investing in businesses that are in the early stages of development. And then you have the tax incentives for small business. So I think Kentucky has a good menu of support for business.

MG: Beyond some of the public structures, does Kentucky business have access to as much money as it wants to?

JH: I think that's a very good question. Community Trust Bank has been named by the Small Business Administration to be the No. 1 community bank lender in Kentucky for the past six years. Community Trust is also a USDA-guaranteed lender. A lot of people think that USDA-guaranteed lending is just for farming, but it's not. It involves different types of businesses that are located in rural-designated markets.

You also have a lot occurring at this time with private equity investors within the state. A good example of that is the public-private partnership that Kentucky has underway now with KentuckyWired, associated with SOAR (the Shaping Our Appalachian Region initiative). You have a lot of philanthropic opportunities for funding as well, depending on what the project

would be. There's a lot of support philanthropically within the state now.

MG: Give us your perspective on SOAR and how they're doing with that effort. With what kind of a time frame should people view its various undertakings?

JH: I think SOAR is the greatest opportunity that 54 of Kentucky's 120 counties have had to make a change economically for the future. The unprecedented bipartisan participation of (Democratic) Gov. Steve Beshear and (Republican) Congressman Harold Rogers supporting the SOAR initiative has created significant changes, I believe, at the grassroots level. You're seeing more cooperation between counties and cities. You're seeing individuals cooperating with each other and taking a personal interest in the changes that are taking place as a result of the SOAR initiative.

It's very inspiring. I'm personally involved in it, and I feel it's very inspiring to see this level of interest and this level of cooperation. I made the comment the other day to someone, in talking about SOAR, that while Kentucky's motto right now is "United We Stand, Divided We Fall," I believe the motto should be "United We Succeed, Divided We Fail." I think that is reflective of what's occurring within the SOAR initiative.

This is a long-term initiative. It is not something that will be instantaneous or just a few years. When you're talking about changing the entire economy, you're talking about all aspects of the economy. You're talking about not only the creation of jobs and entrepreneurship; you're talking about healthcare, education, tourism. You're talking about a dramatic overall change in everything that impacts business and the quality of life for individuals living in the SOAR region.

MG: Do you have a closing comment, or are there other topics we haven't touched on that you'd like to address?

JH: The one subject that I especially want to touch on, we have, which is the SOAR initiative. I just believe so strongly in what SOAR is doing, because when you're talking about representing 54 counties out of Kentucky's 120 counties, what happens in the SOAR region is not just important to the region; it's important to the state of Kentucky. ■



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



Staff photo

A three-year \$50 million renovation and 62,500-s.f. expansion of the Speed Art Museum in Louisville is one of hundreds of projects making 2015 the biggest year ever for Kentucky builders, engineers and designers. Builders Exchange of Kentucky, a 1,000-member trade organization, now expects more than 3,100 active projects for the year.

and across many sectors, from residential and commercial to industrial and manufacturing.

Louisville-based Builders Exchange of Kentucky, a 1,000-member construction trade association that tracks commercial construction project trends across the state, has reported on a total of 2,255 construction projects listed for bid through the end of August 2015, an increase of 9 percent from the same point in 2014.

“We are on pace to report on 3,110 projects by the end of this year, which would be the most in our 88-year history,” says Lynn Stetson, Builders Exchange of Kentucky’s executive vice president. Builders Exchange totals include commercial construction projects across the entire state of Kentucky, as well as Southern Indiana and small regions of West Virginia and northern Tennessee, Stetson said.



*Lynn Stetson,
Executive
Vice President,
Builders
Exchange
of Kentucky*

Further announcements include Norton Healthcare’s \$107 million expansion/renovation of Audubon Hospital in Louisville, which it unveiled Sept. 28. And FedEx Group Package System is considering a \$199 million expansion of its Boone County distribution hub (built a decade ago for \$50 million) for which state officials on Sept. 24 approved \$1.75 million in potential tax incentives. Those could be bid later this year.

Counties with the most construction projects under bid in August 2015 included Jefferson County (33 projects), Fayette County (22 projects), Franklin County, Ind. (9 projects), and Daviess County (8 projects), according to BEK.

Builders Exchange does not track residential construction, but numbers from that sector are encouraging as well.

Total new housing starts in Kentucky in June 2015 numbered 4,923, a 2 percent increase from June 2014. Kentucky saw 7,895 total new home starts in 2014 – a seven-year high – and is on track this year to better 2014’s numbers by 6 or 7 percent, says Bob Weiss, executive vice president of the Home Builders Association of Kentucky. The economist for the National Homebuilder’s Association projects that Kentucky will reach 9,700 new housing starts in 2016, a better than

Construction Spike Building a Backlog for Designers and Builders

Commercial, residential, industrial, education, manufacturing
all are making major capital investments across Kentucky

BY ROBIN ROENKER

RON Gilkerson, president of GRW, a 52-year-old Lexington-based engineering, architectural and geospatial consulting firm, says his company’s project loads are at an all-time high.

“Right now, we have our largest backlog of signed projects in our history. We’re probably currently up about 20 percent from our previous historical high, which was in 2009-2010,” Gilkerson said, noting that the company’s work on two large-scale out-of-state correctional facilities helped create its contract spike in those years.

“We’ve seen an uptick in construction demands across the board, from municipal buildings to water and wastewater infrastructure projects to healthcare and long-term care facilities,” Gilkerson says. “All of our offices have significant backlogs of projects – up to a year and a half of backlogs – on their books.”

GRW is not alone in feeling the construction boom.

Demand for new construction is at or near historic highs across the state,



*Ron Gilkerson,
President,
GRW*



Work progresses on the Downtown Connection bridge, view looks north, in Louisville, part of a \$2.3 billion Ohio River Bridges Project that is keeping thousands of workers with dozens of regional contractors busy.

In its March 2015 cover story about the Governor's Cup awards, *Site Selection* reported that Kentucky won the per capita rankings with a total of 258 "qualifying" projects in 2014. Kentucky ranked sixth nationally in total projects. (The magazine counts projects that involve at least a \$1 million capital investment, create 20 or more jobs, or include new construction of 20,000 s.f. or more.)



Gary Feck, Commissioner, Kentucky Department of Housing, Buildings and Construction

Kentucky's Cabinet for Economic Development reported 357 announcements of new commercial/industrial facilities construction or expansion projects in 2014, representing a total investment of \$3.7 billion. Between January and August 2015, the Cabinet reported 110 announcements for new or expanded facilities in the state, representing a combined, projected investment of \$1.689 billion.

20 percent increase over 2014's totals, Weiss said.

Industrial facility growth continues

Industry sectors are booming as well. Last year was a banner year for new capital investment in Kentucky, with \$3.7 billion announced – a new state record.

In fact, the commonwealth's success in attracting new and expansion industry projects last year



Bob Weiss, Executive Vice President, Home Builders Association of Kentucky

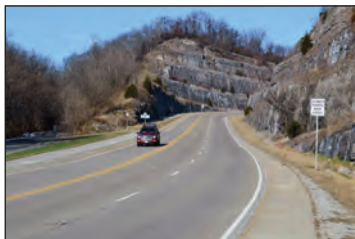
earned it the coveted 2014 Governor's Cup from *Site Selection* magazine – signifying its role as the state with the highest number of economic development projects per capita that year, notes Gary Feck, commissioner of Kentucky's Department of Housing, Buildings and Construction.

"From the standpoint of commercial or industrial growth over the last year or two, Kentucky has had a lot of momentum," Feck says. "Nothing says that better than the fact that Kentucky won its first-ever Governor's Cup from *Site Selection* last year."

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At almost 2,000 years old, the Pantheon is still in use today.



Built in the 1980s, Highway 127 still has plenty of life to go.



18-year-old parking lot looks like it still has 20 or more years remaining.



After Hurricane Katrina, this concrete home was the last one standing.

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Phase 2 of the 340,000-s.f., \$132 million New Science Building at Eastern Kentucky University is "topped out" Aug. 31 in Richmond. Higher education in Kentucky has at least \$1.5 billion in construction projects underway.

Additionally, the commonwealth's success at attracting foreign direct investment has been evident in the size and types of many industry construction projects announced. The Cabinet for Economic Development reports FDI in 2014 accounted for almost 20 percent of Kentucky's announced construction projects.

From one end of the state to another, examples of project growth are evident.

In August, Graham Packaging Co. – which designs and manufactures custom blow-molded plastic containers for the food, beverage and household care industries – announced its ground-breaking for a \$35 million, 245,000-s.f. facility in Bowling Green.

Four Roses Distillery has announced plans for more than \$63.5 million in upgrades or expansions across multiple projects including barrel warehousing, manufacturing and bottling facilities in Lawrenceburg and in Bullet County.

Campbellsville's INFAC North America announced plans in July to expand its



Sarah Bucknam/EKU photo

automotive cable manufacturing facility there. And in Hopkinsville, plans have been reported for two new automotive supplier assembly plants: a \$22.4 million facility for Riken Elastomers Corp., which manufactures thermoplastics used in the automobile industry, and a \$14.1 million plant for Douglas Autotech Corp., which manufactures automotive steering columns and shifters.

\$5 billion in auto projects in 5 years

Kentucky's thriving automotive industry has been a major driver of the construction boom, Feck said.

"Kentucky ranks third in the nation for light vehicle production, and the three major OEMs (original equipment manufacturer) in the state – Ford, Toyota and GM – have all had major facility construction projects completed or still



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COVER STORY

Construction in the Central Kentucky region has been so robust that Congleton-Hacker Co. of Lexington reported it had to call in electricians from Knoxville and Memphis, Tenn., to help complete a \$120 million renovation and expansion of Commonwealth Stadium at the University of Kentucky.

ongoing in the last few years,” he said. “To add to the OEMs, there are all the projects from the many automotive parts suppliers across the state who are expanding and growing their facilities to keep up with demand.”

In June, a University of Louisville study commissioned by the Kentucky Automotive Industry Association reported that the state’s auto industry has announced \$5 billion in facilities investments over the past five years – through both existing and new employers – creating roughly 20,000 new jobs. KAIA’s most recent measures find more than 470 auto- and light-truck-related operations in the state directly employing 82,552.

With interest in and thirst for premium Kentucky bourbon continuing to boom, that industry is another key factor behind many big-ticket construction projects across the state, Feck said.

Yet another significant contributor to Kentucky’s construction surge, Feck believes, is its logistical location and the presence of global air freight hubs for UPS in Louisville and DHL in Northern Kentucky.

Earlier this year, DHL Express announced plans to invest \$109 million to expand its hub in Erlanger adjoining the Cincinnati/Northern Kentucky International Airport in Hebron, including the creation of new aircraft gates and storage warehouse space. Since 2009, DHL has invested \$281 in installations and expansion of its air hub at CVG, the Kentucky Cabinet for Economic Development reports.

“The logistical presence of UPS and DHL in Louisville and Northern Ken-



Staff photo

tucky have resulted in the construction and establishment of huge amounts of warehousing and distribution buildings,” Feck said. “The areas that have seen the highest amount of construction and growth related to the logistics industry are Bullitt County and Jefferson County (near UPS’ Worldport at Louisville International Airport), as well as the tri-county region in Northern Kentucky.”

Skilled tradesmen in high demand

In Lexington, signs of the broad-based construction boom are clearly visible also on the University of Kentucky campus, where multiple facilities construction and improvement projects are underway simultaneously. The hundreds of millions of dollars of construction includes new residence halls along South Limestone, a new academic science building on Rose Street, renovation and expansion of the Gatton College of Business and Economics, renovation and expansion of the UK College of Law, construction of a new student center on Euclid Avenue and – perhaps most anticipated of all – the

recent completion of Commonwealth Stadium’s redesign just in time for this fall’s football season.

