

The Lane Report

KENTUCKY'S BUSINESS NEWS SOURCE FOR 30 YEARS

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For now, Kentucky health systems
and providers experiencing painful costs,
high frustration levels

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Kentucky healthcare systems are investing hundreds of millions of dollars in electronic health records systems that will create "revolutionary" gains in care to patients when fully implemented. At this stage, however, doctors and front-line providers say federal Meaningful Use standards are making systems complicated and difficult and not intuitive to use.

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PERSPECTIVE

GOING FORWARD AT THE LANE REPORT

Ed Lane has passed on, but
our commitment is unchanged

BY DICK KELLY

IT'S been three months since our founder and publisher, Ed Lane, lost his two-year battle with cancer. The outpouring of heartfelt sympathy *The Lane Report* continues to receive is both comforting and gratifying.

You, our readers, have a deep appreciation for what we do here – serving as a reliable source of information about news important to Kentucky's business community. The monthly magazine and lanereport.com website that Mr. Lane built and guided for 30 years are valued for the timely news we gather about the commonwealth business community and for the communication channel we offer to Kentucky's top decision makers.

After the shock abated, the professional men and women who write, edit, design and generate revenue for Kentucky's premier statewide business magazine got right back to work – just as the founder would have wanted. Given Mr. Lane's acute attention to detail and general business acumen, it came as no surprise that there was a well thought out succession plan designed to keep the company moving forward for years to come. Although coincidental, one of our feature articles this month, "Plan Succession Sooner Rather Than Later," addresses burgeoning need and best strategies in planning the future of a business in order to sustain it for the next generation.

After serving as associate publisher for 15 years, I became the publisher and CEO responsible for the overall operation of the company. We developed a board of directors consisting of the two heirs and several key employees and we moved several others into positions of increased responsibility. The company will finish the year with strong revenues and outstanding editorial content.

The Lane Report will begin its 31st year of publishing in 2016. As a member of the Association of Area Business Publications, our print and digital publications benefit from innovations other media companies around the country are putting in place. With the abdication of financial news in daily newspapers, new research reveals that regional business magazines are almost

the only source of statewide news and information on business and economic activity. It's a role we embrace.

Print and digital publications are targeted to chief executives, top/middle managers, professionals, government leaders and entrepreneurs with operations and investments in Kentucky. The editorial content includes: feature articles on outstanding companies, important business trends, updates on regional economic development projects, articles on manufacturing and the state of the region's economy, opinion polls, the arts and other topics.

Special feature topics throughout the year include: banking and financial services, healthcare, construction, architecture, insurance, technology, education, legal services, accounting, the equine and distilling industries, telecommunications, real estate, transportation and an annual business forecast.

The staff and management at *The Lane Report* are dedicated to providing our influential readers with the best editorial content on a wide range of topics delivered in high-quality formats that will continue to make us the premiere business news organization for years to come. The staff names on the masthead just to the left of this article have more than 100 years of professional experience.

Part of the successful course Mr. Lane laid out for this operation is to always take an optimistic and positive approach. You've told us, often, that you value this, and you can count on *The Lane Report* to always rely on this guidance. Our editorial content focuses on solutions and best practices rather than belaboring problems that inevitably occur.

We encourage and celebrate the innovation and creativity that Kentuckians bring to the table in assessing our changing world. We encourage and celebrate the free enterprise system that continues to deliver a quality of life that rivals that of anywhere else in the world.

And importantly, *The Lane Report* understands that business leaders care and want to know about the latest developments and trends, and how their peers are solving problems and handling change.

We'll change and evolve just like you, but expect *The Lane Report* to continue to provide the products and information you've valued for 30 years. ■



Dick Kelly is publisher of
The Lane Report. He can
be reached at dickkelly@lanereport.com.



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FAST LANE

A compilation of economic news from across Kentucky

GEORGETOWN: 1ST U.S.-MADE LEXUS ROLLS OFF THE LINE; TOYOTA CAPACITY NOW 550,000 CARS ANNUALLY IN KY



Toyota's Georgetown plant has been gearing up for the past two and a half years to make the Lexus ES 350, the company's best-selling Lexus sedan. To prepare for the new line, Toyota team members underwent a total of 1.5 million hours of training.

manufacturing facility outside Japan – also produces the Toyota **Camry**, **Camry Hybrid**, **Avalon** and **Avalon Hybrid**, as well as 4-cylinder and V6 engines. With the addition of the Lexus model, the plant's capacity increases to more than 550,000 per year. With the additional personnel added to handle the Lexus production, the Georgetown plant now employs more than 7,500 people.

Since opening the Georgetown plant in 1988, Toyota has been a major player in helping to build Kentucky's thriving automotive industry. The Bluegrass State is currently home to more than 470 automotive-industry companies that employ nearly 86,000 people.

STATE: FINANCIAL PROBLEMS FORCE KENTUCKY HEALTH COOPERATIVE TO CLOSE; 51K KENTUCKIANS AFFECTED

FACED with significant financial losses and decreased federal funding, **Kentucky Health Cooperative Inc.**, a nonprofit health insurance company serving all 120 Kentucky counties, announced in October that it will be closing and no longer offer health insurance plans on kynect, Kentucky's health insurance marketplace.

"In plainest language, things have come up short of where they need to be," said Kentucky Health Cooperative interim CEO Glenn Jennings.

The shutdown leaves some 51,000 Kentuckians searching for other insurance options. Open enrollment for 2016 healthcare coverage began Nov. 1.

KHC was formed in an effort to provide more choices in healthcare coverage under the Affordable Care Act (ACA). Kentucky's co-op – and others like it in states across the nation – has been subsidized by federal money but the recent announcement of a risk corridor reimbursement to the nation's co-ops of just 12.6 percent (or, for Kentucky, a payment of \$9.7 million, from a starting number of \$77 million), led to an unavoidable outcome, Jennings said.

That same outcome is being seen in other states as well. As of Oct. 22, Kentucky's was one of nine state co-ops formed under the ACA to close and that list could very well grow. According to a report from the U.S. **Health and Human Services Department** released this past summer, only one of the 23 co-ops across the nation (Maine) made money last year.

State officials emphasized that seven carriers are continuing to sell plans on kynect: **Aetna**, **Anthem**, **Baptist Health**, **CareSource**, **Humana**, **United Healthcare** and **WellCare**. Two insurers, Anthem and United Healthcare of Kentucky, will offer plans to residents in all 120 Kentucky counties.



CORBIN: DECLINE IN COAL CITED IN CSX DECISION TO CLOSE CORBIN RAIL SHOPS

THE CSX rail company announced in October that it is closing its mechanical shops in Corbin, a decision that will affect approximately 180 active CSX employees. That figure represents approximately 50 percent of the total CSX workforce in Corbin.

The shops at Corbin are primarily used to maintain, inspect and service locomotives and rail cars for coal trains moving from central Appalachia to the eastern United States. The decision to close the mechanical shops is tied to the significant decline in the region's coal traffic.



CSX's decision to close its mechanical shops in Corbin is the result of decreased coal production in Eastern Kentucky, as fewer trains are needed to transport coal from Appalachia to consumers in the Eastern U.S.

CSX is also closing its train operations in the East Tennessee town of Erwin, citing the same issue. Approximately 300 Erwin employees will be affected in that shutdown.

The company said that a "combination of low natural gas prices and regulatory action has significantly decreased CSX's coal movements over the past four years, with more than \$1 billion in coal revenue declines during that time."

The Corbin rail yard will remain open and train operations there will continue, with approximately 100 engineering and transportation employees remaining to support and manage yard traffic and a small number of mechanical employees remaining to support train operations.

CSX said Corbin will continue to be an important part of its network for the movement of automobiles, consumer products and other freight.

Many Corbin employees affected by the closing will be eligible for jobs in higher-demand areas on the CSX network, the company said.



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BUSINESS BRIEFS

COLUMBIA

■ **T.J. Regional Health** of Glasgow has issued a proposal to acquire and operate **Westlake Regional Hospital** in Columbia, Ky., which has been experiencing financial difficulties for nearly a decade. In 2013, the **Adair County Public Hospital Corp.** and the Hospital District, which owns and operates Westlake, filed for Chapter 9 bankruptcy protection. Since then, Westlake has continued its healthcare operations and treatment of patients during the bankruptcy proceedings, but has seen its debt continue to climb. Under its proposal, T.J. Regional Health will not receive any monies from the **Adair County Hospital District** in the proposed acquisition.

COVINGTON

■ **The Catalytic Fund**, a local urban-development organization, has been awarded \$700,000 from the **U.S. Department of the Treasury's** Community Development Financing Institution program, one of only 123 organizations nationwide to be selected to receive such funding. The grant will enable the organization to continue its work to further urban redevelopment in Northern Kentucky's river communities of Ludlow, Covington, Newport, Bellevue and Dayton.



publicdomainpictures.net photo

■ Covington has received \$3.9 million in federal funding that will be used to help fund development of the highly anticipated **Riverfront Commons Trail**. The funding will pay for nearly a quarter-mile of the multi-use path that – when completed – will stretch more than 11 miles and connect Kentucky communities that lie along the Ohio River, from Ludlow to Fort Thomas.

ERLANGER

■ **St. Elizabeth Healthcare** and **SUN Behavioral Health** have announced that the partnership's recently announced behavioral health and chemical dependency hospital will be located in Erlanger. The 197-bed hospital is expected to employ a staff of approximately 400, some 270 of which will be newly created jobs. The groundbreaking for the project is slated to take place in early 2016, with the opening projected by the summer of 2017.

HEBRON

■ **Pomeroy**, a Hebron-based IT consulting firm, is merging with South Carolina IT company **Tolt Solutions** to create the **Pomeroy Group of Companies**. As part of the transaction, **Clearlake Capital Group L.P.** entered into a definitive agreement to acquire Pomeroy and simultaneously back the merger of Pomeroy with Tolt. The Pomeroy Group will have more than 4,000 employees and nearly \$1 billion in annual revenue. Tolt will operate as a standalone division within the Pomeroy Group, maintaining its core focus of providing managed IT services to grocery, retail, convenience, food service and distributed enterprise customers. The existing management teams will remain in place.

HENDERSON

■ **Big Rivers Electric Corp.** has been overly optimistic about its future and will need to move more aggressively in coming years to mitigate the loss of its two largest customers, according to an independent review released by the Kentucky Public Service Commission (PSC). The PSC ordered the audit in April 2014, when it approved a rate increase requested by Big Rivers. The rate increase was the second of two requested by Big Rivers to maintain financial stability after **Century Aluminum** smelters in Hawesville and Sebree stopped purchasing power from the utility. Together, the two smelters accounted for about two-thirds of Big Rivers' load and revenue. The report noted that Big Rivers should give more consideration to selling off power plants that are no longer needed.



ASHLAND: AK STEEL IDLES 800 WORKERS, SAYS FOREIGN MILLS DUMPING IN U.S.

AK Steel has announced that it intends to temporarily idle the blast furnace and related steelmaking operations at its Ashland steel mill, beginning in December. The move will impact up to 800 of the facility's 940 employees.

The Ohio-based company cited "challenging domestic market conditions" as the reason behind the decision and said that if market conditions do not improve, the idling could last more than six months.

"We are taking this necessary step due to the onslaught of what



we believe are unfairly traded imports of carbon steel that have been flooding our shores," said AK Steel Chairman, President and CEO James L. Wainscott. "These imports have substantially reduced order intake rates, production rates, shipment volumes and selling prices. We will continue to closely monitor market conditions and run our overall operations as efficiently as possible to continue to meet our customers' needs."

AK Steel, along with other domestic steel companies, has filed anti-dumping and counter-vailing duty trade cases with the **International Trade Commission** with respect to coated, cold-rolled and hot-rolled carbon steel products in an attempt to combat foreign imports.

Ashland Works produces carbon steel slabs as well as hot-dip galvanized and galvanized coated steels. The hot-dip galvanizing line – which primarily services automotive customers – will not be idled.

The company said it has enough steelmaking capacity at its other plants to meet customer requirements and does not anticipate any interruptions in shipments to its customers.

STATE: KY'S APPRENTICE PROGRAM ADDS 8TH CHAPTER, NOW HAS 112 COMPANIES

THE Kentucky Federation for Advanced Manufacturing Education (KY FAME), a partnership of manufacturers and colleges that have teamed up to address the shortage of technically skilled workers in advanced manufacturing, has added a new chapter in the western region of the state.

Through the KY FAME West Chapter, advanced manufacturing technician courses will be provided at **Madisonville Community College**, **Hopkinsville Community College** and **West Kentucky Community and Technical College** in Paducah.