“I attended a meeting about five months ago, where a speaker noted that currently there is under construction or in design, a projected total of \$1.8 billion in construction projects on the University of Kentucky campus. That is a huge number for Fayette County,” says Larry Cowgill, president and CEO of Lexington-based construction firm Congleton-Hacker Co., which completed the \$125 million Commonwealth Stadium renovation project in cooperation with venture partner Skanska. Congleton-Hacker also has the contract to build UK’s new football training center near the Nutter Field House, which is expected to be completed by next August.

Construction is currently so robust in Fayette County, in fact, that Congleton-Hacker faced a shortage of local skilled tradesmen available to work.

“We had to call in electricians from Knoxville and Memphis to help complete the (Commonwealth) stadium job,” Cowgill said.

But Fayette County is not alone. Across the state, higher education has been a key player in construction growth, experts say.

For example, there was a topping out ceremony Aug. 31 in Richmond for the \$64 million Phase 2 of the New Science Building at Eastern Kentucky University, while Northern Kentucky University in Highland Heights will break ground before year’s end on a 124,000-s.f., \$97 mil-



Larry Cowgill,
President/
CEO,
Congleton-
Hacker Co.

Among more than \$600 million in new University of Kentucky housing construction are The 90s and Woodland Glen III, IV and IV on the southeast portion of campus.



University of Kentucky photo

lion Health Innovations Center. ECU also has \$75 million in housing replacement and expansion planned in three stages.

"We're seeing some nice pockets of growth in higher education, especially in terms of bumps in projects dealing with student housing," says Ed Jerdonek, CEO of Louisville-based Luckett & Farley, an architecture, engineering and construction management firm.



*Ed Jerdonek,
President,
Luckett
& Farley*

Portia Shields, an architect with the firm and a board member for AIA Kentucky – the Kentucky chapter of the Society of The American Institute of Architects – agrees: "My observation here at Luckett & Farley has been that there definitely has been a boost in student housing projects not only in Lexington, but also in Louisville and Berea, as well as several other places across the state."

First commercial and residential, then infrastructure

Lee Czor, president of the Kentucky Society of Professional Engineers, also has seen an increased demand for his firm's services.



*Lee Czor,
President,
Kentucky
Society of
Professional
Engineers*

"Just speaking anecdotally from our company's standpoint, our revenues have increased for the past two years straight," says Czor, a civil engineer with Thelen Associates in Lexington, which specializes in geotechnical engineering.

"We've definitely seen an uptick in the last year to two years in commercial office and residential sectors. Those seem to be picking up a little faster (than other sectors). Our infrastructure projects, like wastewater and water quality projects, have been holding steady. But typically, you see a lag between residential growth and then infrastructure growth to accommodate that, so I think it's likely that we will see a cycle soon, within the next several years, of a mini-expansion of infrastructure projects," says Czor.

Jerdonek agrees that residential growth in Kentucky seems to be particularly robust right now, so much so that out-of-state developers have begun several multifamily residential projects in Louisville and Southern Indiana.

"The fact that it is attracting out-of-town investors is noteworthy," he said, "because it means that these (local) areas are significantly hot enough that other people are taking note."

Still, rebounding from the Great Recession of 2008-09 has been slow-going for some sectors, Jerdonek said, and some cli-

ents who wish to expand have found it difficult to find the capital to do so.

"What we're finding is that many of our clients have a strategic need and a strong desire to expand their businesses through capital growth – meaning physical building – but they do not have the capital on hand or are not experiencing the level of growth that they need in order to deploy debt capital into their buildings."

Luckett & Farley, which is 162 years old, responded to this market condition by getting creative financial and partnering with an East Coast equity firm to launch Luckett

& Farley Development LLC in June. It offers build-and-lease options to prospective clients who want new construction projects but lack the capital necessary today for more traditional financing.

"The launch of Luckett & Farley Development allows us to address the fact that the slow-growth economy has been stagnating project development for many of our clients, and this is a way to jumpstart those projects." ■

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



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'Mad' Skills, Madly Successful



Louisville-based ad agency Doe-Anderson celebrates 100 years of telling brands' stories

BY KEVIN GIBSON

TODD Spencer, the president of Louisville advertising agency Doe-Anderson, isn't at all like Don Draper, the chain-smoking, whiskey-swilling alpha male depicted in the hit TV series "Mad Men," whose setting was a 1960s New York ad agency for seven seasons until taking its final bow in May. If Draper was a ruthless and calculating womanizer, Spencer is quick with a smile, respectful and easy to talk to.

Times have changed, Spencer says. But once upon a time, Doe-Anderson wasn't a lot different than what was portrayed on "Mad Men," at least when it came to cocktails and smoking.

"I've been told it was a lot like ('Mad Men')," Spencer confesses. "Even when I came into the business (in 1993), some of that was still going on."

But an ad agency doesn't last 100 years without adapting to the times, and that's just what Doe-Anderson has done – its "Adapt or Die" mantra is no mere lip service. It is the oldest advertising agency in Kentucky and the third oldest in the United States.

Since 1915, when print reigned, it evolved with the advent and rise of radio, and through the television age and now in today's still-unfolding digital media era. Doe-Anderson remains one of the most respected agencies in the region and beyond in part because of its ability to adapt and change with the needs of the market and the needs of its clients.

Brands always need someone to help tell their story, Spencer said, and that's what Doe does.



*Todd Spencer,
President,
Doe-Anderson*

In 1981, the Doe-Anderson team brought in famed actor-writer-director Orson Welles to create an attention-grabbing advertising campaign for North American Van Lines. The successful campaign earned a Clio Award for creative excellence in advertising.

"That has never changed, and I think we do a good job of helping our clients do that," he said.

But there's a lot to Doe-Anderson's story, too. Through February 2016, visitors to the Frazier History Museum in downtown Louisville can view an exhibit celebrating the agency's century of advertising success, from when Elmer Doe in 1915 founded the Elmer H. Doe Agency into the present.



*Elmer H. Doe,
Founder,
Doe-Anderson*

Culture built by Anderson endures

Doe later brought on Warwick Anderson, a former paint salesman, to be an unpaid copy intern, and the nucleus began to take shape.

Even as an intern, the savvy, tenacious Anderson was determined to be more. In fact, Doe reportedly tried to fire Anderson on more than one occasion, but it didn't stick.

"Apparently, he just kept showing up to work," Spencer said.

It was Warwick Anderson who would become the driving force in the company's growth and business savvy; he was named a partner in 1934, was the man who created a business plan to change the name of the company to Doe-Anderson in 1957, and he was also the one who came up with a brilliant idea in 1958 to sell stock in the company to employees.

At that point, Anderson was on the verge of retirement, but he bought stock anyway and urged company employees to use their year-end bonuses to invest in the company as well. At the time, Anderson invested \$12,500 in Doe-Anderson's initial buy-in; Spencer estimates that would be about \$21 million today.

Warwick's vision of an employee-owned enterprise continues in the 21st century, with 52 shareholders currently among just over 100 employees, Spencer said. It should be no surprise that



*Warwick
Anderson,
Partner,
Doe-Anderson*

the average tenure of current employees is about 11 years, he says.

Why do people stay?

"Part of it is the culture. Our receptionist is an investor," he said. "I think people come here and they feel a sense of ownership."



David Vawter,
Chief Creative
Officer,
Doe-Anderson

David Vawter, Doe-Anderson's chief creative officer, agrees. He's worked for the agency for more than 12 years over the course three stints. He's been back now for five years.

"I think we've always struck a really good balance," Vawter said. "I've worked for some of the biggest agencies in the world. I've worked in other countries, other cultures. The one thing that always struck me about this place is, we strike a really good balance between wanting to do the best creative work – but we don't sacrifice or ignore the responsibility we have to the client to do what's right for them."

Be creative but serve the client

Many large advertising agencies are focused on winning awards or being flashy creatively without regard to whether or not a campaign will actually help the client achieve a goal, Vawter said.

"We've always felt differently about that," he said. "I think that attitude is embedded at every level of the agency. A lot of people here are literally invested in the company. Half the people here are owners, and that makes you approach things differently."

Looking at the print advertisements from the early years, one quickly notices that Doe-Anderson copy told stories. The ads were copy heavy and written as colorful, descriptive prose, as opposed to today's headline-style, blurb advertising. The company was a leader even then at helping a client establish a brand and tell a story about its product.

Doe-Anderson also was progressive in other ways. Pat Porter became Kentucky's first female media director when she was promoted at Doe in 1950. Porter was with the agency for 41 years, longer than any other employee in Doe-Anderson history.

The agency has become well known for its innovative ways to present a brand, a product or an idea and for its long-standing relationships with a wide variety of clients.

One campaign Doe-Anderson created in 1981 for North American Van Lines featured famed actor-writer-director Orson Welles and garnered a national Clio Award, given for creative excellence in advertising. The campaign was a huge suc-

cess and was one of a number of celebrity-driven Doe-Anderson campaigns, from comedians Phyllis Diller and Tim Conway endorsing Paramount Pickles to then-presidential brother Billy Carter endorsing his own Billy Beer, which Louisville-based Falls City Brewing Co. produced in the late 1970s.

A serious-minded, emotional and educational campaign for Ashland Oil garnered awards and was a great communications success, even while Doe was using a cartoon turkey to beg con-

sumers to serve Fischer's Ham for Thanksgiving.

Beginning also in the 1970s, the distinctive red wax of Maker's Mark bourbon bottles became the brand's calling card thanks to Doe-Anderson images dripping it onto Christmas ornaments and dozens of other U.S. culture icons. That client-agency relationship is going strong today, more than 40 years later.

Part of the Frazier exhibit includes a faux living room that appears to be set in the late 1970s, with vintage furniture,

Construction. What You Need To Know.



Obstacles to Integrated Project Delivery

by Joseph A. Cleves Jr., Partner ■ jcleves@dbllaw.com

Use of Integrated Project Delivery (IPD) in commercial construction projects is increasing and has continued to roll up quite a track record of success. What is IPD, you ask? It's a project delivery method that integrates all of the essential moving parts - people, systems, business structures and practices - into a process that collaboratively brings together the talents and insights of all participants to reduce waste and optimize efficiency through all phases of design, fabrication and construction.

Why is IPD not more universally employed?

There are some obstacles that are slowing the advancement and spread of IPD. Foremost, is the lack of industry experience with a methodology that has a steep learning curve. The design and construction industry has worked in silos since architecture became a profession over 150 years ago. Silos create separation, which breeds adversarial relationships and conflict. It takes an intensive effort to overcome ingrained attitudes and habits. IPD requires a significant investment of time and energy to master, but the reward can be worth the effort. Making such a transition requires farsighted leadership. While more are making the commitment, this hurdle can still be daunting for most.

Where do we start?

IPD requires trust to be effective. Many industry players are not wired in a fashion that facilitates trust. Trust is often found among parties with a long history of working together. While such teams exist, they can hardly be called prevalent. Intense familiarity is not a requirement for trust, but the lack of it makes gaining it more challenging. In order for a IPD to exist and be successful in a project, it must contain the following elements: continuous and hands-on involvement from owners, designers and builders; shared business interests including financial gains and risks, dependent upon project outcome; equal and joint project control amongst key players; and a multi-party agreement. The phases in which the IPD method can advance include conceptualization, criteria design, detailed design, implementation/construction documents, agency review, buyout, construction, closeout and facilities management.

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Top left: A serious-minded, emotional and educational campaign Doe-Anderson created for Ashland Oil garnered awards and was a great communications success.