Local companies in the region that are participating in the launch include: **Wacker Chemical**, **R. RAD North America**, **Briggs & Stratton**, **Centrifugal Technologies**, **Baptist Health Madisonville**, **Vanderbilt Chemical**, **Progress Rail Services**, **Hibbs Electromechanical**, **Air Relief**, **Integrated Metal Solutions**, **MVP Group International**, **International Automotive Components**, **MRCOOL**, **ACE Compress Services** and **GE Aviation**.

"I have seen the energizing effects that the mere opportunity of forming a chapter of KY FAME in west Kentucky has brought, and it makes me very optimistic for the future of our region and the commonwealth as a whole," said Ryan Senter, president of Hibbs Electromechanical and president of the new chapter. "With industry in the driver's seat, the KY FAME program has enhanced the collaboration between industry, education and government in combining technical education, soft-skills training and career preparedness that will have wide-ranging, positive benefits for students, Kentucky companies and entire communities."

FARMINGTON: INNOVATIVE FISHERY TURNS INVASIVE CARP INTO EXPORT PRODUCT

STATE and local officials gathered in Graves County on Oct. 6 to celebrate the opening of **Blue Shore Fishery**, a new Kentucky company that is turning the area's invasive carp problem into the foundation of a wholesale foods business.

Blue Shore has invested more than \$1.3 million in a former catfish-processing facility that will be used to process Asian carp caught by local commercial fishermen from rivers and lakes throughout Western Kentucky. Asian carp were initially brought to this country to clean up algae but have since created a severe problem, overpopulating and crowding out native fish.

Blue Shore will use the locally caught carp to create surimi, a product used in crab sticks, fishcakes and other foods. The company plans to sell to wholesale markets in the U.S. and overseas, particularly Asia.

The operation brings 66 new jobs to the community.

Blue Shore also operates two other facilities in Kentucky: **RCB Fish Co.** in Ledbetter and **Fin Gourmet** in Paducah, a research and development operation.



Blue Shore Fishery is using Asian carp to produce surimi, a fish product used in imitation crab and lobster.

BUSINESS BRIEFS

INDEPENDENCE

■ Construction has begun on a 674,000-s.f. distribution facility near Interstates 71/75 in Independence being built for **VanTrust Real Estate LLC**, a Kansas City, Mo.-based real estate development company. The new facility, which will be called **Park 536**, is a speculative development being built to meet strong market demand for distribution and warehouse space in Northern Kentucky. Fort Mitchell-based **Paul Hemmer Co.** is leading the construction project, which is expected to be complete by July 2016.



LEXINGTON

■ The **University of Kentucky** is building a \$265 million research facility that will be dedicated to addressing health challenges and disparities in Kentucky, including cancer, diabetes, heart disease and drug abuse. Half of the funding

for the facility is coming from the state, with the remainder coming from university resources, including private gifts. The facility is slated to be complete in the spring of 2018.

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BUSINESS BRIEFS

LEXINGTON

■ **Tempur Sealy International** has eliminated nearly 50 positions at its Lexington headquarters as part of a 2 percent worldwide workforce reduction to “better streamline the company and improve operating productivity.” The cuts in Lexington represent approximately 10 percent of the corporate headquarter staff.

LOUISVILLE

■ **Louisville Slugger** manufacturer **Hillerich & Bradsby Co.** has donated a 2-acre parcel of land near downtown Louisville to the **Community Foundation of Louisville**. The property, which was the site of the company’s bat factory for more than 70 years, is valued at \$1 million and will be used as part of The Wheelhouse Project, a community effort that will play a role in the revitalization taking place in the 150-year-old Smoketown neighborhood.



■ A major renovation and expansion of the **Kentucky International Convention Center** is set to begin in August 2016, with a completion targeted for summer 2018. The expansion will increase contiguous exhibit space by more than a third, from 146,000 s.f. to over 200,000 s.f. Louisville Mayor Greg Fischer said the redesigned center will allow Louisville to

compete for more convention business, which will in turn help create more jobs. Louisville already hosts five of the country’s largest trade shows, according to Tradeshow News Network.

■ **Norton Healthcare** is investing \$107 million to expand and renovate **Norton Audubon Hospital** as part of a multi-year hospital growth plan. The project will involve a general overhaul of the existing structure as well as the renovation of existing patient rooms and the addition of 74 private patient beds, three new operating rooms and renovation of the main OR, and the expansion of the emergency department, intensive care unit and open-heart unit. Construction work on the 35-year-old facility will begin in the spring and will take approximately three and a half years to complete.

■ Louisville-based **KentuckyOne Health**, the largest health system in the state, has reported systemwide financial improvements of more than \$142 million for the 2015 fiscal year. KentuckyOne officials credited increased patient volume and enhanced operating performance for the improvement. Over the course of FY2015, KentuckyOne added five new ambulatory sites and 108 new primary care providers, a virtual primary care program (**Anywhere Care**) and a retail partnership with **Walgreens**.



KentuckyOne Health™

■ Two Louisville companies are among the 80 winners recently announced in the **U.S. Small Business Administration’s** (SBA) second annual Growth Accelerator Fund Competition. **XLerateHealth** helps early-stage healthcare companies build out their commercialization strategy. **LVL1 Inc.** is a hackerspace, a nonprofit open community lab and workshop that attracts “tinkerers, makers, engineers, educators, scientists, artists, hackers and overall geeks,” according to its website. The XLerateHealth and LVL1 Inc. submissions were among more than 400 proposals submitted nationwide.

■ Louisville-based healthcare company **Humana Inc.** is now offering talking prescription labels to its members who are blind or visually impaired. The talking labels are available at no additional cost to Humana members who fill their prescriptions through **Humana Pharmacy Inc.** and its seven **PrescribE! Rx** locations in Florida.

LOUISVILLE: UPS WILL INVEST \$310M, ADD 300 JOBS AT SORTING CENTER

UNITED Parcel Service Inc. (UPS) is investing nearly \$310 million in an expansion project that will triple the size of its ground package sorting facility in Louisville and nearly double package processing rates.

The expansion will add another 300 jobs to the company’s staff in Louisville, where it currently employs nearly 21,000 people.

Company officials said the 580,000-s.f. expansion is in response to an increase in both e-commerce and traditional retail package volume.

Construction will begin in 2016 and is expected to be complete by 2019. The project will not affect pickup and delivery operations, UPS officials said.

The Atlanta-based company opened its **Centennial** hub in Louisville in 2008 and the facility has become a vital point in the UPS express network, with 2 million packages moving through the city each day to destinations in more than 220 countries and territories around the world.

The hub facility provides pickup and delivery operations for customers in Louisville and surrounding counties and serves as a transfer point for trailers moving to destinations beyond Kentucky. It also supports end-of-runway express service due to its proximity to the **UPS Worldport** facility.



UPS’s newly announced expansion at its Centennial hub in Louisville will nearly double the facility’s package-processing rates.

LOUISVILLE: MCM MERGING WITH OHIO FIRM, WILL SHIFT HQ TO CINCINNATI

MOUNTJOY Chilton Medley, the largest accounting firm in Kentucky, is merging with one of Cincinnati’s largest accounting firms.

Cooney Faulkner & Stevens (CFS) will join Mountjoy Chilton Medley (MCM) on Jan. 1, 2016. Louisville-based MCM has nearly 300 employees across five offices in Kentucky, Indiana and Ohio.

According to MCM, the move will allow both organizations to provide a wider array of services and greater depth of expertise to clients, particularly in the in-demand and growing niches of exit planning and transaction advisory services.

The Cooney Faulkner & Stevens’ office in Cincinnati will serve as headquarters for the combined firms, which will operate as **MCM CPAs and Advisors**.

“MCM has been searching for a great Cincinnati partner to expand our presence and impact in this critical market,” said MCM Managing Partner Diane Medley. “The entrepreneurial attitude of the CFS co-founders and partners, combined with their value-added mindset, culture, community involvement and name recognition, was exactly what we needed.”

CFS, like MCM, offers a full suite of traditional tax and accounting services, as well as consulting offerings in exit and transition planning, financial forensics services, outsourced CFO services, business valuation and transaction services.

STATE: BAPTIST HEALTH WILL EXPAND AND REBRAND ITS HEALTH INSURANCE PLAN

BAPTIST Health has announced a significant expansion of its health-insurance business with the introduction of new insurance plans for both the Medicare Advantage and individual markets.

For more than 20 years, Baptist Health operated Lexington-based **Bluegrass Family Health**, covering nearly 80,000 members in Kentucky and parts of adjoining states in the tra-



ditional commercial market, offering insurance through employers. In May, Bluegrass Family Health announced that it would be rebranding as **Baptist Health Plan** and would be headquartered in Lexington. (Baptist Health's corporate headquarters are located in Louisville.)

Baptist Health Plan's new Medicare Advantage plan is now available to Medicare beneficiaries in 33 Kentucky counties. The new Baptist Health Plan Select, designed for people who don't qualify for Medicare and don't receive coverage through their employer, is being offered in 29 Kentucky counties and is available on kynect, Kentucky's online health insurance exchange. (Interested parties can also enroll in the program offline.)

The new plans will go into effect in January 2016.

BUSINESS BRIEFS

LOUISVILLE

■ State and local officials gathered in Oct. 1 for the official opening of the **Jim Beam Urban Stillhouse** in downtown Louisville, the latest bourbon-themed attraction in the city. The stillhouse features a bar for bourbon tastings, a retail store, a bottling line where guests can select, label, fill and cork their own bottle of bourbon, and displays about bourbon making. Bourbon has become a \$3 billion economic engine for Kentucky that generates more than 15,400 jobs and \$166 million in tax revenue each year.



■ **Kentucky Trailer**, a Louisville-based company that manufactures custom trailers and truck bodies, has acquired **Smit Mobile Equipment B.V.** and **Smit Mobile Equipment Ltd.** for an undisclosed amount. Smit B.V. is a Netherlands company that specializes in advanced mobile medical solutions to the medical sector, including mobile and relocatable magnetic resonance imaging (MRI), computed tomography (CT), and positron emission tomography-computed tomography (PET/CT) products. Smit UK is a service organization located in the United Kingdom.

■ Louisville-based **Republic Bancorp** is expanding its presence in Florida with a \$32.3 million purchase of **Cornerstone Community Bank**. Cornerstone has four banking locations in the Tampa-St. Petersburg-Clearwater area, with total assets of approximately \$243 million, total loans of approximately \$183 million and total deposits of around \$206 million.



Data Privacy & Security. What You Need To Know.

Data Breaches Come in Many Forms

by Dennis Kennedy, Partner ■ dkennedy@dbllaw.com

Reports of data breaches are appearing in the media at an alarming rate. No one industry is safe from cyber attacks. In fact, recent attacks have been made against financial institutions, retail outlets and health insurance companies. Most recently, Anthem announced a data breach affecting more than 80 million current and former customers. While cyber attacks across various industries have been grabbing the headlines, data breaches come in many forms.

Why Us? Why Now?

Failing to update your information technology resources with available patches, and running outdated and unsupported software, makes your electronic information susceptible to malware. But it's not just the age of the technology that can present an opportunity. Breaches also occur when protected information is left unsecured on mobile devices, such as a laptop or tablet, and that device is stolen.

Who's the Target?

The FBI privately warned health care providers in April 2014 that their cyber security systems were lax compared to other industries. Additionally, health care information is much more valuable to thieves than credit card information, since they are likely to gain access to patient names, dates of birth, social security numbers and other valuable information. All the information needed to steal an individual's identity is contained in one patient's health record. Is your information protected?

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BUSINESS BRIEFS

LOUISVILLE

■ **MISA Metal Fabricating Inc.** is investing more than \$4.3 million to expand its facility at the Jefferson Riverport International Industrial Park.

MISA provides carbon steel cutting via oxy-fuel, plasma, laser and band saw, as well as CNC machining, press forming, welding and painting as secondary processes. The plant was established as a supplier of steel assembly parts to **Toyota Industrial Equipment Manufacturing**, which remains the company's largest customer. The latest expansion will create 18 new jobs.



NEWPORT

■ **Rooibee Red Tea Co.**, a company that specializes in organic bottled tea, has moved its headquarters from Louisville to Newport to be closer to Cincinnati-based **Kroger**, its largest customer, according to a report from *The Cincinnati Business Courier*. The company's distribution operations will remain in Louisville.

OWENSBORO

■ **Swedish Match**, a manufacturer of tobacco products, is investing more than \$3 million in its Owensboro facility to expand its research and development department. The 10,000-s.f. expansion will include new labs, offices and meeting spaces and will increase the company's capabilities to formulate new products. The company currently employs 340 people in Owensboro and will add eight R&D jobs as a result of the expansion.