Bottom left: One of Doe-Anderson's many visually creative blockbusters for Maker's Mark bourbon referenced the popular "Maker's and water" cocktail.

carpeting, décor and a large floor-model TV set that loops Doe-Anderson TV spots. It's a trip back in time for anyone who grew up in Kentucky, ranging from Carter sipping from a giant beer mug in a bar to Diller dancing with pickles. Sit and watch it for a few minutes and you'll grow from feeling surprised to somewhat amazed by just how many areas Doe-Anderson's creativity has touched over the years.

“Adapt Or Die” pays off

Though celebrating its 100 years in the business with a look back at the past, Doe-Anderson is not resting on its laurels – at all. Doe's billings today reportedly are roughly \$100 million annually, with 20 percent annual growth each of the past three years. Client size ranges from \$500,000 companies to \$25 million organizations.

In 2014, the Maker's Mark Derby campaign won a Warc Prize for Social Strategy as among the best social media campaigns in the country. And it was Doe-Anderson that branded and rolled out Kynect, Kentucky's successful Health Benefit Exchange program, which in May won a coveted Effie Award, the advertising world's version of an Oscar.

Doe also won an Effie in 2003 for a Maker's Mark campaign titled “Stories.” Considering that the “Stories” accolade came more than 30 years into its 44-year relationship with a major brand like Maker's, it stands as testament to the agency's ability to adapt. In advertising, many client-agency relationships come and go as company heads seek fresh takes on their brand. But Doe and Maker's continue hand-in-hand, successfully.

Spencer points out that when the two parties first started working together in 1971, Maker's was selling about 35,000 cases of its bourbon whiskey annually. Last year, it was more like 1.8 million cases. (A fun aside: When Doe and Maker's signed their first actual agreement in 1973, the agency's compensation was \$1 per case sold.)

Advertising core: Tell a good story

Delivery methods have drastically changed, but the core of what advertising is remains much the same. Vawter believes doing work that is socially



important is another aspect of Doe-Anderson's longevity.

He points to the Ashland campaign, which shed a bright spotlight on Kentucky teachers and was aimed at keeping kids in school. It was a powerful campaign and buoyed the client as well as the agency in many ways.

"It got the company invited to the White House," Vawter said. "The script was read into Congressional Record."

He also points to the successful 2014 Kynect campaign as being more than just another job for a client – it was something Doe felt was good for Kentucky.

"For a long time, going back 50 or 60 years, we've really wanted to be involved in making the community better," Vawter said. "Not just selling ads, but doing things that actually work to sell brands that move the community forward. Even moving here to Main Street when there was not much activity downtown (in the 1990s) – the agency wants to see the entire community succeed. When the community is successful, all the business in the community succeeds as well."

Indeed, Doe-Anderson has a pretty good story of its own to tell, but the focus remains on other companies' stories.



Through February 2016, visitors to the Frazier History Museum in downtown Louisville can view an exhibit celebrating the Doe-Anderson agency's century of advertising success, including a faux 1970s living room with vintage décor and a large floor-model TV set that loops Doe-Anderson TV spots.

To continue to thrive for another 100 years, Spencer said, "We have to continue to find new ways to tell the story," be it with a long-time partner like Maker's Mark or a brand new client.

In that way, Doe-Anderson probably isn't much like the Sterling Cooper agency depicted in "Mad Men," where the employees' focus was making money off clients and dealing with the constant drama swirling in the office and in their personal lives.

Vawter laughs when asked if he believes Doe-Anderson of the 1960s bore any resemblance to the agency depicted on television. Actually, the

original portraits of Doe-Anderson's founding partners feature them in suits and holding cigarettes in their hands.

"I would suspect there were many things that they had in common," he said. "Certainly, the devotion to bourbon at Doe-Anderson is long standing. I would hope we treated the young folks and women a bit better. I'd also like to think we were a little bit more progressive than Sterling Cooper and partners."

"But," he adds, "I would also hope we were as stylish as they were." ■

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

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Louisville: Cyber Sector Contender

Tech developments could make it one of America's emerging digital cities

BY SUSAN GOSSELIN

LOUISVILLE could be one of the nation's emerging tech centers.

It might seem unlikely, given that Louisville Mayor Greg Fischer's own Competitive City Update in 2013 ranked Louisville 11th among its 15 peer cities in percentage of the workforce with technology jobs. A spate of recent initiatives, however, are giving business and civic leaders the sense that Louisville could be ready to close that gap – quickly.

A feeling of momentum was tangible Aug. 20-21 at the city's first TechFest, a semiannual conference and trade show that drew 300 registrants, 34 sponsors

and 19 exhibitors downtown to discuss the future of tech innovation in the city. It was put on by the Technology Association of Louisville KY (TALK, talklou.com), a three-year-old group tied into the Technology Councils of North America (TECNA), which is a network dedicated to advocating for technology, local networking, identifying workforce talent, and professional education.

TALK founder and president Dawn Yankeelov, president of Prospect-based PR/marketing firm ASPpectx, said she hopes events like TechFest will showcase how much tech is already brewing in Louisville and be a "big tent" the entire tech community can enter.

"The tech community here is quite broad. On one hand, you have a big selection of startups, and on the other, large tech companies like Zirmed and Genescope," Yankeelov said. "Then you have incredible discoveries being made in the healthcare space, like Neuronetrix's FDA-approved work to combat Alzheimer's. And even our familiar market leaders, such as Humana and others in (Louisville's) healthcare industry, are using mass analysis of population healthcare data to make care delivery more proactive and efficient.

"They are great examples of where Louisville is going as a tech-driven community. TALK, and by extension TechFest," she said, "gives us a chance to unify and encourage the tech community already developing here, and raise the flag for Louisville as an important Midwest outpost for Silicon Valley companies."



Dawn Yankeelov,
President
Founder,
Technology
Association of
Louisville KY

KentuckyWired and Google Fiber

Some recent studies have ranked Kentucky dead last nationally in Internet connectivity. But the commonwealth soon could become one of the nation's most wired states, thanks to the combination of the KentuckyWired initiative and the potential entry of Google Fiber to Louisville.

KentuckyWired's initiative will bring ultra-fast Internet speeds to every one of the state's 120 counties with a \$324 million optical fiber network, funded by \$30 million in 30-year state bonds, \$20.5 million in Appalachian Regional Commission funds and the rest from the equity market – Australian investment firm Macquarie Capital signed a public-private partnership deal to provide the rest of the money (see "Statewide Broadband By 2018," *The Lane Report*, April 2015 bit.ly/1dodVuR).

Significantly for Louisville, the project will bring "lit" optical fiber into downtown from four routes: northern, eastern, western and southern.

KentuckyWired's "middle mile" network will directly upgrade 1,100 government and education sites around the state. But access to the massively faster speeds and capacity it will offer should be a big attraction for tech companies looking to grow, according to Mike Hayden, program director of KentuckyWired.



Mike Hayden,
Program
Director,
KentuckyWired

"The average capacity of a standard T-1 line is 1.5 megabytes (of data) transmission per second," Hayden said. "Kentucky-Wired will average around 1,000 megabytes a second, for the same price. Other communities have done this, but they have been just a town or a neighborhood – little islands of connectivity. Considering that 29 states have laws making it illegal for the state to lay their own fiber, what we are building is a big deal."

The commonwealth still will need local Internet service providers to link to KentuckyWired's capabilities and build out the "last mile" to people's homes and businesses. That's why the announcement last month about Google Fiber potentially entering the Louisville market was met with such fanfare. Google Fiber, which is currently working on a feasibility study of the Louisville market, promises to bring 1,000-megabyte – gigabit – level connectivity through the last mile.

Google Fiber now provides gigabit service for \$70 a month in three cities: Kansas City was first in 2013, followed by Austin, Texas, and Provo, Utah. Construction is underway in Atlanta, Charlotte, Nashville and Raleigh-Durham, N.C. Louisville is among a "next tier" of communities being assessed along with Portland, Ore.; Phoenix; San Jose, Calif.; Salt Lake City; and San Antonio, Texas.

A combination of KentuckyWired and Google Fiber services would give Louisville some of the best, most affordable Internet service in the nation by 2018, Hayden predicts.

Tech companies need investment funds

Louisville-based Jason Falls, senior vice president for digital strategy with social/digital PR firm Elasticity, is a

founding member of Louisville Digital Association, a professional organization for marketing tech and social media marketing. Tech growth in Louisville is heating up, Falls said, but has a long way to go to catch neighbor cities like Indianapolis.

"One of our biggest problems is the investment community: Our angel investors are not willing to take risks on businesses they don't understand," he said.

"For instance, Louisville had a great company created here – Backupify – that had to move to Boston because they didn't have investor support here. We don't need to keep repeating that mistake. We need a base of investor sup-



*Jason Falls,
Senior Vice
President
for Digital
Strategy,
Elasticity*

Google Fiber gigabit cities



port, and coordinated help in general from the business community."

That message, so often repeated in the tech community, is getting through.

James Seiffert, of the Stites and Harbison law firm, presented at TechFest about a potential new multimillion-dollar "double and triple bottom line" private equity fund for Louisville now being studied by Strategic Development Solutions and Economic Innovation International Inc.

DBL/TBL funds, as they are known, aim not only for traditional dollar profits but additional "bottom line metrics" such as community benefit or environmental responsibility. SDI's website identifies DBL/TBL fund goals as market-rate returns to investors; investment in projects or businesses that create jobs and economic opportunity within low-income communities; and support for



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CNET: Louisville's Legacy Tech Website Company

FOR all of the anticipatory talk about Louisville start-ups' potential to dominate the tech space, one company already has: CNET. It is the Internet's most visited tech news source with more than 200 million readers a month, according to analytics authorities Alexa and SimilarWeb.



The company, which has offices and business staff in San Francisco and other major digital business centers, is based on Corporate Campus Drive in east Louisville, the home of its newsroom. It began in 1994 as an aspiring cable channel, The Computer Network, and online portal discussing new, emerging technologies. It has become one of the world's leading sites for tech journalism, product reviews, awards, software downloads, information and discussion.

CBS Interactive, which has a suite of web media companies, is its corporate parent today.

The website is a conversation hub for people interested in games, auto tech, videos, software/hardware, mobile devices, electronics and gadgets. It is hosting more than 473,000 active discussions. CNET videos, product reviews, stories and video/podcast can be found on Facebook, Twitter, YouTube, LinkedIn, Pinterest, Tumblr, Instagram and, of course, its cnet.com website. One of its newest platforms is the CNET quarterly print magazine.

In September, CNET announced it now owns a 5,800-s.f. suburban Louisville residence for testing and reviewing products in the exploding Internet-of-things and smart-home category.

People all over the world read and talk about tech through CNET. The company has editions for the United States, the United Kingdom, Australia, China, France, Germany, Japan, Korea & CNET en Espanol.

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Working together in various markets, SDI and EII have built DBL/TBL funds that, combined, surpass the \$2 billion mark. And they hope to create a similar, multimillion-dollar fund in Louisville.

According to Seiffert, JP Morgan Chase, the Kentucky Cabinet for Economic Development, the University of Louisville, Kentucky Science and Technology Corp. and Kentucky Highlands Corp. all have expressed interest in funding a \$250,000 study to assess whether the right investor pool can be created in Louisville. An affirmative finding would be an important step for a city that does not now have serious investment funds dedicated specifically to tech as its own vertical.

Lisa Bajorinas, director of the Kentucky Innovation Network, is quick to point out, however, that many tech entrepreneurs do find success getting funding from Kentucky accelerators

dedicated to tech development in certain fields. Those focused accelerators include XLerate Health, for healthcare technology; Innovate LTC for aging-care technology; and Village Cap Ag Tech, with an agricultural tech focus.

Public entities help fill finance gap

Tech companies benefit also from the Kentucky Economic Development Finance Authority's formation of Kentucky Angel Investors, an accredited investors group interested in putting money into Kentucky-based companies of all kinds. Fiscal 2015 was the group's second year, and membership is up to 69 registered investors who meet regularly to hear pitch presentations.