■ **Brescia University** has been awarded a \$2.2 million grant from the **United States Department of Education** as part of the Strengthening Institutions Program. The grant, which is the largest in the school's history, will support increasing retention and graduation rates, improving the university's designated "anchor programs" (social work, education, business and life sciences), upgrading science labs and technological advancements.



tors hired by EKV. The upper division courses for juniors and seniors will be offered entirely online by EKV. The partnership is the fourth agreement in which Eastern has joined with community and technical colleges statewide in an effort to prepare pilots for the 500,000 openings expected over the next 20 years.

SOMERSET

■ **EOS USA**, a company that provides accounts-receivable management and business-process outsourcing services, has opened a customer-service call center in Somerset, bringing 150 new jobs to the community. The company is leasing a 20,000-s.f. facility in the Valley Oak Technology Complex.

LOUISVILLE: YUM! SPINS OFF ITS CHINESE OPERATIONS INTO SEPARATE COMPANY

THE board of directors for Louisville-based **Yum! Brands** has unanimously approved a move to make the company's China division a separate entity, creating two individual, publicly traded companies. Yum! is the parent company of **KFC**, **Pizza Hut** and **Taco Bell**.

Though it will be a separate company, Yum! China will operate as Yum! Brands' largest franchise, operating under a franchise agreement with predominantly Chinese leadership.

"Over the years, we built our company's global structure outside of China based on a franchise model that generates stable earnings, high profit margins, low capital investment and strong cash flow conversion," said Yum! Brands Chairman David Novak. "At the same time, our China business, which has been predominantly equity-owned, generates substantial operating cash flow annually, with tremendous ability to invest in its own growth."

Yum! was one of the first American quick-serve restaurants to enter the China market, opening its first KFC store there in 1987. Yum! China now operates approximately 6,900 restaurants in over 1,000 cities and Yum! says that with China's consuming class expected to double from 300 million in 2012 to more than 600 million by 2020, Yum! China has the potential to grow to 20,000 restaurants in the future. The business is on pace to open some 700 new locations in 2015.

However, Yum! has been dealing with fallout from reports last year that it was using tainted meat at some of its KFC locations. That issue scared off many consumers and the company's third-quarter earnings fell below analysts' estimates for the China division.

TianyiLee/Wikipedia photo



Yum! Brands' presence in China has grown to 6,900 restaurants in more than 1,000 cities. Yum! was among the first U.S. companies to enter the China market with the opening of a KFC restaurant there in 1987.

LOUISVILLE: GE BRINGS PRODUCTION OF CLIMATE CONTROL UNITS BACK TO KY



GE is adding a new category to the current line-up of products manufactured at its Louisville plant, creating 75 new jobs. The GE Zoneline is a through-the-wall heating and air-conditioning unit mainly used by the hotel/motel industry. Zoneline models were made at the Louisville plant from 1961 until 1987, when production was outsourced overseas. The Louisville plant presently produces refrigerators, dishwashers, washing machines, clothes dryers and hybrid water heaters. The Louisville plant will begin production of the Zoneline units beginning in the first quarter of 2016.

ELIZABETHTOWN: TMS AUTOMOTIVE TO ADD NEW \$5M FACILITY IN BOWLING GREEN

ELIZABETHTOWN-based **TMS Automotive** is investing \$5 million to locate a facility at the Kentucky Transpark in Bowling Green, creating 38 new jobs.

TMS Automotive offers industrial clients a variety of specialized services, including parts washing; rust inhibitor applications; parts sorting; packaging; warehousing and distribution; and minor contract assembly.

Adding a facility in Bowling Green will put TMS Automotive in closer connection with **Bowling Green Metalforming** and **Cannon Automotive**, allowing those businesses to curtail shipping costs.

With TMS Automotive's Elizabethtown location operating at full capacity, the additional facility also will allow the company to take on a much larger demand for products.

TMS Automotive has served Kentucky since 2007 as a distribution provider and materials handler for automotive parts.

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.

BUSINESS BRIEFS

WILMORE

■ After being put on the back burner for nearly 10 years, plans have been revived to build a Jack Nicklaus-designed golf course in Wilmore.

Legacy Point Capital has engaged Nicklaus to develop a 450-acre, 18-hole course that will be named Legacy Point. The initial project, proposed by **Kelley Properties**, got waylaid by litigation and zoning issues, but with those matters now resolved, Nicklaus plans to soon begin the design process. Nicklaus said his goal is to create a course that will be playable for all levels of golfers and all ages.



STATE

■ Kentucky has announced an agreement between the **Republic of China** (Taiwan) and Kentucky farmers to increase corn and soybean exports to Taiwan over the next two years. The **Taiwan Feed Industry Association** has agreed to purchase 197 million bushels of corn at a cost of more than \$1.2 billion. The **Taiwan Vegetable Oil Manufacturers Association** will be purchasing approximately 100 million bushels of soybeans valued at \$1.1-\$1.2 billion. In 2014, Taiwan ranked as the seventh largest market for U.S. corn exports and fifth in the U.S. soybean market.

■ The U.S. Department of Defense has awarded a \$618,437 grant to the **Kentucky Commission on Military Affairs** to study defense-related economic development opportunities in the state. An online, interactive mapping tool will enable Kentucky companies to understand and participate in the aerospace and defense industry and provide leaders and policymakers with updated information to drive increased employment.



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INTERSTATE LANE

Business news from Indiana, Ohio, Tennessee and West Virginia

BUSINESS BRIEFS

INDIANA

■ **Skally's Old World Bakery**, a family-owned bagel and pita bread bakery, is establishing a new production facility in West Harrison, Ind., that will create up to 150 new jobs by 2021. The Cincinnati, Ohio-based company is investing \$40 million to construct and equip a 350,000-s.f. facility that will house a bread production line serving customers in 40 states.

■ **Thrive Market**, a membership-based online health food and natural products store, is establishing a new fulfillment center in Batesville, Ind. The California-based company is renovating a 300,000-s.f. facility that previously housed **General Electric**. The new fulfillment center will create up to 250 jobs by 2018 and will serve approximately two-thirds of its customers located in 35 states throughout the Midwest and Eastern United States.

OHIO

■ **ADVICS Manufacturing Ohio Inc.** is investing more than \$150 million to expand its operations in Lebanon, Ohio, where it produces disc brake calipers and electronic stability control units for automakers. The expansion will add 260 jobs to the current 714-member workforce.



between 2012 and 2015 and increase elevenfold by 2025. The Tennessee expansion project created approximately 200 full-time jobs.

■ **Intermedix**, a Florida-based provider of analytics and technology solutions for health and safety, has announced that it will locate new operations in Nashville, creating 116 new jobs. The company's new innovation lab will focus on furthering the company's analytics capabilities by leveraging big-data technologies to provide statistical models and predictive analytics. Intermedix will support clients by gaining insights into their data to improve quality of care, reduce costs and increase patient satisfaction.

■ **Lyft**, a San Francisco-based mobile app and transportation company, is locating a customer experience center in Nashville that will create 380 new jobs. The new operation will support drivers and passengers with timely answers to their questions.

■ With the goal of improving it's the company's financial flexibility, Goodlettsville, Tenn.-based **Dollar General Corp.** has implemented a corporate restructuring that eliminates 225 corporate support positions. Of the positions affected, 115 were already vacant. The cuts represent approximately 23 percent of the company's corporate staff. No store-level jobs are being affected by the changes.

■ **Allied Dispatch Solutions**, one of the nation's largest roadside services providers, is investing \$4.8 million to expand its operations in Johnson City. The expansion will add 481 new jobs.

WEST VIRGINIA

■ **Orbital ATK**, a global leader in aerospace and defense technologies, announced that it has successfully completed the final validation and testing for its new clean air Ramjet Test Facility at the **Allegany Ballistics Laboratory** in Rocket Center, W. Va. The facility is one of few in the United States with a clear-air testing environment for flying trajectories on the stand with real-time, variable mass flow-rate and temperature. ABL is housed at the site owned by **Naval Sea Systems Command**, which committed funding to the new facility.

TENNESSEE: ADVANCED MUNITIONS TO LOCATE GLOBAL HQ, 600 JOBS IN ALCOA

ADVANCED Munitions International has announced plans to build its global headquarters and a state-of-the-art munitions manufacturing facility in Alcoa, Tenn., that will create 605 new jobs.

AMI, which supplies ammunition to the military, law enforcement and civilian markets, is investing \$533 million in its new campus, which will include manufacturing, distribution and research and development operations. The Alcoa plant will primarily hire chemists and engineers with backgrounds in metallurgy, physics and energetics technology.

The company expects to break ground on the 235-acre site this spring and open in the fourth quarter of 2018. Company executives cited the proximity and resources of the **Oak Ridge National Laboratory** as a deciding factor in choosing to locate in Tennessee.

"When we looked nationally for a site to build this facility, Tennessee stood out as a place with leaders that understand and support strong business growth," said Jim Antich, AMI founder and executive chairman. "Having a resource like ORNL nearby also attracted us to Tennessee and Blount County."

AMI was founded in Payson, Ariz., in 2010 and initially produced ammunition for police departments. The company has said it will maintain a small operation in Payson that will involve approximately 70 employees.



AMI is known in the firearms industry for its HPR Ammunition brand, a specially formulated ammunition that employs proprietary technology.

OHIO: HONDA INVESTING \$210M IN NEW ENERGY-EFFICIENT PAINT SYSTEM

HONDA of America Mfg. is investing \$210 million for a new state-of-the-art paint line at its **Marysville (Ohio) Auto Plant** that is designed to reduce the company's environmental footprint while also improving on quality.

The new paint facility will utilize numerous new technologies to significantly reduce energy use, water use and chemical emissions from the vehicle painting process. According to Honda, auto body painting can account for 60 percent or more of an auto plant's total energy use.

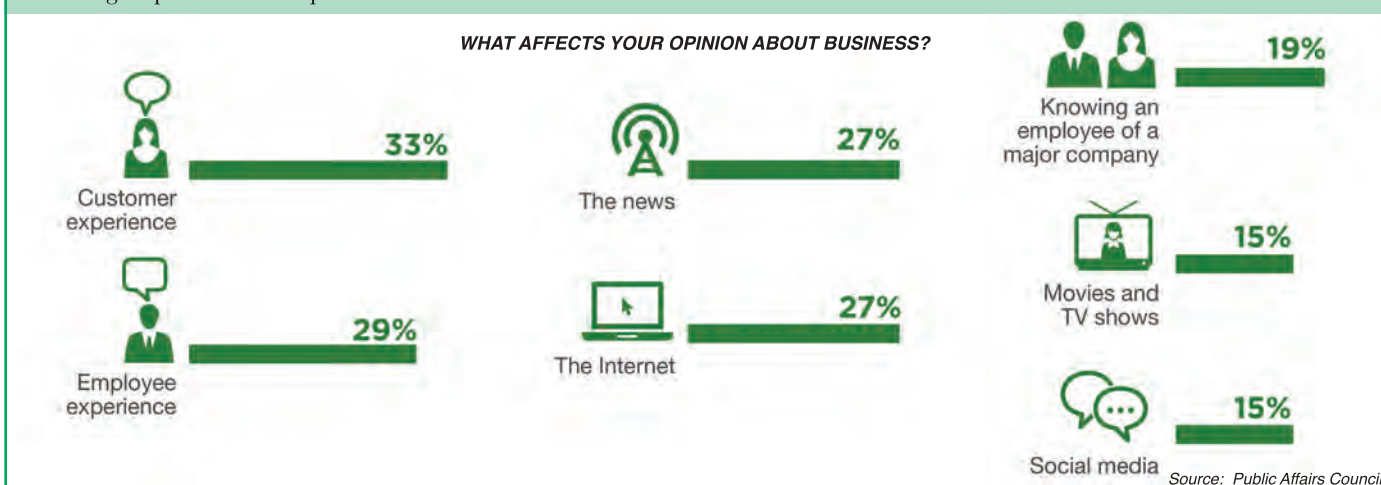
The new paint shop will reduce volatile organic compounds (VOC) emissions by nearly 66 percent and will use "dry-booth" technology, which uses limestone dust instead of water to capture paint overspray, reducing water use by 2 million gallons annually. Eliminating water used to capture paint particulates will also annually eliminate 255 tons of paint sludge as a waste byproduct.

Construction of the new paint line will begin in December and is slated for completion in December 2017. The new 300,000-s.f. paint shop will have a capacity of 229,000 units annually and will replace the existing facility built in 1985.

When complete, the new paint shop will be the most energy-efficient paint line in Honda's U.S. auto-production network.

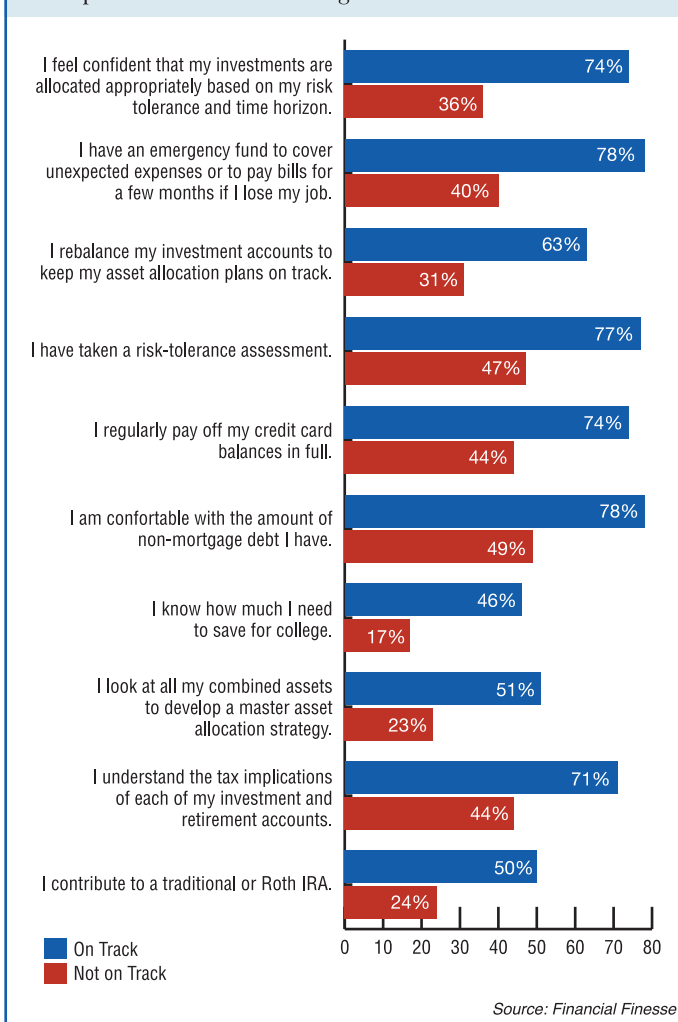
WHAT AFFECTS CUSTOMER OPINIONS?

Companies large and small expend a great deal of effort to grow their business and attract new customers. So what does, in fact, influence consumers' opinions about businesses? A survey of 1,601 adults conducted by the Public Affairs Council received the following responses to that question:



PREPARING FOR RETIREMENT

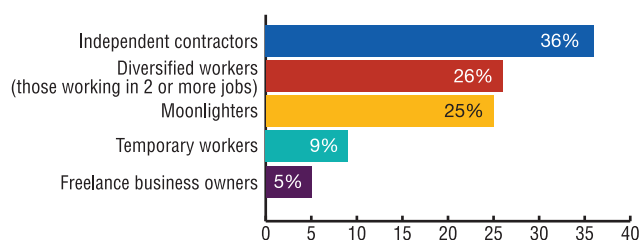
More and more, responsibility is being shifted onto employees to fund their own retirement, yet a recent report shows that only 19 percent of employees are confident they are on track to retire. A recent financial study found that those who *are* on track tend to focus on the basic financial behaviors listed below to help them reach their fiscal goals.



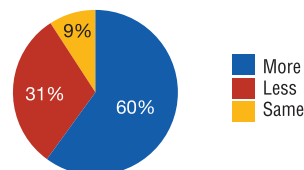
FREELANCING IN AMERICA

According to U.S. Bureau of Labor statistics, 34 percent of the U.S workforce is now made up of freelancers – the equivalent of nearly 54 million people. The charts below offer an overview of this growing segment of the American workforce:

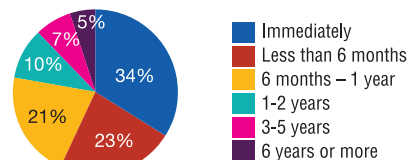
THE FREELANCE ECONOMY CONSISTS OF FIVE TYPES OF WORKERS:



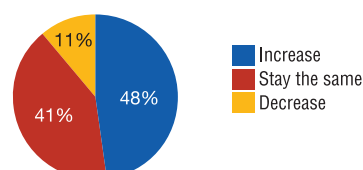
AS A FREELANCER, DO YOU EARN MORE OR LESS THAN WHEN YOU HAD AN EMPLOYER?



AFTER LEAVING YOUR JOB WITH AN EMPLOYER, HOW LONG DID IT TAKE YOU TO EARN MORE AS A FREELANCER THAN YOU DID WITH AN EMPLOYER?



IN THE COMING, YEAR HOW DO YOU EXPECT YOUR INCOME FROM FREELANCING TO CHANGE?



Source: Daniel J. Edelman Inc.

CORPORATE MOVES

New leadership for Kentucky businesses

ARCHITECTURAL/ ENGINEERING

■ **Deborah Cutts** has been named director of marketing and business development for Omni Architects in Lexington.



Deborah Cutts

ADVERTISING

■ **Ingrid Korgemagi** has joined Louisville-based Scoppechio as vice president of account services. **Trace Conn** has been named director of creative services for the division.

■ **Dan Dry** has joined Price Weber in Louisville as managing director of the agency's in-house content creation studio.



Dan Dry

ARTS

■ **Donald Mason** has been named executive director of the Lyric Theatre & Cultural Arts Center in Lexington.

BANKING

■ **Barrett Coleman** has been promoted to vice president, portfolio manager for Community Trust and Investment Co.'s wealth and trust management division in Lexington. **Bryce Goldbach** has been named assistant vice president, portfolio manager for the division.



Barrett Coleman



Bryce Goldbach

■ **S. Ryan Newcomb** has joined Farmers Capital Bank Corp. in Frankfort as senior vice president, general counsel and secretary to the board.

ECONOMIC DEVELOPMENT

■ **Sarah Davasher-Wisdom** has been promoted to senior vice president of public affairs and strategy for Greater Louisville Inc. (GLI).

EDUCATION

■ **Ryan Wilson** has been named director of regional programming at Eastern Kentucky University.



Ryan Wilson

■ **Ty J. Handy** has been appointed president of Jefferson Community and Technical College.

■ **Burton J. Webb** has been named as the new president of the University of Pikeville. Webb comes to the position from Northwest Nazarene University in Idaho, where he was vice president for academic affairs.



Burton Webb

■ **Jimmy Adams** has been named executive director of the Kentucky Professional Standards Board.



David Casey

■ **David A. Casey** has been named chair of the department of psychiatry and behavioral sciences at the University of Louisville School of Medicine.

■ **Rodman King** has joined Centre College as associate vice president for academic affairs and diversity initiatives.



Melissa Jones



Esther Wangeci



Doug Cleary

■ The Kentucky Community and Technical College System has announced the following appointments: **Melissa Jones** – director of accounting; **Esther Wangeci** – director of stra-

DEPARTURES

■ **John Harris** has resigned as executive director of The Clifton Center, a Louisville arts and culture organization.

tegic engagement/change management; and **Doug Cleary** – system director of financial aid.

GOVERNMENT

■ **Stephen Pruitt** has been named Kentucky commissioner of education.



Stephen Pruitt

HEALTHCARE

■ **Burt Piper** has been named executive vice president/chief operating officer of Ephraim McDowell Health in Danville.



Burt Piper

■ **Dan Goulson** has been named vice president of medical affairs for Saint Joseph Hospital in Lexington.



Dan Goulson

LEGAL

■ Dinsmore & Shohl LLP has added three new partners in its Louisville office: **Matthew P. Gunn** and **Barbara W. Menefee** practice out of the labor and employment department, focusing on immigration law. **Clifford H. Ashburner** has joined the firm's real estate group in the corporate department.



Matthew Gunn



Barbara Menefee



Clifford Ashburner



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ON THE BOARDS

Kentuckians named to organizational leadership roles

AMERICAN SOCIETY FOR VIROLOGY

■ **Rebecca Dutch** has been named president-elect for the American Society for Virology. Dutch is a professor in the University of Kentucky College of Medicine.



Rebecca Dutch

COMMISSION ON SMALL BUSINESS ADVOCACY

■ **Kerri Lynn Richardson** has been appointed as a member of the Commission on Small Business Advocacy. Richardson, of Louisville, is vice president at C2 Strategic Communications.

KEENELAND

■ **H. Greg Goodman** and **John G. Sikura** have been named as the newest members of Keeneland's advisory board of directors. Goodman is owner of Mt. Brilliant Farm in Lexington. Sikura is owner and president of Hill 'n' Dale Farm, a commercial Thoroughbred breeding and sales operation in Lexington.

KENTUCKY BOARD OF EDUCATION

■ **Sarah Murphy Ford**, of Owensboro, has been appointed to serve on the Kentucky Board of Education. Ford is vice president of Scott & Murphy Inc./Hartz Contracting.



Sarah Murphy Ford

KENTUCKY CENTER FOR THE ARTS CORP.

■ **Benjamin Katz**, of Louisville, has been appointed to serve on the board of the Kentucky Center for the Arts Corp. Katz is chief technology officer for Gazelle Inc.

KENTUCKY CHAMBER OF COMMERCE EXECUTIVES

■ The Kentucky Chamber of Commerce Executives, the professional development society for local chambers of commerce across the state, has announced its new board: President – **Brad Schneider**, Kyndle (the economic engine for Henderson, McLean, Union and Webster counties); President-Elect – **Brad Richardson**, Hardin County Chamber; Treasurer – **Aaron Dail**, Murray-Calloway County Chamber; Secretary – **Deanna Herrmann**, London-Laurel County Chamber; Immediate Past President – **Amy Cloud** – Jessamine County Chamber. Board members: **Jill Cutler**, Mercer County Chamber; **Jacob Colley**, Southeast Kentucky Chamber; **Carmen Inman**, Frankfort Area Chamber; **Shawna Burton**, Greater Louisville Inc.; **Lee Lingo**, Madisonville-Hopkins County Chamber; **Vicki Steigleder**, Maysville-Mason County Chamber; and **Dana Zinger**, Commerce Lexington. **Aimee Hiller** and **Patrick Merchak** of the Kentucky Chamber serve as ex-officio members.

KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM

■ **Angela Fultz** and **Mark Wells** have been elected to serve as faculty representatives on the board of regents of the Kentucky Community and Technical College System (KCTCS). Fultz is the division chair of mathematics and natural sciences at Maysville Community and Technical College. Wells is a business adminis-

tration professor at Big Sandy Community and Technical College. **Mary B. Kinney** and **Tammy C. Thompson** have been elected to serve on the board as staff representatives. Kinney is the coordinator of academic affairs and retention at Owensboro Community and Technical College. Thompson is the public relations coordinator at West Kentucky Community and Technical College.



Angela Fultz



Mark Wells



Mary Kinney



Tammy Thompson

KENTUCKY HORSE PARK FOUNDATION

■ **Walter S. Robertson II** has been elected to the board of directors of the Kentucky Horse Park Foundation. Robertson is an attorney with Stites & Harbison PLLC.



Walter Robertson

KENTUCKY HORSE RACING COMMISSION

■ **Steve Hunter Stewart** and **Clayton B. Patrick** have been appointed as members of the Kentucky Horse Racing Commission. Stewart, of Paris, is a horse farm owner and manager. Patrick, of Frankfort, is an attorney.

KENTUCKY NONPROFIT NETWORK

■ The following individuals have been named to the 2015 board of directors of the Kentucky Nonprofit Network: Chair – **Stu Silberman** (recently retired executive director, Prichard Committee for Academic Excellence); Vice Chair – **Marian Guinn** (CEO, God's Pantry Food Bank); Treasurer – **Steve Jennings** (partner, Crowe Horwath); Secretary – **Eileen O'Brien** (partner, Stoll Keenon Ogden); Chair, Public Policy Committee – **Russell Harper** (senior vice president of government relations, Aetna); **Brian Roy** (deputy executive director, Kentucky Association of Counties); **Hollie Spade** (regional director of external and legislative affairs, AT&T) and **Danielle Clore**, ex officio (executive director/CEO, Kentucky Nonprofit Network).

KENTUCKY PUBLIC SERVICE COMMISSION

■ **James W. Gardner** has been appointed to the Kentucky Public Service Commission. Gardner, of Lexington, is an attorney.