The state is making it easier for tech investors with the Kentucky Angel Investment Act Program, which offers tax credits of up to 50 percent for investments in qualified companies that create jobs and promote development. Very popular immediately, at least 160 investments so far have been approved for 150

investors who've received tax credits of \$3 million, according to Jack Mazurak, a spokesperson for the Kentucky Cabinet for Economic Development.

Kentucky is one of only four states that match federal grant money for startups from the Small Business Administration – up to \$150,000 for Phase 1 companies and up to \$500,000 for Phase 2. Last year, the state awarded 24 companies more than \$6.8 million in matching funds on \$12.4 federal grants, Mazurak said.

Many tech companies have also found support, Bajorinas said, through Kentucky's longer-standing capital sources such as the Commonwealth Seed Fund, Enterprise Angels, Enterprise Angels Community Fund, Kentucky Enterprise Fund, and VenCap Kentucky.



Lisa Bajorinas, Director, Kentucky Innovation Network

"Tech is an exploding area of development, and one that we want to maximize for Louisville and the rest of the state," Mazurak said. "We want to be sure we are removing as many obstacles as we can to developing here. As tech-

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Vipin Gopal, left, enterprise vice president of clinical analytics at Humana, explained Humana's population data management strategies at TechFest.

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nology itself continues to evolve, the financial and technical barriers to entry for tech entrepreneurs are going down. We want to be part of that – encouraging entrepreneurs at all levels and ages to pursue their business dreams.”

A TechTown branch in Louisville?

Dreaming about a future in tech should start young, before children have a chance to decide a tech career is beyond them, according to TechTown, a non-profit designed to engage kids ages 7 to 17. The first Tech Town, in Chattanooga, Tenn., has been a beacon of STEM curriculum in the area; it has a vast facility capable of handling 400 students a day, and even adults for their “night out at TechTown” events.

“We take kids of every income level, from the lower-income schools to the private-school kids with their blazers on, and we sit them down beside each other,” said Paul Cummings, TechTown founder and a speaker at TechFest. “Our facility is full of the latest equipment, and the teachers are world class. By the time (students) have left after their program with us, they will have written their own computer game, or made a 3-D animated film, or designed and programmed a robot, or created an app.



Paul Cummings,
Founder,
TechTown

“They’ll see that anyone can do it, including them,” he said. “And it makes them think differently about what is possible for their lives.”

The notion to bring Cummings to Louisville occurred when Yankeelov met him at a conference and suggested he begin working with Tech Councils to find expansion cities, starting, of course, with Louisville.

With the first TechTown successfully operating in Chattanooga, Cummings, a successful tech entrepreneur and inves-



Elite Vision Photography and Design photos

tor, is looking to invest \$750 million with his partner Cordell Carter in up to 200 locations globally, building them within 10 years. Currently he is looking at Portland, Ore.; Seattle and Tacoma, Wash.; New Orleans; Nashville; Gulfport, Miss.; and Washington, D.C. His speaking engagement at TechFest coincided with numerous meetings with area leaders about the project.

Getting TechTown to Louisville will take coordinated public support and foundation funding for a building and programs. However, Bill Weyland of City Properties is spearheading an effort to work on potential locations. Currently under consideration are potential sites at the Oak Street Corridor, near Spalding University; a location on one of the University of Louisville’s campuses; or maybe in Liberty Green, a multiblock mixed-use development located between UofL’s downtown medical complexes and NuLu, or a number of others.

Weyland also is funding a feasibility study to determine what foundations,

A panel at TechFest discusses the impact of KentuckyWired highspeed broadband and similar fiber projects on municipalities. Panelist, from left, are Mary Beth Henry, director of the Office for Community Technology, City of Portland, Ore.; Larry P. Combs, director of technology and business services, Kentucky Center for Rural Development; Joan Siefert Rose, president of North Carolina’s Council for Entrepreneurial Development; and Dick Lindenmuth, founder Verto Partners.

individuals or organizations would be interested in helping fund the Louisville TechTown Foundation.

“We’re hoping that \$2 to 4 million in investment can come from TechTown, and our market would match that with money from the foundation,” Yankeelov said. “If every thing goes well, we could be looking at opening in 2017.”

Talk of TechTown coming to Louisville has “turned a light bulb on” for the community, she said.

“People have seen this project happening and thought, if this is possible what else could we do? It was a key factor in getting the attention of Google

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One of the most popular interactive exhibits at TechFest were the devices created by members of the Early College Career Center VEX Robotics teams from Hardin County Schools.

Fiber; and it shows the city is taking a step in the right direction to develop a strong tech-savvy workforce,” Yankeelov said. “It is a sign Louisville is stepping forward, finally getting national attention, and will no longer be considered a ‘mid-tier’ tech community.”

Fertile ground for growing tech companies

“Louisville should blaze a trail so everyone follows us. If we leverage it right, we can do what Austin (Texas) did,” said Andrew Prell, CEO of Silica Nexus, a Louisville-based augmented-reality gaming company. Prell is actively working toward a day when Louisville could be a global hub for augmented reality game development, and his company could be the “anchor tenant.”

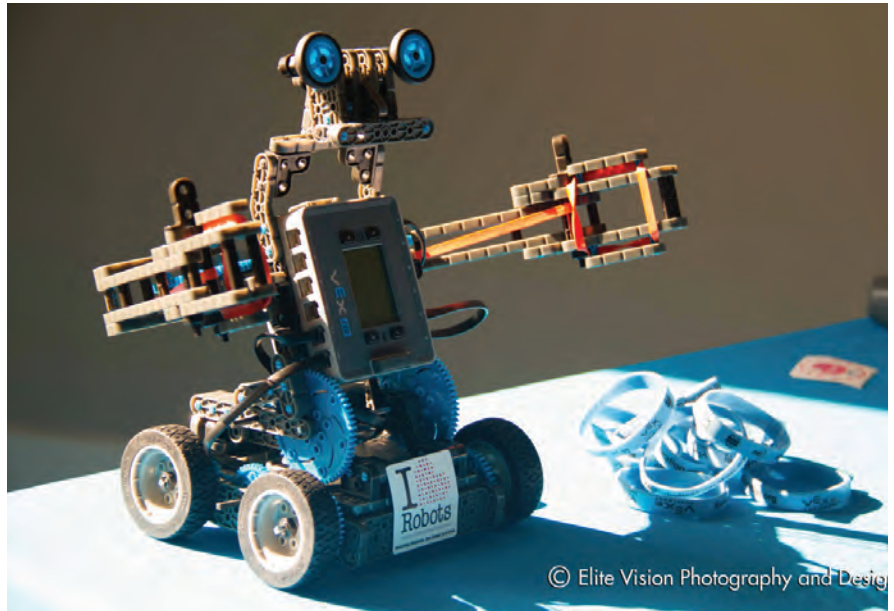
It’s not as far fetched as it sounds. Prell was one of the early pioneers of augmented reality in the 1990s, with his company, Agora Interactive, rising to become one of the world’s two leading companies creating augmented reality, multiplayer, multilocation games. Though that company has since dissolved, Prell says advances in devices, fiber capacity and programming have created what will be the new dawn of augmented reality – for the masses.

His new company, Silica Nexus, has a 14-person team and 120 volunteer



Andrew Prell,
CEO,
Silica Nexus

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developers creating what he calls the world’s first massive multiplayer, walk-through, cross-screen, cross-device, augmented reality game. The game can be played with everything from an Oculus headset to a simple Google Cardboard viewer to a high-end simulator.

He hopes to grow Silica Nexus, and one day organize a global augmented reality conference in Louisville that will put Louisville on the map as an AR hub.

Prell is not the only one who sees great things on the horizon for Louisville’s tech community. Others, like Yankeelov, point to the thriving Louisville tech community’s explosive growth in tech events, education organizations and hacker/maker confederations such as

iHub Nucleus, Louisville Startup Week-end, KidTech Summit, Code Louisville, Level One, Louisville Build Guild, CIO Practicum, Louisville MUG, My Mobile Ville, Louisville Hardware Startup Meetup, and Louisville Cocoaheads.

Bajorinas points to announcements in the last six months of growing Louisville companies that have been acquired but plan to stay and expand as proof Louisville has staying power as a city that can grow tech companies. Specifically, she cites tech firms Stonestreet One, a Bluetooth software development company, and Indatus, a data analytics software and hardware provider, as part of this group. She also notes that recently acquired NicView, OPM Financial and Deyta are companies that use technology as their backbone but are considered members in other industry verticals.

Falls highlighted the continued growth of startups such as investing intelligence app company LikeFolio, business communications app creator RedeApp, and mobile video production app company Switcher studio, as proof that tech-driven companies can develop and grow comfortably in Louisville, too.

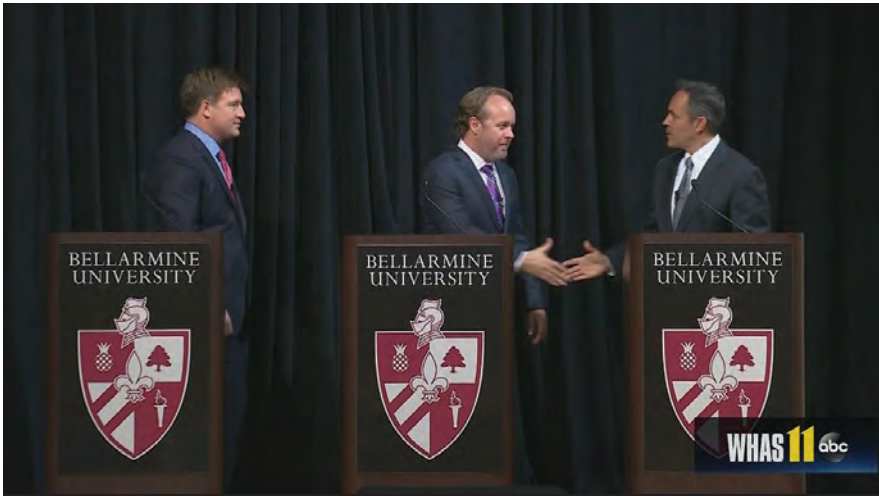
“You can feel the pace of innovation speeding up,” Falls said. “Our local tech industry is already running 10 times faster than it was just five years ago. If we keep up this level, I think we are on the front end of ‘hockey stick growth’ on the growth charts. If we can grow and build our tech community, if we can polish and combine our development resources, I think we are on the front end of an explosion of development.” ■



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Rob May, founder of Louisville start-up Backupify (now based in Boston) and tech company Datto, addresses the TechFest audience on how to build a start-up business for acquisition.

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



Democrat Jack Conway, from left, independent Drew Curtis and Republican Matt Bevin debated at Bellarmine University in Louisville in September.

WHAS11 News photo

POLITICAL THEATER

Curtis won oddly entertaining and educational gubernatorial debate

BY JOHN DAVID DYCHE

KENTUCKY'S three candidates for governor – Democrat Jack Conway, Independent Drew Curtis and Republican Matt Bevin – debated at Bellarmine University in Louisville last month. A banner proclaiming Bellarmine's motto, *In Veritatis Amore* (In the Love of Truth), provided an inspiring but ironic backdrop for the performance.

Debates provide political entertainment as well as political education. They almost always reveal candidates' personalities, which are undeniably important, but only sometimes elicit new or useful information about their mastery of information and positions on issues.

Superficial things like a candidate's appearance and mannerisms can sometimes matter as much or more than what he or she actually says. In this regard Democrat Jack Conway was the big loser at Bellarmine.

Maybe not since Republican Richard Nixon's 5 o'clock shadow, loose collar and perspiration hurt him in his first 1960 presidential debate against cool, handsome John F. Kennedy has the way a candidate looked been so costly.