KYNECT

■ The following individuals have been appointed as members of the kynect advisory board: **Audrey Haynes**, secretary of the Cabinet for Health and Family Services, will chair the board. Kentucky government commissioners serving on the board include **Sharon P. Clark**, commissioner of the Department of

Insurance; **Lisa Lee**, commissioner of the Department for Medicaid Services; and **Mary Reinle Begley**, commissioner of the Department for Behavior Health and Developmental and Intellectual Disabilities. Other members include: **Deborah L. Moessner**, Louisville; **Jeffrey B. Bringardner**, Louisville; **Carl Felix**, Frankfort; **Given Marcus Woodward**, Ashland; **Connie D. Hauser**, Barbourville; **John A. Thompson**, Lexington; **Kathy Wheeler**, Versailles; **Ruth W. Brinkley**, Louisville; **Julie Paxton**, Prestonsburg; **Bonnie Bolinger**, Williamstown; **Donna Ghobadi**, Lexington; **Joe E. Ellis**, Benton; **Gabriela Alcalde**, Louisville; **David H. Allgood**, Louisville; **Andrea Bennett**, Louisville; **Tihisha M. Rawlins**, Shelbyville; **Malea Hoepf Young**, Louisville; and **Elaine Younce**, Lexington.

LEXINGTON CENTER CORP.

■ Lexington City Council members **Kevin Stinnett** and **Bill Farmer Jr.** have been appointed to serve on the board of directors of the Lexington Center Corp. LCC is a not-for-profit 501(c)(4) corporate agency of the Lexington-Fayette Urban County Government that manages and maintains Rupp Arena, Lexington Opera House, Lexington Convention Center, The Shops at Lexington Center and Triangle Park.

NATIONAL INSTITUTES OF HEALTH

■ **William W. Stoops** has been named as a charter member of the National Institutes of Health's new Interventions to Prevent and Treat Addictions study section. Stoops is a behavioral pharmacologist at the University of Kentucky.

PORTER BANCORP INC.

■ **James M. Parsons** and **Edmond J. Seifried**



James Parsons



Edmond Seifried

have been appointed to the board of directors at Porter Bancorp Inc. Parsons is chief financial officer of Ball Homes LLC, a Lexington-based residential real estate development firm. Seifried is co-chairman of Seifried & Brew, a community bank education center.

UNIVERSITY OF LOUISVILLE

■ The University of Louisville board of trustees has elected its new officers for the 2015-2016 year: Chair – **Larry Benz**; Vice Chair – **Brucie Moore**; Treasurer – **Steve Campbell**; and Secretary – **Doug Hall**. Newly elected board members include **Larry Hayes**, **Paul Diaz** and **Victoria Allen** (student government association president).

U.S. DEPARTMENT OF AGRICULTURE

■ **Angela Caporelli** has been appointed to serve on the hydroponic and aquaponic task force for the U.S. Department of Agriculture's national organic program. Caporelli, who is the Kentucky Department of Agriculture's aquaculture marketing specialist, is one of only 16 people in the nation selected to serve on the task force.

LANE ONE-ON-ONE

Kentucky's leaders express their opinions



Michael Murphy

G. Michael Murphy is a fourth-generation contractor/engineer. He is owner and CEO of Scott & Murphy Inc., a Bowling Green excavation, bridge, highway and concrete construction company; co-owner and CEO of Scott, Murphy & Daniel LLC, a Bowling Green building construction company; co-owner and CEO of Hartz Contracting, an Owensboro building and concrete construction company. Murphy Construction Group employs approximately 225. Murphy was 2014-15 chairman of the board for the Kentucky Association of Highway Contractors. He has been board chairman for the Bowling Green Area Chamber of Commerce and the Bowling Green Area Economic Development Authority, and he is a past Outstanding Philanthropist of the Year for Bowling Green.

CONSTRUCTION SECTOR AT A PEAK AND EXPECTING FURTHER GROWTH

Scott, Murphy & Daniel navigates ongoing change by reinvesting in itself, holding onto employees and keeping past customers happy

BY MARK GREEN

Mark Green: What areas of construction do your companies engage in? Please describe the entities in Murphy Construction Group, their size and their general operations.

G. Michael Murphy: We've got three groups. Scott & Murphy self-performs commercial concrete work, bridge and heavy concrete construction, grading and excavation, and industrial concrete construction. Scott, Murphy & Daniel is our building side of the operation, doing design/build, building construction, general contracting and construction management. Since 2012, we also have Hartz Contracting in Owensboro; they do building construction and concrete construction in Owensboro and surrounding counties.

MG: What is the current range of Murphy Construction Group projects from smallest to largest? How many projects do you have in progress?

MM: In terms of prime projects, we have 50 projects underway. We actually have a lot more than that, because we do a lot of small projects for our regular customers; over 60 percent of our business is existing customer base. And the range is from \$100 to \$25 million. If we have a customer call us this morning and they need a new doorknob put on the door of their office,

within 24 hours we'll have that doorknob replaced. Sometimes it can be no charge, if it's a good customer and it's a minute job that one man can do. We find with those customers that have been our customers for a long, long time, we've got to be able to take care of the little things as well as when they have the big opportunities come along.

MG: What is a typical project? What's your sweet spot?

MM: \$5 million is probably an average project for our 100-mile radius. Over the last couple of years our largest projects probably were a \$25 million project and a \$30 million project, but \$5-10 million seems to be our average good project that we like to do.

MG: What were those two large projects?

MM: The latest one is associated with the Quiver Ventures LLC aluminum project here in Bowling Green (a \$150 million automotive sheet metal production joint venture by Europe-based Constellium and Japan-based UACJ Corp). We're working for Fluor Construction, one of the largest contractors in the world, performing the excavation and concrete work for that project. That project is still active; we've probably done in excess of \$25 million on it.

Then ShopHQ, which is now EVINE, is a local shopping network warehouse. We put a 350,000-s.f. addition onto that existing facility. That project was over \$15 million.

A lot of our building construction projects are automotive-related.

MG: Characterize the status and activity level of the construction sector today in comparison to the past five years and historically. Is it at a high point?

MM: We are at a high point. In 2009 everybody took a dip, and we did also. Over the years, we have been very fortunate, mostly because of keeping existing customers. We have done better than average through time. We've really not ever had any bad years, but we've had some slim years. With our workforce, people who have been with us on average 20 years, we try to maintain their jobs and not have any layoffs; we may overstaff a job to make sure those employees continue to work. That will contribute to a lower-profit year, but in the long run it pays off for us in years like this, where everybody's at their max and doing their thing and doing a great job.

Before 2009 we were pretty constant around \$60 million a year in revenues. We dipped in 2009, just for that one year, to about \$50 million, and then we steadily grew back. Then in 2013 a spike started; our revenues grew about 20 to 25 percent, and it did that for another three years. This year, we had already exceeded every previous year's revenues in August. The projected revenues for this year will probably be about \$130 million.

MG: What is the latest forecast for construction activity over the next five years in Kentucky?

MM: We've really been watching that, because we've stepped up to handle the volumes that we're dealing with now, and we want to be cautious how we do that. We see it continuing to grow, and that's based on the automotive industry. State and national elections will have a lot to do with how that continues. Also, we keep hearing about interest rates starting to climb and don't know what the effects of that are going to be on us and on the automobile industry and everyone in business. We're cautiously optimistic that it is going to steadily grow.

MG: To what degree is construction service treated today as a commodity bought at the lowest price?

MM: Price is key in what we call the hard-bid market – any type of government entity procurement like a state highway or state facilities. If you have a bond and you're the low bidder, you get the job. It's always been that way.

In private markets, owners and customers value quality, ability, knowledge and performance – along with price, of course. But over the past 20 years, for everybody, price has really tightened; that is a big factor in everyone's business. In the private sector, there's a lot more consideration than just low price. In the government sector, if you are financially stable, can furnish a performance and payment bond, and you're the low bidder, you get the job. It doesn't really matter what the history of your quality and timing is on a project.

A lot of times it does feel like that's where maybe we got knocked out of an opportunity. The owner and the low bidder may later wish they had not had that project, but that's just the nature of that animal.

MG: Basic construction inputs such as wood, stone, steel and craftsmanship remain consistent, but tools and technology are changing dramatically. What new tools are affecting your operations most?

MM: It's getting harder to find good, skilled help in this industry, so the more you can lean towards technology and automation, you can reduce labor but still do the same amount of revenues. Probably the biggest recent change in our industry is global positioning systems. A lot of our equipment operates off of GPS now: the machine grades a site automatically. That means less field engineering and surveying, reducing labor. The operators do not necessarily have to be as skilled in operating that piece of equipment because of the automation. They use GPS now in all types of equipment: excavating, grading, and now even machines laying the curb and gutter and sidewalks and things like that. It's really a neat new tool for us.

Other equipment continues to modernize, and become more costly. A backhoe 20 years ago was \$25,000; today it's \$65,000. We have nearly 400 vehicles and pieces of heavy equipment. It takes a lot longer to pay for them, but they do more and that's good.

Another technology that saves time is smart phones and computers. If a field superintendent has a question, he can reach his project manager in a minute. They can send plans over their computer such as critical grade and alignment information. What can take place in a day's time used to take weeks sometimes.

I've seen road materials improve. Concrete is still concrete, asphalt is still asphalt, but there are additives and different types of mixes and materials that go into each of those, and they make them better, longer-lasting, more durable. That's a very important thing

MG: Do you prefer to own or to lease equipment?

MM: We've leased some in the past, but we think buying equipment is the best way to go. If you take care of it, it lasts longer. We try to make sure equipment that we use the most is the newest, so it has the least number of breakdowns. Where we only occasionally use something, as newer equipment gets old we'll move it down to what we call second-tier use. When we buy something, it's because we need it long

term. If it's a short-term need, we'll rent or lease. But if we see growth is there, we go ahead and buy.

MG: How time-, labor- and cost-intensive is the bidding process today?

MM: We have 24 project managers in our various divisions, and I would say that 40 percent of their time is invested in doing takeoffs and bidding projects. We are set up where the person that is going to manage the job estimates the job, and that way he is solely responsible



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for that entire project. If he's successful with the bid, he finishes the project all the way to the end.

MG: What are the most significant cost factors for construction companies today?

MM: By far, health insurance for our employees: 12 percent of our overhead is our health insurance, the portion that we pay for our employees. We probably pay more than our competition, but we think that's a big factor in having employees stay with the company. It has gone up every year for the last 10 to 15 years, in recent years significantly. I can remember back over 20 years ago it was only 4 percent of overhead. The great thing is that fuel's gone down, so that has really been a help to offset that health insurance cost.

MG: How many employees have you hired the past five years, and are you able to find those with the skills you need?

MM: We have hired a net of about 75 employees. We have folks retire, and 75 would be the number of employees that we've hired, and that has been over the last two to three years rather than five years. The skill level today is not quite what it used to be. The difference between the Baby Boom generation and Generation X is that the baby boomers are probably a little more professional in what they do. This generation is probably more productive, but the challenge is finding those people. There aren't as many people who want to work in construction today as there used to be.

MG: Has the skill set of today's construction worker changed much from that of his predecessors of 25 or 35 years ago?

MM: Minimally. The more recent generation is more interested in their personal lives and doing other things, as opposed to the old professionals whose life was what they did and who took a lot of pride in what they did. Those people are still out there; it's just finding them and developing them. This is an age-old problem.

MG: You are a fourth-generation contractor-engineer. What is your background and professional training, and how did you enter the field?

MM: My dad owned a local ready-mixed concrete operation and a small commercial concrete construction company. He passed away before I started college, and so I worked for engineering firms and small contractors while I was going to college. I was able to get a lot of hands-on experience through what I'd learned through the family business and during college. I went to Western Kentucky University and got a bachelor's degree in civil engineering technology. Since then, I've

always attended any technical or communication courses that I could. Along with the experience that I've achieved over the years, that has been my training.

MG: Continuing education has been an ongoing element in your operation?

MM: Absolutely. There are several of our managers who are members of the Associated Builders and Contractors, and then FMI, Field Management Institute, is another great company that has educational classes that you can go to regularly. So myself and my management staff stay schooled up on things like that.

MG: You have a long professional relationship with Jim "Scotty" Scott, founder of Scotty's Contracting and Stone. You were an intern, an employee, division manager, co-owner and full owner of the concrete division. What was the impact and influence of "Scotty" on your career?

MM: I met him in college as an inspector for an engineering company. He was just starting his company. He was a very hard worker, very ingenious, very positive-minded – the kind of guy you wanted to be around. As I was coming out of college, he invited me to join his company. He offered all kinds of opportunities while he was growing his company. He was about hard work and perseverance, and that's what you had to do to work for him because that's the kind of guy he was. He was really a super mentor in this industry: his constant positive attitude, always looking for the good in everything, in people, building relationships, doing the right thing. He was a great person to watch and learn what you needed to do in this business.

MG: What is the status of the construction sector today?

MM: Looking back over my 40 years, and especially because we're pulling out of the 2009 slump, it is tougher to start a new construction business today. There's a lot of liability, a lot of initial costs. Banking has changed so much; it's not as flexible as it used to be. There's a plentiful amount of contractors, so it's not like there is extra work out there for new companies to get in and compete. But they do.

MG: What's the trend in company numbers and size?