From the moment the broadcast came on the air, Conway was sweating like George Constanza on "Seinfeld" after he ate the spicy Kung Pao. Conway's hair, usually carefully coiffed, was uncharacteristically disheveled.

If anything, Conway acted even more uncomfortable than he looked. While Bevin was speaking, Conway could sometimes be seen mugging and over-

reacting like the "Saturday Night Live" caricature of the comically demonstrative Al Gore.

Conway's attempts at humor were, as one person put it on Twitter, "epic fails." He should forget about trying to be funny in future debates.

Answering a question about making workplaces safer for women, Conway invoked his lovely wife and cute daughter before adding cringe-worthily that, "I even have a female dog." Nothing shows you take the issue of sex harassment seriously quite like a little canine quip!

Conway again tried to be cute after Curtis gave a fine answer about having his wife, who is also his business partner, as his running mate. Curtis' response was smart, funny, respectful of his spouse and well done, all qualities that completely eluded Conway.

In unflattering contrast, Conway joked that he had "not won a debate with his wife in 17 years." Thus the standard bearer of a Democratic Party that unceasingly claims Republicans wage a "war on women," and whose own female running mate sought to seal her deposition in a sexual harassment suit by female state workers, thought it would be funny to reinforce negative stereotypes about how wives always get their way?

Conway did better on substance, but the fast-paced debate format desperately needed follow-up questions to him and the others after some of their superficial answers. The media panelists asked good questions, but because they

could not immediately demand more details we were left wondering about the feasibility of candidates' plans on some big issues.

For example, Bevin was asked to clarify his heretofore confusing position on continuation of expanded Medicaid in the state under Obamacare provisions. He said he would seek a federal waiver that would effectively block grant federal money to Kentucky so it could fashion its own program.

OK, but what will he do if no waiver is granted? And if it is granted, what will his new program look like?

On pensions, Bevin again called for new state government hires to be put in a defined contribution, 401(k)-style, program. OK, but how will this affect existing unfunded liabilities and, as Curtis correctly referenced, how will the crushing transition costs be handled?

There is no doubt that Bevin benefited from the fact that the media panelists could not, or at least did not, immediately pursue him on such points. Perhaps Bevin's most astonishing assertion was that the circus-like spectacle he participated in after Rowan County Clerk Kim Davis violated a federal court order on issuance of marriage licenses to same sex couples was "fantastic" for Kentucky.

Overall, however, Bevin turned in a solid performance. He clearly displayed a more gubernatorial leadership presence than Conway did.

If debates are indeed a form of political theater, Bevin is playing the role of Professor Harold Hill in "The Music Man." He looks so good and sounds so persuasive that Kentucky may soon have the policy equivalent of a boys' band.

To the extent there was a winner, it was Curtis. He came across a little quirky at times, but more than held his own on the stage, scored several good debating points on both style and substance, and was more likable than either of his major party rivals.

Curtis cannot win the election, and his credible presence probably hurts Conway more than Bevin. But there are plenty of people on each side who still cannot embrace their party's nominee and may cast a protest vote for Curtis.

The independent Curtis clearly proved he belonged on the stage. Here's hoping he is included in all future forums and that those debates permit panelists to better cross-examine the candidates on their answers. ■



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



Murray State University photo

Leadership Training for Nonprofits

Murray State University has Kentucky's first degree program for a burgeoning business sector

BY EDDIE SHERIDAN

WHEN discussing the fastest growing industries in the United States, "nonprofit" isn't usually part of the conversation. In reality, though, the nonprofit sector represents a major growth area in the U.S. economy, and one Kentucky university is now offering a master's degree program to better equip students wishing to work outside the for-profit world.

Murray State University's nonprofit leadership studies program kicked off this fall. It offers the opportunity to earn a Master of Science in Nonprofit Leadership Studies (NLS) degree, something unique among Kentucky universities. Western

Kentucky University, Northern Kentucky University and the University of Kentucky all have nonprofit professional certificate programs, but only MSU offers a degree.

Dr. Peter Weber, an assistant professor at MSU and director of the NLS program, said the university has been offering study options for those interested in the nonprofit sector since the mid-1980s. "Major changes" in that sector in the 1980s and 1990s, he said, eventually led to MSU's decision to offer the master's degree.

"In terms of employment, the nonprofit sector grew an estimated 17 percent between 2000 and 2010, outperforming both the public and private sectors," Weber said. "The real

Dr. Robert F. Long, a distinguished visiting professor in the Nonprofit Leadership Studies program at Murray State, leads a class in the new master's degree track.

need we saw was to address what a lot of students identified as a lack of leadership in the nonprofit sector."

Weber said the program currently has four full-time faculty members and uses multiple adjuncts. Classes are offered both online and in-person. Three students started the program fresh this fall, Weber said, and others have switched into it. The program already is collaborating with multiple local and regional nonprofit organizations to provide students an opportunity for hands-on experience in the nonprofit world.

According to statistics from the Kentucky Nonprofit Network, one in nine Kentucky workers is employed by a nonprofit agency. Kentucky nonprofits' revenues topped \$22.6 billion in 2012, a year in which the Bureau of Labor Statistics reported 1,836,700 employees worked in Kentucky's nonprofit sector.

The IRS Business Master File for Kentucky 501(c)(3) exempt public charities and private foundations counted 16,810 such agencies in 2012, a jump of more than 3,000 – or more than 20 percent – since 2007.

Want to know more?

More information on MSU's nonprofit masters degree program can be found online at murraystate.edu/academics/CollegesDepartments/CollegeOfEducationandHumanServices/coehsacademicunits/CLHS/nonprofitleadershipstudies/graduate/index.aspx.

Providing services requires ... jobs

"We found that the nonprofit sector is the state's third-largest employer," said KNN Executive Director Danielle Clore. "A lot of folks discount the economic impact of nonprofits. They are businesses. Some use volunteers, but that's not always the case."

Clore sits on the advisory council for MSU's program. She calls the university's online component "critical," and while not discounting any of Kentucky's other nonprofit educational efforts, she is happy to see MSU stepping up to take nonprofit training to a higher level.

"The void I see is something really comprehensive," Clore said, referring to nonprofit degree programs. "There's definitely a void in graduate schools for folks who want to have a career in the nonprofit sector or are already working there."

Weber and Clore agree that one of the key functions of nonprofits is to provide services on a local, community level. Nonprofit organizations, Clore said, can provide access to healthcare, offer access to educational opportunities and promote the arts, for example. Weber, who is from



*Danielle Clore,
Executive
Director,
Kentucky
Nonprofit
Network*

Europe, said many Americans do not realize that nonprofits do not always function as freely in the rest of the world in the way they do here.

"I think nonprofits provide vital services to a vast population," he said. "I think nonprofits in the U.S. are a symbol of diversity. Everybody can establish a nonprofit in the United States and contribute to society. They allow multiple voices to be heard."

"Virtually all nonprofits are there to contribute to society," Clore said. "Our view of inspiring the community is a high-level view. Your goal is, ironically, to put yourself out of business: If you're fighting hunger, for instance, you want to alleviate that."

Kentuckians supportive of nonprofits

On average, Kentucky is a very charitable state. In the 2012 report "How America Gives, Chronicle of Philanthropy," Kentucky ranked 16th for percentage of charitable income given in 2009. Kentuckians who itemized deductions on their tax returns had an average contribution of \$3,394 in 2011, according to the National Center for Charitable Statistics.

Considering most nonprofits are supported by charitable giving, these numbers bode well for the growing sector, but Clore said nonprofits must be vigilant in promoting themselves to stay vital. A large component of nonprofits' sustaining success is derived from making sure the people who work for them are receiving adequate training to work in the field, she said, which makes programs such as MSU's even more important.

"Your goal is to get and retain the best employees you can, and you can't

do that without paying them," she said. "That requires a good salary and benefits package. A degree really sets someone apart."

MSU's nonprofit leadership studies program consists of 36 semester hours, with the core content focusing on subjects ranging from organizational leadership roles and management functions to human resource development, legal issues and advocacy. A leadership development concentration is available in the human development and leadership masters degree program as well.

NLS courses are open to students majoring in all disciplines.

"Our aim is to give students an understanding of the culture of nonprofits," Weber said. "You need to know the ins and outs of nonprofit leadership. You need to be able to anticipate and understand social needs and how to address them by asking the right questions."

After she graduated college, Clore said she worked only one year in the for-profit sector in the field of sports marketing. Her job now involves being an advocate for other nonprofits, providing training to nonprofit leaders and generating revenue to keep KNN in operation. Even before that, however, she realized the importance of the nonprofit sector and was drawn to its unique blend of service and purpose.

"At the end of the day, I hadn't really done anything of value," she said. "I think there are people who are really passionate about a career that gives something back." ■

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



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Staff photo

Three-Year Outlook: Record Sales

‘Be thankful you are in the
United States and in the auto industry’

BY MARK GREEN

MORE than 200 attendees at AutoVision, an inaugural conference by the Kentucky Automotive Industry Association last month focusing on the sector’s future, heard they can keep their feet on the gas pedal.

“Be thankful you are in the United States and in the auto industry,” said Mustafa Mohatarem, chief economist for General Motors.

The U.S. economy, though far from its best self since the Great Recession, is stronger and healthier than any other around the globe, especially any of its chief rivals. And the auto market, Mohatarem said, is about to begin three years that will rewrite sales records.

Probably the chief concern of the auto industry in Kentucky is ensuring that it has an adequate ongoing supply of skilled workers. It is also a primary issue for automakers around the world, AutoVision’s audience heard.

The industry has workforce worries that education systems in Kentucky and elsewhere are not producing enough

electrical and computer engineers to create the connected systems that self-driving cars will require if they are to fulfill growing expectations of dramatically lower traffic accident and fatality rates.

In the meantime, Canada and Mexico are producing vehicles at all-time record numbers, the 33-year GM veteran said. And better yet, light-vehicle makers in the United States are about to experience three very fat sales years, in the estimation of GM’s global economic experts.

U.S. sales are nearing the record level achieved 14 years ago, but Mohatarem said those 2001 sales were artificially inflated because the auto industry then was heavily reliant on customer incentives – price cuts or rebates – whose costs also were at all-time high levels.

Mohatarem said GM’s expectation is that vehicle sales in the United States will peak in 2016, setting a new record, then stay at just below that level in 2017 and 2018.

The seasonally adjusted annual sales rate for U.S. vehicles in August, *Automotive News* reported, equates to 17.8 million

Automotive journalist Lindsay Chappell, right, conducts an AutoVision conference discussion of “The Next 10 Years in the Auto Industry” with, from left, Yoshimasa Ogino of Akebono Brakes, Chris Nielsen of Toyota, and Tom Kroskey of General Motors.

vehicles for a year. September sales posted an impressive SAAR of 17.7 million.

On Oct. 1, TrueCar.com raised its 2015 industry sales forecast by 200,000 to 17.4 million, which would top the industry’s all-time high of 17.395 million, set in 2000.

And that is very good news for Kentucky’s auto industry, which includes Toyota’s largest vehicle assembly plant in North America, GM’s expanding Corvette plant in Bowling Green, two Ford assembly plants in Louisville where production and employee numbers are growing, and more than 470 automotive-related supplier operations that support 136,500 jobs in the commonwealth.

“This time it is much better” than in 2001, Mohatarem said, because sales are not reliant on incentives that, while they keep production lines operating, produce artificial demand and little bottom line profit with which to reinvest. Additionally, the economy driving U.S. vehicle sales today is doing so in a manner that the industry is confident is sustainable.