MM: It just seems it's in rotation. There will be companies that cannot stay in business because of their business practices or bidding procedures, but new ones are always coming in to replace them. There are not as many medium-sized companies. There are larger companies buying smaller companies and forming a bigger entity.

MG: Construction companies conduct large and expensive operations, sometime over a period of a year or two, before delivering a product for which they are compensated. What financial structures and relationships are necessary to be able to conduct business?

MM: We have to front-end the cost of a lot of the construction. And the larger the project, the more dollars you're talking about. In our companies, we've put our profits back into our company. We do not take a lot of money out of our company; we invest in ourselves. And then we have good lines of credit with financial institutions that we have built a long-term relationship with. They're part of our team; they understand how it operates, and they're flexible.

MG: So finding a banking partner who understands your business is important?

MM: Very important. You get into situations on the larger projects, and big dollars in the middle do not get collected until the end – and because of retainages; or you're doing a big volume of monthly work in the pay periods. We may pay for materials long before we get paid.

We try to take advantage of any discounts for early payment. And making sure our work is right and our paperwork is right reduces the time for turning in an invoice in and getting paid.

MG: You have been active in regional economic development and work regularly in Tennessee. Are there public policy changes you recommend to make the Kentucky market more competitive in attracting and growing business?

MM: I've got to agree with other business folks who are for the "right to work" (legislation) in Kentucky. I don't think it's such a big deal for all the controversy around it. But it's important to new business, and if it's important to them it should be important to us.

Kentucky has done a good job on incentives for business and industry. In my career, the biggest example was Martha Layne Collins as governor, with Toyota. She was criticized initially, but that has been a wonderful thing for our state. Most governors have done a good job at economic development. Gov. Steve Beshear has done a great job; it's evident in our building construction industry with all the industrial growth going on right now. The majority of that is expansions. I hope that continues to be a priority. ■



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

THE LANE LIST

KENTUCKY FARM RECEIPTS HIT RECORD \$6.55 BILLION IN 2014

KENTUCKY farm operators had another record year for cash receipts in 2014, collecting an ample \$6.55 billion for their crops, livestock and related products, according to the figures released recently by the National Agriculture Statistical Service. That was a healthy 6 percent increase from 2013 when Kentucky farm cash receipts smashed the previous record by growing nearly 28 percent to \$6.17 billion.

Animal farming accounted for most of the increase, rising from \$3.36 billion in 2013 to \$3.66 billion in 2014. Total crop farming receipts grew from \$2.82 billion to \$2.88 billion.

Chickens raised for meat production continue to be the top farm income category in the commonwealth. They generated just shy of \$1.1 billion for operators, an increase of 8.3 percent from 2013.

Several other categories also produced well. Cattle and Calves brought in \$1.04 billion for livestock operators in Kentucky, which is the top U.S. beef production state east of the Mississippi River. Beef prices have continued to rise, and

farm receipts for this category jumped 26 percent last year in Kentucky.

Since USDA revised its reporting methods beginning in 2013, equine sales are included among Miscellaneous Livestock. The state's globally known Thoroughbreds are a significant portion of that agribusiness sector, which generated \$955 million.

Oil Crops (soybeans and canola) produced \$953 million in cash receipts for the state's row crop operators, while corn farming generated \$897 million. Corn receipts were up 19 percent from 2013, while Oil Crops decreased 9 percent.

The updated USDA reporting processes can generate significant revisions to the initial number that are reported. The 2013 farm receipts total for Kentucky that had been reported at \$5.69 billion has been revised upward by 8.4 percent to \$6.17 billion.

The Oil Crops category had a dramatic gain of 45.5 percent in receipts to \$1.05 billion in 2013. That moved it far ahead of Corn, which had been the top crops receipts category, but decreased 10.4 percent from 2012 to \$782.5 million.

KENTUCKY FARM CASH RECEIPTS	2011	2012	2013	2014
All commodities	4,398,374	4,829,027	6,173,961	6,547,667
LIVESTOCK AND ANIMAL PRODUCTS	2,229,094	2,365,37	3,357,393	3,664,530
Meat animals	751,048	761,267	947,826	1,173,998
Cattle & calves	630,324	649,038	825,432	1,040,853
Hogs	120,724	112,229	122,394	133,145
Dairy products, milk	233,496	219,582	227,900	256,194
Poultry and eggs	923,904	1,011,408	1,170,461	1,279,416
Broilers	782,595	866,600	1,014,479	1,098,698
Misc. livestock	320,646	372,866	1,011,207	954,922
CROPS	2,169,280	2,463,904	2,816,568	2,883,137
Food grains (wheat)	154,052	207,738	252,386	234,788
Feed crops	949,942	982,829	944,058	1,078,943
Corn	820,465	838,463	751,986	897,359
Tobacco	332,919	408,243	404,438	448,059
Oil crops	576,433	706,579	1,047,940	953,594
All other crops	155,934	158,515	167,745	167,752



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SPOTLIGHT ON THE ARTS

National Corvette Museum's Car Part Art Exhibit Converts Function to Form

AN automotive enthusiast will tell you that a car is a work of art. And now the National Corvette Museum in Bowling Green is taking that idea one step further.

The museum's new Car Part Art exhibit features more than 70 pieces of art that utilize all kinds of automotive parts as their creative foundation. Among the items on display are a Corvette hood liner serving as a canvas and old rotors that have been painted,

welded and backlit to create interesting sculptures. Works have been created by artists young and old, from area elementary, middle and high school students to seasoned professionals from Kentucky, Tennessee and Pennsylvania.

The largest art piece, and perhaps the most eye-catching for a Corvette Museum visitor, is a 1960 Corvette inspired by art cars of greats like Britto, Warhol, Calder and Haring. "I chose a motif that was in concert with the car itself," said artist Christopher Hayes, "addressing the contours, historical context and luxurious nature of the 'Vette.'"

Rounding out the exhibit are five pieces on loan from Michelin – all entries in their InTIREnational competition, which challenges participants to create a piece of art with an international theme using up to four scrap tires donated by Michelin.

The event is running at the National Corvette Museum through Jan. 8, 2016.



One of the largest works in the Car Part Art exhibit is a 1960 Corvette that serves as the foundation of artwork created by artist Christopher Hayes.

Program Helps Nonprofits Tap into Artists' Creative Expertise

A new program has been created in Louisville to train artists to serve as core members on boards that lead nonprofit organizations. The goal of the Creative Catalyst Program (CCP) is to integrate creative minds into comprehensive community planning and development.

CCP is the result of a collaboration between IDEAS and the Center for Nonprofit Excellence. IDEAS is an artist-led/entrepreneur-focused chamber of commerce in Louisville that is dedicated to expanding creative capacity in the workforce through artist-led interventions. The Center for Nonprofit Excellence has been working to support Louisville's nonprofit community since 1999.

"As an artist-led organization focused on corporate and civic innovation, we understand the power of focusing creative minds on solving important problems," said IDEAS co-founder Theo Edmonds. "When properly trained and supported, artists are fantastic at helping organizations advance missions and at creating shared value between organizations and communities. IDEAS' ecosystem of innovators looks forward to working with CNPE to put Louisville on the map as the top spot in America for artists seeking to integrate their artistic practice into other platforms ranging from health outcomes to corporate innovation."

During Phase I of CCP, six artists will be paired with six nonprofit boards while developing workshops to include exchanges of insights and experiences between participants.

Nonprofits and artists interested in participating should submit their information through the Creative Catalyst Program page: ideaslab.com/aboutideaslab/.

Applicants Sought for Ky. Peer Advisory Network Consults

MUSICIANS who come together to form a group are often overflowing with talent on stage, but when it comes to building their art as a business, some groups come up short – including hers, said Karen Jones, of the Americana group TDH4.

"Folks who practice music and put an ensemble together may not be as clever on the business side," said Jones.

To address these and other needs among Kentucky's artists and arts organizations, the Kentucky Arts Council offers the Kentucky Peer Advisory Network. The network consists of arts professionals in the Kentucky Peer Advisory Directory available to provide three- to six-hour consultancies to assist eligible organizations and individual artists with board development, grant writing, marketing and promotions, strategic planning, festival planning and other activities. Consultancy fees are paid by the arts council.

For their marketing and promotion consultancy, TDH4 selected April Brumfield, managing director and founder of Brumfield & Associates, an agency that handles the careers and touring of a select group of artists. She is a former professor at Eastern Kentucky University, where she coordinated the music industry studies program for more than 10 years. Brumfield is one of more than 40 consultants in the peer advisory directory.

"April Brumfield was an inspiration and was incredibly knowledgeable about the business of music performance and touring," Jones said. "She was very helpful in focusing our efforts to attain more and better performance venues, to enhance the sale of CDs and enhance our fan base and audience."

Kentucky arts organizations as well as community groups that incorporate the arts into their programs, and individual artists participating in arts council programs are eligible to apply for a consultancy. The application deadline is Dec. 15 for those interested in receiving a KPAN consultancy during the period of Jan. 15 to June 15, 2016.

For more information on KPAN, contact Sarah Schmitt, arts council community arts and access director, at sarah.schmitt@ky.gov, or 502-564-3757, ext. 492.



Lori Meadows is executive director of the Kentucky Arts Council.

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Plan Succession Sooner Rather than Later

Successful exits happen after years of smart moves, financial advisers tell retiring boomers

BY KATHERAN WASSON

A major transformation in business ownership is taking place in America, as baby boomers – 10,000 per day, by some estimates – reach retirement age. A *Harvard Business Review* report predicts 4 million businesses could change hands in the next 20 years because of it.

That's a welcome statistic for entrepreneurs looking forward to much-desired retirement. It's also good news for financial advisers now providing succession planning advice to a growing number of boomer entrepreneurs. According to that same HBR report, 75 percent don't yet have an exit plan.

"It clearly is a growing part of our business," said Andrew McKay, head of investment banking for Kentucky-based Hilliard Lyons. "In the five years I've been with the firm, I've seen it increase every year."

Randy Collins, a wealth management adviser with Northwestern Mutual, started working as a financial adviser in the early '80s. Clients were mostly young professionals just starting out, trying to establish themselves financially.

The ones who succeeded are now in their

50s and 60s, and they make up a large portion of Collins' client base. Some are entrepreneurs with an eye on retirement, which often means selling their businesses to fund their golden years.

"The people who are in the best position to do that started the thought process 20 years ago," Collins said. "If you wait too long, you may have to default to liquidation or taking less for your business than you want or need."

Getting started with the finish

At a minimum, McKay suggests that business owners start building a succession plan three years out. Ideally, that number would be more like five to eight years, he said, but many entrepreneurs are so busy with the day-to-day tasks of running a business, they put off the process.

But proactive succession planning can lead to higher business valuations, a path to retirement and peace of mind, McKay said.

"Early planning is really important," he said. "There are things you need to think about doing with respect to making the business more attractive to potential buyers, or if you're wanting to pass your business down to your children, you need to make sure they are ready to take over and run it."



Andrew McKay, Senior Vice President & Director of Investment Banking, Hilliard Lyons

One client who runs a construction company is following a 10-year plan to transition ownership to his two sons, who are around age 30. That means setting aside enough time to give his sons broad experience in all areas of the business and transition customer relationships to them. Plus he needs to consider his own retirement and estate planning, McKay said.

Clients are advised how they can make their business more attractive to potential buyers, he said, from the simple, such as tidying up the office, to complexities like documenting relationships, organizing the maze of corporate records and getting rid of bad employees who should have gone long ago.

"It can be a very complicated process and can take some time," McKay said. "If you can understand what the value of the business is and what drives your value, that's critical. If you know what drives your value, you have time to affect it."

That can be difficult for those who own small businesses, Collins said. Most companies in America – and certainly in Kentucky – are small and closely held. In Lexington, for example, 94 percent of businesses have fewer than 20



Randy Collins, Wealth Management Adviser, Northwestern Mutual



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employees, according to U.S. Census data via the Community and Economic Development Initiative of Kentucky.

"Many of these businesses don't have a true market value, unless they're sold to the next generation, employees or competitors," Collins said.

Owner emotions run high

Some clients are focused on getting top dollar for their business, McKay said. For many others, though, legacy is important. They want to know that their customers and employees will be taken care of, that the business continues to run the way they intended. That often means passing the company down to the next generation, a business partner or group of employees.

According to Hilliard Lyons, 50 percent of entrepreneurs want to pass their business down to a family member, but complications mean only one in three actually do. For the rest, selling to a third party is the eventual result.

"There's definitely an emotional and personal component to succession planning, and then you add the complications of family relationships," McKay said. "If you think of how complicated Thanksgiving can be, just imagine what can happen when you're passing down the family business."