The low, slow growth since the Great Recession – when sales collapsed and U.S. carmakers themselves nearly failed – is built from a reliance on low interest rates by financial and monetary policy makers, Mohatarem said. While it has taken a longer time and created lower GDP growth than everyone would like, that growth is the product of organic marketplace demand.

By contrast, he said, China has had 10 percent annual GDP growth since

2002 and been “the dominant contributor to global growth,” but it did so using artificial financial stimulus. Government spending for massive Chinese infrastructure and housing projects created economic growth and markets for raw materials and consumer products, but it was a “false demand” that built industrial capacity far beyond what its private-sector markets can absorb.

“China has huge excess capacity of steel especially,” Mohatarem said.

Its growth has slowed significantly and is likely about 4 percent, he said, not the 7 percent that China’s government claims officially. The surprise 3 percent Chinese currency devaluation in August that continues to reverberate in stock markets reflects its economic distress. Though it makes China’s products cheaper, and other countries might devalue their currencies also to compete – increased trade friction is likely, Mohatarem said – this and other global financial trends are indications of the strength of the U.S. economy and are working in its favor.

Although many Americans worry the \$3.5 trillion in U.S. assets, mostly Treasury bills, that China holds gives it a strong hand, Mohatarem explained that this restricts China’s options to game trade by further devaluing the yuan. The 3 percent devaluation improved the price

competitiveness of their exports but cost the Chinese more than \$100 billion in value of their U.S. assets.

Another significant world economy and rising U.S. rival, Brazil, has gone into a deep recession, Mohatarem explained, because it had shifted its economic policy focus strongly toward China, whose high GDP growth had made it look like a better market for Brazilian commodities and other products.

The Russian economy is in recession also due to its reliance on high oil prices, which have halved in the past couple of years as a result of hydraulic fracturing technology adding millions of barrels of shale oil production. Most of that comes from the United States, which has become the world’s largest petroleum producer.

“It is a huge revolution,” Mohatarem said, who sees “no path out of recession for Russia.”

In a wide variety of AutoVision presentations on the future of the industry, there was much discussion that self-driving vehicles are only several years rather than decades away. “Adaptive” cruise control technology on some current models makes them nearly driverless. What is lacking, however, are systems that give vehicles digital connectivity to one another and to the roadways.

This is generating anxiety among industry human resources officials and planners about a sufficient number of engineers graduating from colleges in Kentucky and elsewhere to work on creating and enhancing those systems.

The industry is concerned about its access to enough skilled workers, period. A global survey found that 50 percent of industry members said they have serious worries that they will be able to fill their jobs with qualified workers.

The Kentucky Federation of Advanced Manufacturing Education program, developed from a collaboration beginning several years ago between Toyota officials in Georgetown, Ky., and Bluegrass Community Technical College in Lexington, is the premier initiative to build a skilled workforce pipeline.

Kim Menke, manager of community and government relations at Toyota Motor Engineering and Manufacturing North America, is chairman of the KY FAME board. U.S. manufacturing as a whole will need to fill 3.5 million jobs in the next decade, he said.

“We are looking at a 2 million worker deficit,” Menke said. ■

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



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OPINION

IT'S STILL THE ECONOMY

Why don't these presidential candidates talk about money issues?

BY LAWRENCE KUDLOW

WHILE there were some great moments in the second GOP presidential candidate debate and some terrific individual performances, one thing that barely came up was the economy. It was like the first debate.

The day after the candidates faced off, Fed Chair Janet Yellen announced a stand-pat, no-interest-rate-liftoff policy. Correctly, Yellen did raise the issue of a still-soft economy, despite all the QE and zero-interest-rate policies. There will be a time to normalize Fed target rates. But not yet.

That said, it would have been a good thing if any of the candidates talked about our money. A strong and steady dollar – the world's unit of account (in theory) – is pro-growth, as we saw in the '60s, '80s and '90s. A collapsing greenback smothered growth, as we saw in the 2000s.

I would love to see one or more of the candidates talk about a strong dollar, a rules-based Fed policy and international monetary coordination. Maybe we'll hear about the dollar at the CNBC debate on Oct. 28, but an opportunity was missed Sept. 16.

Interestingly, on the day of the debate, the Census Bureau revealed another round of stagnating incomes for the middle class. But the words "middle class" and "economic growth" were mentioned by the GOP debaters only four or five times, according to AEI economist Jim Pethokoukis. Republicans have been missing great opportunities to show a modern vision about growth.

Diana Furchtgott-Roth, director of Economics21 at the Manhattan Institute, lists a slew of important economic

issues that weren't addressed, including the minimum wage, regulatory policy, education and alternatives to Obamacare. There were brief mentions of tax policy, with Gov. Mike Huckabee slipping in his fair-tax proposal and Sen. Rand Paul touting his 14.5 percent flat tax. But there was no room for Sen. Marco Rubio to pit his child tax credit against Jeb Bush's 20 percent corporate tax rate. Meanwhile, Gov. Chris Christie spent his economic time on a plea for reducing Social Security benefits. Ugh.

There was no mention of socialist Sen. Bernie Sanders, who may be the Democratic frontrunner right now. The *Wall Street Journal* estimates Sanders' Greece-like spending spree would come to \$18 trillion over a decade. That's pretty wild. It's pure tax-and-spend. Sanders at various times has proposed income-tax rates of 70 to 90 percent, but not one Republican blasted his program at the debate.

Nor did anyone attack Hillary Clinton's proposal to double the capital-gains tax rate if the asset holding period is not long enough. Her plan is pure anti-growth, anti-risk-taking and just what we don't need, but no GOP debater took it on.

Give Bush credit for a summary statement emphasizing economic growth. He said tax, regulatory, energy and immigration policies could generate 4 percent growth and help solve bottom-fifth poverty and middle-class stagnation. He concluded, Reagan-like, that strong growth at home would revive American leadership around the world. Good for him.

But one of the reasons why the GOP base is angrily up in arms at the so-called political-class establishment is that nothing



has gotten done, even with Republican majorities in the Senate and House.

There's no broad energy-reform bill to build the XL pipeline and lift limits on oil exports and drilling on federal land (that would lower gas prices at home and weaken Vladimir Putin's European stranglehold). A bill to repeal Obamacare with an alternative vision never happened. Corporate-tax-cut reform to slash the rate, provide cash tax expensing for investment and repatriate more than \$2 trillion back home never happened. Neither did immigration reform.

The strategy was to put serious bills on President Obama's desk where he could veto them if he so chose to set the stage for a 2016 battle of ideas. But the congressional leadership lost its way.

There's still time, however, for the GOP presidential contenders to tell us how they would solve these problems if elected president. Doing so might rebrand the Republican Party much for the better. ■



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



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OPPORTUNITY VERSUS OUTCOMES

An obsession with inequities distracts from fundamental problems

BY THOMAS SOWELL

A hostile review of my new book – “Wealth, Poverty and Politics” – said, “there is apparently no level of inequality of income or opportunity that Thomas Sowell would consider unacceptable.”

Ordinarily, reviewers who miss the whole point of a book they are reviewing can be ignored. But this particular confusion about what opportunity means is far too widespread, far beyond a particular reviewer of a particular book. That makes it a confusion worth clearing up, because it affects so many other discussions of very serious issues.

“Wealth, Poverty and Politics” does not accept inequality of opportunity. Instead, it reports the impact of such things as children raised in low-income families usually not being spoken to nearly as often as children raised in high-income families. And the conclusion: “It is painful to contemplate what that means cumulatively over the years, as poor children are handicapped from their earliest childhood.”

Even if all the doors of opportunity are wide open, children raised with great amounts of parental care and attention are far more likely to be able to walk through those doors than children who have received much less attention. Why else do conscientious parents invest so much time and effort in raising their children? This is so obvious that you would have to be an intellectual to able to misconstrue it. Yet many among the intelligentsia equate differences in outcomes with differences in opportunity. A personal example may help clarify the difference.

As a teenager, I tried briefly to play basketball. But I was lucky to hit the backboard, much less the basket. Yet I

had just as much opportunity to play basketball as Michael Jordan had. But equal opportunity was not nearly enough to create equal outcomes.

Nevertheless, many studies today conclude that because some groups are not successful in achieving their goal as often as other groups are, these different groups do not have equal opportunity or equal “access” to credit, or admission to selective colleges, or to many other things.



The very possibility that not all groups have the same skills or other qualifications is seldom even mentioned, much less examined. But when people with low credit scores are not approved for loans as often as people with high credit scores, is that a lack of opportunity or a failure to meet standards?

When twice as many Asian students as white students pass the tough tests to get into New York’s three highly selective public high schools – Stuyvesant, Bronx Science and Brooklyn Tech – does that mean that white students are denied equal opportunity?

As for inequality of incomes, these depend on so many things – including things that no government has control

over – that the obsession with statistical “gaps” or “disparities” that some call “inequities” is a major distraction from the more fundamental, and more achievable, goals of promoting a rising standard of living in general and greater opportunity for all.

There was never any serious reason to expect equal economic, educational or other outcomes, either between nations or within nations. “Wealth, Poverty and Politics” examines numerous demographic, geographic, cultural and other differences that make equal outcomes for all a very remote possibility.

To take just one example, in the United States the average age of Japanese Americans is more than 20 years older than the average age of Puerto Ricans. Even if these two groups were absolutely identical in every other way, Japanese Americans would still have a higher average income, because older people in general have more work experience and higher incomes.

Enabling all Americans to prosper and have greater opportunities is a far more achievable goal than equal outcomes. Internationally, the geographic settings in which different nations evolved have been so different that there has been nothing like a level playing field among nations and peoples.

Comparing the standard of living of Americans at the beginning of the 20th century with that at the end shows incredible progress. Most of this economic progress took place without the kind of heady rhetoric, social polarization or violent upheavals that have too often accompanied heedless pursuits of unachievable goals like the elimination of “gaps,” “disparities” or “inequities.”

Such fashionable fetishes are not helping the poor. ■



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

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Kentucky



John Ferguson represents Sheikh Mohammed bin Rashid Al Maktoum and Darley.



James Crupi of Crupi's New Castle Farm.



Mandy Pope, owner of Whisper Hill Farm.



M.V. Magnier represents Coolmore and Ashford Stud.



Justin Zayat, eldest son of Ahmed Zayat, owner of Zayat Stables.

TOP 10 BUYERS AT KEENELAND'S 2015 SEPTEMBER YEARLING SALE

Ranked by gross expenditures

THE Keeneland September Yearling Sale, the world's largest Thoroughbred auction and the global marketplace for racing prospects, closed Sept. 26 with results slightly improved from 2014, continuing a healthy trend toward market stability and confidence in the Thoroughbred industry.

Gross receipts of \$281,496,100 for the 12-day auction surpassed last year's 13-day total of \$279,960,500 by less than 1 percent. Buyers from across the nation and around the world this year bought 2,745 yearlings at Keeneland compared to 2,819 in 2014. The average price increased 3.26 percent from \$99,312 to \$102,549. The median, a key gauge of a healthy market, remained unchanged from the record \$50,000 posted in 2013 and 2014.

Eleven yearlings sold for \$1 million or more, including a colt by leading North American sire Tapit that brought the sale-topping price of \$2.1 million. For the second consecutive year, Keeneland has sold the highest-priced horse offered at public auction in North America.

"Brisk trade was seen at every level of the market," Keeneland President and CEO Bill Thomason said. "There is an underlying current of optimism, and buyer enthusiasm was not dampened by the economic volatility of this past summer. As we've seen in recent years, buyers are willing to stretch their budgets to get the exceptional horses. Consignors who brought a top horse were very well rewarded."

Proceeds from the sales fund purse money for Keeneland's elite race meets and overall operations. Keeneland's regular 2015 Fall Meet runs Oct. 2-24, followed by special Prelude to the Cup racing on Oct. 29 and the Breeders' Cup World Championships on Oct. 30-31.

BUYER	BIO	YEARLINGS PURCHASED	AVERAGE	GROSS
1. John Ferguson	Represents Sheikh Mohammed bin Rashid Al Maktoum of Dubai, who has breeding and racing operations around the world, including Darley in Lexington.	24	\$343,125	\$8,235,000
2. Crupi's New Castle Farm	Family-owned Ocala, Fla.-based horse breaking, training and pinhooking facility.	24	\$295,208	\$7,085,000
3. Ben Glass	Agent for Gary and Mary West of Omaha, Neb., leading owners in North America who breed horses and stand stallions at Hill 'n' Dale Farm in Lexington.	26	\$213,462	\$5,550,000
4. Shadwell Estate Co. Ltd.	Represents Sheikh Mohammed bin Rashid Al Maktoum of Dubai, whose international breeding and racing interests include Shadwell Farm in Lexington.	9	\$528,333	\$4,755,000
5. Conquest Stables	Partnership of Ernie Semersky and Dory Newell of Chicago.	21	\$176,667	\$3,710,000
6. Whisper Hill Farm	American Mandy Pope owns this growing domestic racing and breeding operation, which is based in Florida and boards mares in central Kentucky.	3	\$1,183,333	\$3,550,000
7. M.V. Magnier	Represents Coolmore, a breeding and racing operation based in Ireland with divisions around the world, including Ashford Stud near Versailles, Ky.	6	\$587,500	\$3,525,000
8. Calumet Farm	Venerable horse training and breeding farm in Lexington that has produced two Triple Crown winners, Whirlaway (1941) and Citation (1948).	17	\$177,647	\$3,020,000
9. Zayat Stables	Represents Ahmed Zayat; bred and owns most recent Triple Crown winner, American Pharoah.	11	\$269,545	\$2,965,000
10. Courtlandt Farm	Ocala, Fla.-based farm owned by businessman turned horseman Donald Adams.	6	\$490,833	\$2,945,000

SPOTLIGHT ON THE ARTS

Kentucky Crafted at the Breeders' Cup Festival, Oct. 28-31

LIKE most of the state, the Kentucky Arts Council is getting ready for the Breeders' Cup World Thoroughbred Championships Oct. 30-31 at Keeneland Race Course in Lexington. This will mark the first time



Keeneland has hosted that elite series of races, and Central Kentucky is determined to put its best foot forward.

The Kentucky Arts Council has been invited to host Kentucky Crafted @ the Breeders' Cup Festival, which will be open to the public from noon-6 p.m. Oct. 28 and 9 a.m.-6 p.m. Oct. 29-31 at The Livery, 238 E. Main St. in downtown Lexington. The arts council will also host a brunch 9-11 a.m. Oct. 29 that will be a good opportunity for people who work and own businesses downtown to meet the artists and see their work.

Twenty-one artists in Kentucky Arts Council programs have been selected to

participate in this curated shopping experience. The selected artists represent a diverse cross-section of talent in Kentucky. If you own a business and are looking for art to enhance the appeal of your office space, Kentucky Crafted @ the Breeders' Cup Festival is a great opportunity to peruse some of the best art in the state.

Kentucky Crafted is an adjudicated program that provides assistance to Kentucky visual and craft artists through marketing and promotional opportunities and arts business training.

The arts council is sharing space in The Livery with the Kentucky Distillers Association during Breeders' Cup Festival week. In addition to its hours open to the general public, Kentucky Crafted @ the Breeders' Cup Market will be open to guests of the Kentucky Distillers Association Bourbon Backstretch events, beginning at 6 p.m. Oct. 28 for Master Distillers' Night, and 6 p.m. Oct. 30 and 31 for Tasting Nights. Tickets for those private events can be purchased from the Kentucky Distillers Association, (502) 875-9351.



A piece by mixed-media artist Helene Steene

For more information about the Breeders' Cup Festival, visit breederscupfestival.com.

Register for the Ky. Creative Industry Summit

THE second annual Creative Industry Summit will be held Nov. 12-13 at the Owensboro Convention Center, a two-day event packed with learning opportunities, panel discussions and interactive workshops all related to growing and supporting the Kentucky creative industry.

On Nov. 12 attendees can choose from two workshop tracks: one for artists and creative entrepreneurs, and another for individuals and organizations interested in community development through the arts. All workshop attendees will finish the day with a dynamic, interactive workshop presented by Leonardo Vasquez, executive director of the National Consortium for Creative Placemaking.

On Friday, Nov. 13, the main event will feature national, state and local experts discussing the creative industry and related topics that will benefit individuals and communities interested in growing and supporting their local and statewide creative industries.

Registration, detailed agendas and hotel information are available on the arts council's website, artscouncil.ky.gov.

Kentucky Crafted Buyer Registration Opens October 12

KENTUCKY Crafted: The Market will be held March 4-6, 2016 at the Lexington Convention Center. Buyer registration for The Market opens Oct. 12.

Qualified buyers include wholesale buyers who have a shop, gallery, catalog or other retail venue for selling artwork; design trade businesses, like architects, interior designers or landscape designers; and corporate buyers, like government and corporate executives responsible for gift buying, commissions and other art purchases not for resale.

The Market is open exclusively to registered buyers on March 4. Buyers can peruse items, discuss wholesale rates with artists and make orders during this day. They can also make orders March 5 and 6, but March 4 is the only Market day open for buyers only.



Arts Events Around the State

Creative Industry Summit

Owensboro Convention Center, Owensboro
8 a.m. CST, Nov. 12-13
artscouncil.ky.gov
(502) 564-3757

Norah Jones

SkyPac, Bowling Green
8 p.m. CDT, Oct. 24
theskypac.com
(270) 904-1880

Highlighting the Championships: A Breeders' Cup Collection

Headley-Whitney Museum, Lexington
Through Nov. 8
headley-whitney.org
(859) 255-6653

Choral Masterpieces – The Louisville Chorus

St. Brigid Catholic Church, Louisville
4 p.m. EST, Nov. 1
LouisvilleChorus.org
(502) 968-6300



Lori Meadows is executive director of the Kentucky Arts Council.



Holiday Traditions at Pleasant Hill

Make plans early to experience Christmas events at Shaker Village

BY KATHERINE TANDY BROWN

STRETCHING for 3,000 lovely acres near Harrodsburg, Shaker Village of Pleasant Hill has been a haven of hospitality for more than 200 years. Today it's rife with discovery, learning and pure fun. Named a top hidden travel destination by BBC news, this national historic treasure provides a great escape in the country no matter the time of year. However, come holiday time, the Village sparkles with music, merriment and laughter amid fresh green swags, wreaths and garlands wound with bright red ribbon. November and December are chock full of special things to do. And when the sun goes down, a 31-foot Norway spruce glows with thousands of twinkling lights.

Daily activities continue, so you can tour the festively bedecked buildings and learn about their original occupants from costumed docents, watch traditional crafts demos, commune with oxen and other heritage farm animal breeds, traverse 40 miles of walking and biking trails, ride your horse over 33 miles of equine trails, surprise folks on your Christmas list with lovingly handcrafted gifts from the shop,

and of course, sate your sweet tooth with Shaker lemon pie after a hearty meal that can include dishes made with goodies from the village's organic garden.

A sampling of holiday happenings follows. Many include admission to the Village (i.e. The Historic Centre, The Farm and The Preserve), with a full day of self-guided and staff-led tours, talks, activities, demonstrations and farm experiences. You'll want to mark your calendar and by all means, reserve early.

• **Candlelight Yoga** (Nov. 20 and Dec. 4, 7-8:30 p.m.) All ages and levels of yoga fans can practice in the peaceful atmosphere of the East Family Wash House. Come early, spend the day and treat yourself to a dose of pre-holiday relaxation. \$10 fee.

• **Blessing of the Hounds** (Nov. 21 – 9-10:30 a.m.) Each year, Shaker Village hosts the blessing of Woodford Hounds fox hunters, hounds and the fox to officially begin the hunting season. As you snap photos of this colorful, exciting event, warm yourself beside a roaring fire pit and enjoy grilled ham biscuits, Bloody Marys and Irish coffee. Free.

Kids are encouraged to dress in their finest holiday clothes for Children's Tea Time With Mrs. Claus, which includes cider, cookies and sandwiches.

• **Kentucky Wild** (Nov. 21 – 6:30-9 p.m.) Featuring Kentucky quail and other local game, this reservations-only event is part of the Village's adventurous monthly series celebrating Kentucky food and spirits with an all-inclusive fixed dinner and spirits menu. Celebrated chefs, mixologists and/or musicians drop into these suppers – you never know who might show up! A paid \$85 nonrefundable reservation rewards you with a 20 percent discount on a night (Friday or Saturday) at The Inn.

• **Illuminated Evenings** (Nov. 27-28 and Dec. 4-5, 11-12, 18-19) Imagine Shaker Village aglow with tiny twinkling lights and joy around every corner. Drop in the Elf Shop, where Santa's helpers teach a new craft every evening. Learn to make holiday reed stars, hand-tied brooms, small baskets or beeswax candles and soap, and surprise a friend with a special gift made by you. Hop aboard the Jingle Bell Shuttle, a wagon decked with greenery, for a jaunt through the village. Follow a costumed docent for a lantern-lit tour of Centre Family Dwelling dressed in its Christmas best. Hum along with your favorite carols sung by strolling choirs. Sip hot cocoa and spiced cider by a roaring bonfire. You'll be laughing all the way home!

• **Children's Tea Time with Mrs. Claus** (Dec. 5 – 12 p.m. and 3 p.m.) Little kids can dress in their holiday finery for some one-on-one time with Santa's favorite helper, as they sip spiced cider, and munch cookies and sandwiches made for little fingers. Children must be accompanied by a paying adult. \$10 per person.



The Jingle Bell Shuttle takes visitors on a hayride through Shaker Village.

• **Herbal Health Workshop** (Dec. 19 – 10 a.m.-2 p.m.) Those remarkable Shakers grew, prepared and sold medicinal herbs nationwide. Tap into that timeless knowledge and learn about herb varieties and how you can use them in your home. \$35 per person.

• **Winter Geology Hike** (Dec. 19 – 10 a.m.-noon) Shaker Village has the nation's largest private collection of rock walls, and on this walk hikers see those and the oldest exposed rock formations in the state without the hindrance of foliage. \$10 fee.

Embrace your inner Shaker, extend your experience and stay the night at The Inn. Located in 13 restored Shaker buildings, all rooms, suites and private cottages feature Shaker reproduction furniture, hardwood floors and gorgeous views of the countryside. The next morning, indulge in a sumptuous breakfast at the Trustees' Table. You'll cruise into the holidays with a lot more gusto.

Find out more about adding a bit of Shaker to your life at shakervillageky.org or call (859) 734-5411. ■

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



A holiday music performance from 2014 at Shaker Village of Pleasant Hill.



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Disfigured by Sinkhole, Iconic 1 Millionth Corvette Back on Display

AFTER more than four months and 1,200 man hours, the restoration of the milestone 1-millionth Corvette – a white 1992 convertible – is finally complete.

The car was damaged on Feb. 12, 2014, when it and seven other rare Corvettes tumbled into a sinkhole that opened beneath the Skydome area of the National Corvette Museum in Bowling Green. After recovery from the sinkhole, the 1 millionth Corvette was moved from the museum to the design center on General Motor's technical center campus in Warren, Mich., for restoration. Approximately 30 craftspeople and technicians from GM Design's mechanical assembly group, along with GM service operations, took on the project.

Despite extensive damage, the team vowed to preserve and repair as many original components as possible – a decision that involved posterity as much as history. That's because under the skin, the car carried all the signatures of the Bowling Green Assembly workers who built it. Only two signed components couldn't be saved, so the team had the autographs scanned, reproduced as transfers and placed on the replacement parts.