To succeed, choosing the right people to take over is key, Collins said. Soon after, it's time to begin handing over responsibility and authority. When entrepreneurs don't let go of the reins, it can kill initiative in the next generation, he said.

"It's difficult, because founders identify with what they've done, and they've fought tooth and nail to succeed," he said. "How do you walk away from that? To me that's the single biggest issue: the willingness to let go. It's a dance, and some people do it well, but most people don't. That's why most businesses don't make it into the next generation."

Collins' advises these entrepreneurs to take an honest look at their staffs. Identify a cadre of people who, if everything disappeared tomorrow, could rebuild the business, he said.

"Those key people are the ones you have to focus on," he said. "That's your succession plan, in one form or another. If you have a group of people you think have the potential to step up and run things when you're gone, you need to communicate that to them, and someone will emerge as the leader of the group."

Common mistakes

McKay identifies four primary mistakes that retiring business owners make. At the top of the list is waiting too long, which can put entrepreneurs at risk of



selling their business for less than they expected.

"The most successful exits at the highest valuations tend to occur during periods of high growth valuation premiums," McKay said. "Unfortunately, many business owners begin to consider an exit after the expansion period has passed or, worse, business is in decline."

Starting early also gives business owners the ability to strike while the market is hot. These entrepreneurs "are more likely to recognize a strong market as an excellent time to transaction value," he said.

Second is waiting until someone expresses interest in buying their business. This passive approach means the buyer has no pressure to move quickly, and may make a lower bid with less favorable terms. Business owners can avoid this through a competitive process, considering multiple bids confidentially until a winning bid is accepted.

Third on the list is neglecting to engage professional advisers. McKay suggests a succession planning team made up of an attorney, CPA and financial adviser to get the process started; additional professionals may also be needed, depending on the nature of the business.

Lastly, entrepreneurs often struggle to delegate authority. This is risky and can negatively affect the valuation of the business. Owners thinking about succession should begin, he said, by identifying a team of people who could run the business in their absence.

Keeping it in the family

The University of Louisville Family Business Center counsels entrepreneurs and their successors as they transition family businesses to the next generation. Its membership has increased in recent years as baby boomers reach retirement age, executive director Kathleen Hoyer said.

Since there's no end in sight to demand for such services, Hoyer also recently earned a certificate in exit planning.

Sellers' primary mistakes

- Waiting too long to consider selling.
- Waiting until a buyer expresses interest.
- Neglecting to engage professional advisers.
- Not delegating authority within the business.

"There's a tsunami coming," she said. "The baby boomers have had fewer kids than previous generations, so the pool of family candidates to take over their businesses is shrinking. People are also more mobile now, so family isn't always nearby."

As such, Hoyer said baby boomer entrepreneurs need to consider all their exit options – not just keeping it in the family.

"You never want to preclude a third-party sale, so you want to consider that," she said, likening the situation to owning a home.

"You may want to live in your house the rest of your life and pass it down to your grandkids, but you also want to position the house so you can sell it at any time for maximum value," she said. "It's the same with a family business. You want to understand what those value drivers are and keep focusing on them because you may get an offer you can't refuse, or you may run into roadblocks with your family."

It's important to have a conversation early in the planning process to decide under what conditions the family would sell the business. She recommends hiring a facilitator to aid the discussion.

"It can feel very strange to have those kinds of conversations with your family, but a facilitator can get the conversation going and the wheels turning and help you develop new ways of communicating," she said.



Kathleen Hoyer,
Executive
Director,
University
of Louisville
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Pictured left to right: Jason Gresham, Jeff Rowland, Glenda Featherston, Jim Elliott, Louis Prichard, Linda Helm.



Hoye said succession planning can often take five to 15 years, so it's never too early to start thinking about it. She suggests entrepreneurs ask themselves three questions to get things going:

- When do I want to leave the business?
- To whom do I want to transfer the business?
- How much money do I need to retire, and where will those funds come from?

"It's the greatest test of leadership to be able to transition, in a planned way, and make those tough decisions and then step away, delegate and retire," Hoye said. "Some people hope their families will just sort it out after they die, but that's the reason so few family businesses survive."

That means asking now if any family members are interested in taking over and posing some even tougher questions, too.

For example, Hoye said, will only family members be allowed ownership? If so, how will the company define "family" – does it include stepchildren and spouses? Will jobs be created for family members, or will they have to apply for them like anyone else? What are the rights and responsibilities of the new owners?

Families looking to transition must figure out the answers and write them down, she said. Hoye recommends creating a family council and board of directors so family dynamics don't drive business strategy.

She advises that entrepreneurs join a family business center – they're located across the country – and get both generations involved in the process. They'll learn best practices for succession plan-

ning and common pitfalls that can be avoided with a little education.

"Succession planning is not a product or an event," she said. "It's a process, and it requires a ton of communication, so the best thing to do is start with your own family and start to have the conversation."

Unique challenges on the farm

The baby boomer retirement shift isn't just affecting brick-and-mortar businesses – farms, too, are feeling the effects. The average age of principal farm operators in Kentucky is nearly 58, according to the 2012 USDA Census of Agriculture. With more than 77,000 farms statewide, that has the potential to make a big impact as these farm owners continue to age out of the business.

The Legacy Project, a national effort by Farm Journal to promote succession planning among farmers, offers step-by-step plans for farm families wishing to start the process. Only 10 percent of farms make it to the third generation, and the project aims to help farmers beat those odds.

Experts suggest starting with a family meeting to discuss the farm's future. Dick Wittman, a farm management consultant and columnist for the Legacy Project, says farm owners must determine if there are any suitable successors. If not, they may need to consider liquidation or leasing the property to ensure their own financial security into retirement.



Dick Wittman,
Farm
Management
Consultant and
Columnist,
Legacy Project

3 questions to initiate succession planning

- When do I want to leave the business?
- To whom do I want to transfer the business?
- How much money do I need to retire, and where will those funds come from?

Wittman recommends putting succession plans in writing to make expectations clear for all involved, and determining organizational structure up front. As in any other business, the most successful successors are those with leadership and management skills – and that's not always the firstborn son, he said.

The Legacy Project suggests updating those written plans annually. Changes in family structure, the business – even tax laws – can have an impact on farm succession planning.

The right time doesn't just happen

Even for entrepreneurs who get started early with succession planning, actually stepping away from the business can be a challenge. Whereas most people think of retirement as a specific age or date that they plan to clock out for the last time, Collins said, "It's rare that someone who started a business ever thinks of it that way."

"They may have ideas about when they'd like to step back and not work as hard, but walking away entirely is difficult for many entrepreneurs," he said. "You have to build a structure to do that, and for many people, it's easier in the short term to just do the work themselves rather than train someone else to take over the business."

Many entrepreneurs neglect to build nest eggs aside from their businesses, and very few owners sell for a windfall lump sum payment, Collins said.

"If there's anything that allows a business owner to quantify a date and stick to it, it's that they build wealth as they go along so they aren't depending on the business to retire," he said.

That, he says is a cautionary tale for millennials – a group that is even larger than the baby boomer cohort. Collins said while time might be running out for one generation to plan for retirement, another can still make a real difference in their futures.

"I would tell today's 20- and 30-year-olds to look at your parents, and whatever decisions you make for your future, think about the decisions they're having to make now," he said. "You've never had a better reflective group than you have right now." ■

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

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EHR: After the Pain, Revolutionary Gain?

For now, Kentucky health systems and providers experiencing painful costs, high frustration level

BY JOSH SHEPHERD

WHILE the ongoing transition to electronic health records promises to bring revolutionary advances in care in Kentucky and elsewhere, to say it has been neither easy nor cheap is a massive understatement. Dr. David Bensema, chief medical information officer at Baptist Health, and Cheryl Brown and Dr. David Danhauer, information technology leaders at Owensboro Health, readily attest to both of the latter points.

Implementing electronic health record technology has been frustrating and expensive. Thankfully, four years

ago Kentucky became the first state to issue payments through its incentive program for meeting federal Modifications to Meaningful Use (MU) in The Health Information Technology for Economic and Clinical Health Act that created the HITECH incentive program and also secured funding for the Kentucky Health Information Exchange.

President Bush in 2004 set the goal of electronic health record (EHR) implementation by 2014, and the American Recovery and Reinvestment Act of 2009 provided financial help and incentives.

Commonwealth healthcare IT personnel do praise the state's foresight in estab-

lishing the Kentucky Health Information Exchange (KHIE), a central resource to help hospitals and physicians implement EHR technology. However, at a point at least two years from finishing, those same IT professionals and many physicians express great dissatisfaction with current EHR systems and the priorities the federal Center for Medicaid and Medicare Services (CMS) is dictating to developers.

CMS defines the MU standards providers must demonstrate in stages to earn incentives and avoid penalties.

"Meaningful use," as defined by HealthIT.gov, consists of using digital medical and health records to:

- Improve quality, safety, efficiency and reduce health disparities.
- Engage patients and family.
- Improve care coordination, and population and public health.
- Maintain patient information privacy and security.

It is difficult, meanwhile, to pin down the exact cost of implementing EHR into provider operations. Bensema and Danhauer each estimate their respective healthcare systems to date have invested well over \$100 million on software and third-party packages. Costs soar into the hundreds of millions when factoring in the time to orient physicians and allied personnel to the program interfaces, reporting mechanisms and added procedures to follow, Bensema said.

Federal and state MU program incentive payments have been valuable to the participating providers.

As of Oct. 1, the Kentucky program has made 4,860 payments totaling \$200.2 million to providers, according to KHIE, and federal MU incentive programs at the Center for Medicare and Medicaid Services have injected another \$337.6 million into Kentucky.

Nationally, CMS has invested over \$30 billion in incentive payments, said Steven Stack, medical director of the Saint Joseph East emergency department in Lexington and current president of the American Medical Association.

"That sounds like a lot of money, but put it in context," Stack said. "Over that same time period, the U.S. health system is estimated to have spent close to \$9 trillion."

On the Kentucky front, Bensema said, the roughly \$537 million that state and federal MU programs have paid doesn't come close to the expenses hospitals and medical practices have incurred trying to implement EHR to proscribed federal standards.



Dr. Steven Stack, Medical Director, Saint Joseph East Emergency Department; President, American Medical Association

“The most transformational thing in decades”
Are EHR systems worth all the cost, fuss and frustration?

Despite the controversy and all the criticism providers express over EHR and the MU program, the answer to that fundamental question appears to be: “Yes, absolutely.”

“EHR is the most transformational thing to happen in medicine in decades,” in Danhauer’s view. “It has caused more change in healthcare than anything capturing news headlines.”

Once the dust settles over this period of fundamental change, Danhauer predicts most providers will wonder how previous generations functioned without the shared information that EHR enables.

Despite the criticisms of EHR systems in general, “the medical staff makes certain our office hears about it,” Brown said, when Owensboro’s system goes down or is temporarily off-line.

Stack’s response is even more succinct: “The majority of physicians do not want to go back to paper records.”



*Dr. David Danhauer,
Information
Technology
Leader,
Owensboro
Health*

No one argues that the information that MU programs want captured is not valuable, Bensema said. Providers agree that EHR is an enormous benefit and will eventually realize its potential as an indispensable tool in patient care.

There is argument, however, that CMS is trying to accomplish trying too much at once in its Stage 2 Meaningful Use objectives.

Despite complaints about Meaningful Use and EHR technology, Kentucky hospital systems are moving forward with ambitious plans to introduce full electronic connectivity and shared data under one system. Bensema outlined the structured plan Baptist Health’s IT team will implement through 2016 to connect the commonwealth health-care giant’s hospitals and affiliated physician practices under a single integrated EHR system.

“Baptist Health will be a fully unified electronic system by 2017,” he said, with a period of system refinement to follow.

The resulting ability to organize and



*Dr. David Bensema,
Chief Medical
Information
Officer,
Baptist Health*

share patient history, imaging and medication information among hospital services, primary care providers and specialists, Danhauer said, will have an enormous impact on raising patient care quality in Kentucky by reducing medication errors and unnecessary duplication of services.

The data that EHR systems collect will enable public health entities to better track trends in diagnoses and disease, Brown added. When it successfully attested to Stage 2 MU in 2014 and 2015, she said, one of Owensboro Health’s accomplishments was transmitting public health data to two organizations.

However, many physicians are dissatisfied presently with the way EHR implementation is being handled. And Stack said the cost of complying with MU standards currently outweighs the current value of EHR systems.

Bogged down by too much at once
Meaningful Use objectives, dictated from the CMS and tied to a system of financial rewards and penalties, have



*Cheryl Brown,
Information
Technology
Leader,
Owensboro
Health*



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come under criticism from the American Medical Association and other national and state medical societies.