One component with a single signature from now-retired Bowling Green Assembly employee Angela Lamb was too damaged to save or even accurately scan for her autograph. Chevrolet worked with the National Corvette Museum to secure a new signature from Lamb on the replacement part, so that the car would be historically accurate down to the last signature.

Among the parts replaced were the hood, front fascia and the lower panels between the front wheels and doors, as well as a number of ancillary supporting components under the hood. The replacements came from a vehicle of the same vintage and color, ensuring authenticity of the parts and materials involved with the restoration. A few other components, such as the rear fascia and front exhaust system, would have probably been



Retired General Motors employee Angela Lamb (center) recreated her signature on a car panel to complete the restoration process of the 1-millionth Corvette. With Lamb are GM Global Design Fabrication Operations Director David Bolognino (left) and Executive Director Global Chevrolet Design John Cafaro.

replaced in almost any other restoration project, but the team repaired them because they were also covered in signatures.

The historic car – now back at the museum as part of a permanent display – is the second sinkhole-damaged Corvette that Chevrolet has restored. The first, a 2009 Corvette ZR1 prototype known as the Blue Devil, was only lightly damaged and was returned to its original condition last fall. The National Corvette Museum will oversee the restoration of a third car, a 1962 Corvette.

The other five Corvettes swallowed by the sinkhole will remain in their as-recovered state to preserve the historical significance of the cars. They will become part of a future sinkhole-themed display at the museum.

Ag Commissioner Predicts Hemp will Create Thousands of Ky. Jobs

INDUSTRIAL hemp will cover tens of thousands of acres and generate thousands of jobs in Kentucky in the near future, Kentucky Agriculture Commissioner James Comer told hemp growers, processors and enthusiasts from across the nation who attended the Hemp Industries Association Conference last month in Lexington.

"In the future, I think we're going to go from 1,700 acres to 10,000 acres to 20,000 acres to 40,000 acres" of industrial hemp planted in Kentucky, Comer said. "This is going to be a big crop in the state of Kentucky. We're going to go from 24 processors to hopefully 100 processors. We're going to be making things that range from parts in the automotive industry to parts in the construction industry to pharmaceuticals. [Kentucky] is going to be the epicenter of industrial hemp production in America."

Comer credited U.S. Sens. Mitch McConnell and Rand Paul, U.S. Reps. Thomas Massie and John Yarmuth, all of Kentucky, and Kentucky state Sen. Paul



Eric Steenstra, right, executive director of the Hemp Industries Association, presents Kentucky Agriculture Commissioner James Comer with a leadership award for his work in restoring industrial hemp production to the Bluegrass State. The presentation followed Comer's address to the HIA Conference in Lexington last month.

Hornback for supporting federal and state legislation that opened the door for Kentucky's industrial hemp pilot projects.

The Kentucky Department of Agriculture has approved 121 industrial hemp pilot projects submitted by 24 processors,

seven universities and numerous individual growers totaling more than 1,700 acres of intended plantings for 2015. Comer pointed out that Kentucky universities are gaining students from other states and countries who are coming to the Bluegrass State because they want to research hemp.

Kentucky's first hemp crop was grown in 1775, and Kentucky went on to become the nation's leading hemp-producing state in the mid-19th century, with peak production of 40,000 tons in 1850. U.S. hemp production declined after the Civil War, and for several decades almost all of the nation's hemp was grown in the Bluegrass region of Kentucky. Federal legislation passed in 1938 outlawed production of cannabis, including hemp, in the U.S. Hemp production in Kentucky and the U.S. ramped up during World War II as part of the war effort but fell again after the war and ended with the demise of a small hemp fiber industry in Wisconsin in 1958.

National Treasure: Early Manuscript of 'Happy Birthday' Song Found at UofL

THE only known manuscript of Louisville native Mildred Hill's song "Good Morning to All," which evolved into the world-famous "Happy Birthday" song, was recently uncovered in the Dwight Anderson Memorial Music Library at the University of Louisville.

Hill, along with her sister Patty, co-authored the piece in the early 1890s as part of their publication "Song Stories for the Kindergarten." The words evolved over the years but the tune has remained essentially the same and eventually became known as "Happy Birthday." The song has grabbed national headlines recently as the subject of a high-profile copyright and public domain court case.



James Procell holds Mildred Hill's manuscript of a song that eventually became known as "Happy Birthday." The manuscript was recently found in the music library at the University of Louisville.

The manuscript was discovered by library director James Procell, who found it in Hill's sketch book. The manuscript, along with several additional musical compositions and papers belonging to Hill, was donated to the library in the 1950s by local philanthropist Hattie Bishop Speed, a friend of the Hill sisters. The documents weren't cataloged upon receipt and wound up filed away, remaining hidden in the library's archives for decades.

Some differences from the familiar "Happy Birthday" tune are noticeable. The song is written in a different key, and has a slightly different melody, though the rhythm and words remain the same as the published version.

"The question is, is this the original version of the song, or was Ms. Hill somehow unhappy with the published version and this represents a revision of the song?" Procell said.

The first page of the manuscript is missing, making it harder to answer those questions and know the composer's intentions.

"That's a mystery in itself," Procell said. "Where is page one?"

The Mildred Hill papers are a significant addition to the UofL music library's collection, which is the largest academic music collection in Kentucky and considered one of the best in the United States. Procell plans to fully catalog and digitize Hill's materials in the coming months.

UPIKE's Startup Challenge

ENTREPRENEURS from across Eastern Kentucky are invited to compete in the fourth University of Pikeville-Coleman College of Business Startup Challenge on Dec. 5. The competition is open to any resident of Eastern Kentucky. The deadline for business plan submissions is Nov. 27.

The startup challenge is for new, independent proposed ventures in the conceptual, seed or start-up stages. Participants selected for the competition will be required to submit a properly formatted written business plan and formally present plans before a panel of judges.

The Coleman College of Business is looking to inspire and reward innovative ideas and entrepreneurial spirit by offering \$15,000 in awards: \$8,000 to the first place business plan, \$4,000 to second place and \$3,000 to third place.

The Appalachian Business Plan Competition is the largest competition in Eastern Kentucky and the third largest collegiate business plan competition in the state. The event is held in collaboration with the Kentucky Innovation Network.

"This is our fourth startup challenge and each one has proven to be more successful than the last," said David Snow, assistant professor of business and director of business competitions at UPIKE and director of the Kentucky Innovation Network Pikeville office. "The goal of this event is to celebrate the ingenuity of the people of Eastern Kentucky."



The Earning Power of a College Degree

PAYSCALE, which generates compensation data and software, has ranked more than 1,500 colleges – nationally and by state – for the highest paid graduates with associate, bachelor's and graduate degrees, based on average salaries early in their career and at the mid-career point.

In Kentucky, Centre College alumni with a bachelor's degree earn the most on average, with \$39,700 for early-career pay and \$86,700 for mid-career pay.

Centre was followed by:

- Bellarmine University (\$42,000 early career/\$82,700 mid-career)
- Thomas More College (\$39,300/\$78,700)
- UK (\$45,800/\$78,700)
- UofL (\$43,200/\$72,300)
- Murray State University (\$40,100/\$70,000)
- EKV (\$39,800/\$69,400)
- Northern Kentucky University (\$43,300/\$65,200)
- Western Kentucky University (\$42,700/\$63,500)
- Transylvania University (\$37,700/\$61,300)
- Morehead State University (\$35,500/\$59,700)
- Sullivan University (\$42,400/\$56,600)

For graduate school alumni in Kentucky, those with an MBA from the University of Louisville College of Business earn the most on average, with \$50,500 for early-career pay and \$113,000 for mid-career pay.

The University of Kentucky Carol Martin Gatton College of Business and Economics was second, with MBA graduates earning the most during their early career, \$58,800, but second most mid-career, at \$107,000.

UofL students who earn a master's earn \$52,800 early in their career and \$87,100 mid-career. UK graduates with master's earn \$49,000 early in their career and \$83,800 mid-career. Eastern Kentucky University graduates with a master's degree earn \$53,500 early career and \$71,200 mid-career.

Among associate programs, EKV was No. 1, with graduates earning \$41,600 early career and \$51,500 mid-career. WKU was second (\$29,100/\$50,800), Sullivan was third (\$32,400/\$49,600) and Bluegrass Community and Technical College was fourth (\$34,600/\$47,700).

KENTUCKY PEOPLE

LOUISVILLE: KOSAIR CHARITIES' CRYSTAL BALL HONORS WORK OF MELISSA CURRIE AND ULYSSES BRIDGEMAN



Kosair Charities' inaugural Crystal Ball was held Sept. 19, honoring some of Louisville's most distinguished members of the medical community and those who support their work. Dr. Melissa L. Currie (above, left), associate professor and director of the Kosair Charities Division of Pediatric Forensic Medicine at the University of Louisville School of Medicine, received the Roger Fox Award, which recognizes a physician's dedication to children. Pictured with Currie is Joan Fox, wife of the late Roger Fox. Ulysses Bridgeman Jr. (above, right), owner and president of Louisville-based restaurant holding company Manna Inc. Inc., was presented with the Sam Swope Community Leadership Award, which recognizes an individual who has advanced children's goals through vision, innovation and self-sacrifice. Pictured with Bridgeman is Susan Swope, daughter of the late Sam Swope.



LEXINGTON: BANK OF THE BLUEGRASS TEAMS WITH RESCUE MISSION



The Bank of the Bluegrass & Trust Co. recently donated office equipment to help further the cause of The Lexington Rescue Mission, a nonprofit organization that works to meet the needs of those less fortunate in the Lexington area. In September, the Mission launched a staffing service, Advance Lexington, to provide temporary employment to local job seekers. Pictured here are Laura Carr, director of development with the Mission, and Mark Herren, CEO of Bank of the Bluegrass.

FLORENCE: GATEWAY CELEBRATES LINAMAR/ EAGLE PARTNERSHIP



On Sept. 23, Gateway Community and Technical College celebrated Linamar Corp.'s 50th anniversary and the college's partnership with the company's Eagle Manufacturing division by planting trees donated by Linamar to commemorate the occasion. Pictured here are Carissa Schutzmamm, left, Gateway's vice president of corporate college, and Jake Santora, general manager of Eagle Manufacturing. Gateway and Eagle have partnered on workforce education and training for more than 10 years.

N. KENTUCKY: DHL EXPRESS HOSTS PLANE-PULLING CONTEST TO RAISE MONEY FOR SPECIAL OLYMPICS



DHL hosted 340 people representing 17 Northern Kentucky companies on Sept. 26 for a plane-pulling contest to raise money for Special Olympics Kentucky and other local charities. The companies competed to see which team could pull one of DHL's Boeing 757s (weighing in at a whopping 147,000 pounds!) a distance of 12 feet in the shortest amount of time. The event raised more than \$80,000 for local organizations, including \$25,000 for Special Olympics Kentucky. Pictured here is Joanie Arias, vice president of DHL Express' CVG Americas hub. In the background are DHL employees who dressed as popular superheroes to entertain kids in the on-site family zone.

LOUISVILLE: UofL VICE DEAN RECEIVES KY. MEDICAL ASSOCIATION'S EDUCATION ACHIEVEMENT AWARD



Dr. Monica Ann Shaw, vice dean for the University of Louisville School of Medicine, has been awarded the Kentucky Medical Association's Educational Achievement Award for 2015. As principal investigator on a Robert Wood Johnson Foundation Grant, Shaw developed and implemented an interdisciplinary palliative care curriculum for medical students that serves as a national model for successful palliative care education. Dr. David Bensema, immediate past president of the KMA, presented the award to Shaw during the organization's annual meeting on Aug. 29.

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