Stack has presided over a series of AMA-sponsored Internet town hall meetings titled “Break the Red Tape” (bit.ly/1kbBVV9), which have given voice to its membership’s concerns over the current state of EHR technology and the rate at which CMS is expecting MU standards to be accomplished.

“Doctors want EHR systems,” Stack said. “But they want systems that support the way they conduct patient care.”

Physicians and healthcare providers, as a general rule, are voracious adopters of new technology, he said.

“They snatch up the latest smart phones, tablets, minimally invasive scopes and surgical tools, and any other technology on the cutting edge of care delivery,” Stack said. “So it is unusual to see this group be so critical of new technology that has so much potential to benefit the industry.”

Problems are wide-ranging, but it all boils down to one basic issue. The current generation of certified EHR technology is not delivering on its promise. Instead of improving patient encounters, the tech is slowing physicians down, Stack said.

“Instead of defining a very small number of high-use instances where data must be transmissible – lab results, imaging, prescriptions – EHRs are concentrating on the minutia and trying to standardize care across specialties, regardless of whether the information is applicable or not,” he said.

Following a patient encounter, MU objectives dictate that physicians key in text, navigate complex on-screen menus and wade through complicated dashboards. All that data entry interferes with direct patient care, which is what the doctor cares most about, he said.

“Current EHR mandates focus the energies of providers in the wrong direction,” Stack said. “It has reduced highly skilled professionals into desk-bound clerks and typists.”

EHR systems need to evolve, Danhauer said, so that documentation takes about the same amount of time as it does to record orders on paper, but seamlessly with fewer flaws and more clarity.

Why isn’t EHR as smart as my phone?

According to current complaints, he said, most EHR systems are “inelegant, user-hostile and still lack interoperability with other EHR systems, which must be a priority.”

“It’s the exact opposite of the experience providers have with smart phones. For example: These devices are designed to be intuitive, easily



understood by users and require little prior exposure to quickly know how to use them,” Stack said. “EHRs, on the other hand, take individuals with extensive educational backgrounds and hands-on experience with advanced technology, and paralyzes them with programs rife with a lack of intuitive functionality and interoperability.”

One of the fundamental problems is that the MU program, though well-intentioned to spur adoption of EHR, has created a “false marketplace” that serves the demands of Meaningful Use rather than physician needs.

“Any physician accepting Medicare and Medicaid payments is required to purchase EHR under threat of penalty,” Stack said. “But the programs themselves aren’t designed to accommodate the needs of the user, the physicians and allied health personnel, but rather the data-gathering interests of the CMS.”

Meaningful Use dictates a “one-size-fits-all” approach to patient care, he continued. It’s important that EHR systems reflect how providers interact with patients.

Physicians have expressed their frustrations by dropping out of the MU program during implementation of Stage 2, Stack said. Doctors have been willing to

shoulder the penalty of not attesting to Stage 2 objectives because it’s more affordable than trying to keep up.

Dropping out of the program is not a viable long-term solution, Bensema said. Eventually the penalties catch up with those who start late. The AMA’s general argument is not against the ultimate goals of Meaningful Use but that the program is trying to accomplish too much at one time.

“No one is arguing that MU objectives aren’t worth achieving,” Stack said. “But after creating MU Stage 1 out of whole cloth, Stage 2 was initiated before there was any critical evaluation of how Stage 1 was working. And CMS has chosen to continue down this pathway without any attempt at course corrections based on feedback from EHR’s primary users.”

One of the goals of “Break the Red Tape” is to gather that feedback from physicians regarding the current state of EHR technology.

Already facing doctor shortages in some rural communities, Kentucky is in danger of losing a whole generation of physicians if MU is not modified and its timeframes relaxed, Danhauer said. Provider shortages are already bad enough in the commonwealth, he said,

without disenfranchising experienced physicians in their 50s and 60s by trying to force them to change their entire way of working on a dime.

KHIE is a valuable resource

While concerns about EHR are shared nationally, Danhauer said the General Assembly demonstrated great wisdom in establishing a state sponsored health information exchange program. In fact, Danhauer and Brown credit much of Owensboro Health's success in attesting to MU Stage 1 and Stage 2 to invaluable assistance from KHIE.

As an early adopter of EHR technology, Brown said, the Western Kentucky health system would not have been successful without KHIE.

"They were our gateway for critical information on systems, interoperability and organizing our system so that we would meet MU objectives," Brown said. Having a central authority in Kentucky for health information systems clearly has made the transition to EHR a lot easier than it would have been had Owensboro tried to go it alone.

"Our partnership with KHIE has been nothing less than phenomenal," Brown said.

In October, CMS announced it is modifying MU Stage 2 attestation requirements for 2016 and extending MU Stage 3 deadline for providers until 2018. The AMA was still assessing the details of the 70-page release and deferred comment.

At Owensboro Health, Brown welcomed the modifications, saying the new requirements are easier to attain. Modifications relax standards involving third parties such as requiring patients to use Owensboro Health patient portal to ask for information.

"We have no ability to force patients to use that portal," Brown said. "So meeting the Stage 2 requirement that a percentage of our patients use that portal was a standard over which we had no control."

ROI can't be measured ... yet

It is difficult to appreciate the potential returns on investment at this stage because they are still years off, Bensema said.

Baptist Health assembled a value realization task force to compare the system's current rate of expenditure against the revenues it could gain by recouping lost charges, improving

workflows as the technology refines itself, improving patient outcomes through shared information, and other factors. The task force made a conservative projection that Baptist Health could save a minimum of \$18 million annually after EHR is implemented and refined.

"That figure was on the low end of the scale. I believe it's likely to be much more," Bensema said.

Despite today's challenges, Danhauer said, a subset of Owensboro Health's patient population is very engaged in that system's progress to full EHR implementation.

"There is a generation of people who are accustomed to conducting business and managing finances electronically," he said. "They want their health information, lab results and X-rays in front of them with their doctor or surgeon answering their questions."

In the long run, he predicted that it will be the patients, not CMS, who will drive healthcare's embrace of EHR.

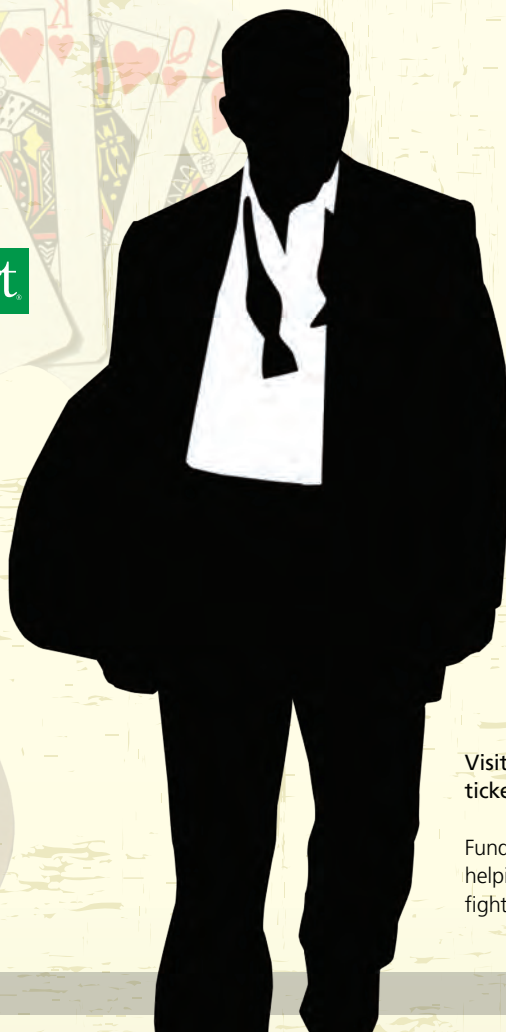
"We're already seeing it happen," Danhauer said. ■

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



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Kentucky Aluminum's Shiny Scenario



Auto sector demand for lighter metal is driving expansion of a \$7 billion chunk of state economy

BY ROBIN ROENKER

LOGAN Aluminum's news in late October that its massive Russellville facility will join Kentucky's growing ranks of automotive suppliers is the most recent in a series of facilities announcements further securing the commonwealth's position among the world's top aluminum production centers.

"Strong, lightweight materials are quickly becoming standard in vehicle production, and Logan Aluminum's expanded operations contribute to Kentucky's position as a global leader in the aluminum industry," Gov. Steve Beshear said during the Oct. 28 facilities expansion announcement.

The facts are clear: Kentucky's aluminum industry is booming. And it is growing from a position of strength. Kentucky ranks first nationally in aluminum production capacity, said Mandy

Lambert, business development commissioner at the Cabinet for Economic Development. It leads the country in aluminum jobs and economic impact per capita, according to 2013 national Aluminum Association statistics.

Manufacturing and wholesaling operations of the aluminum industry in Kentucky are responsible for \$3.8 billion annually in direct economic output, the Aluminum Association reports. When supplier and induced impacts are factored in, aluminum's effect grows to \$7.01 billion annually, accounting for 4.04 percent of the gross state product.

Kentucky currently has 151 aluminum-related facilities – from smelters and mills to manufacturers of end-user goods – that employ 18,201 direct employees, according to the Cabinet for Economic Development.

Logan Aluminum in Russellville employs approximately 1,000 Kentuckians, principally making sheet stock for roughly half of all aluminum cans in the United States. After a \$190 million expansion, it will add 190 employees and produce heavier gauge aluminum sheet for the auto industry.

In 2014, there were 18 aluminum-related new or expanding facilities announcements in Kentucky, accounting for more than \$577 million in investment and 650 new full-time jobs, said Jack Mazurak, communications director for the cabinet.

Notable among these: a \$350 million investment to upgrade the Aleris aluminum coiled sheet manufacturing facility in Lewisport, which is currently underway in Hancock County; and a new \$155.9 million, 242,000-s.f. aluminum sheet manufacturer on 50 acres of Bowling Green's Kentucky Transpark that is projected to bring 80 jobs whose salaries average \$65,000.

That new Bowling Green facility, Quiver Ventures LLC, represents a partnership between two aluminum companies: European-based Constellium and Japanese-based UACJ Corp.

Logan Aluminum has long produced rolled aluminum sheet for the can market, especially soft drinks. The \$290 million investment Logan announced in late October will expand and upgrade that facility, add 190 jobs, increase capacity and allow it to produce heavier gauge materials, including auto and truck body sheet.

The prime driver reason for all this growth is the automotive industry's increasing demand for aluminum body frame, which is lighter than steel.

Long-expected automaker shift happening

"We're really at a special and interesting time for the industry nationally," said Matt Meenan, director of public affairs for the Arlington, Va.-based Aluminum Association. "For a long period of time there's been an expectation of being able to look to automakers to use more aluminum. And that's something that has been ongoing for more than 40 years, sort of on a continual-growth basis."

"But what happened in the last 12 months, with the launch of the new Ford F-150 (pickup), which is really the first mass-market vehicle to go to an all-



*Matt Meenan,
Director of
Public Affairs,
Aluminum
Association*

aluminum body, has been a huge inflection point for us,” Meenan said.

Nationally, in the last two and a half years, Aluminum Association member companies have committed \$2.3 billion in domestic plant expansions to meet the demands of this new automotive opportunity, he said.

Aluminum bodies have been used for years in luxury cars – Audi, Jaguar, Land-Rover, Mercedes-Benz – because their low weight yields more energy-efficient vehicles. It’s estimated aluminum body structures can provide a weight savings of up to 50 percent compared to mild steel structure.

“For a long time, luxury cars had been using aluminum, and it’s really used (to some extent) in every car,” Meenan said. “But for the largest-selling vehicle in America to go to an aluminum frame and body is a big, big deal for us.”

The F-150 is just the first of what’s anticipated to be many mainstream models to adopt an aluminum body, in pursuit of greater fuel efficiency. Ford has indicated plans to convert its F-250s, F-350s and F-450s to aluminum body structure for 2017. The Kentucky Truck Plant in Louisville produces those models.

A recent North American Light Vehicle Content study by consulting firm

Ducker Worldwide – known within the aluminum industry as the Ducker Report – projected an unprecedented 20-fold escalation in aluminum sheet demand from the automotive industry in the coming decade: from less than 200 million pounds (100,000 tons) in 2012 to nearly 4 billion pounds (2 million tons) by 2025.

Biggest change since the aluminum can

“This is a once-in-a-career type opportunity,” said Andy Ishmael, vice president of North American Automotive for Aleris, who oversees production in Lewisport. “The growth aluminum is going to have from automotive is the biggest change in the aluminum marketplace since (the development of) the aluminum can.”

Lewisport produces aluminum coils – think spools of rolled aluminum sheet weighing between four and 10 tons – that its customers further process into end products, including automotive body sheet, building construction materials, transportation systems and more, Ishmael said.



Andy Ishmael,
Vice President
of North
American
Automotive,
Aleris

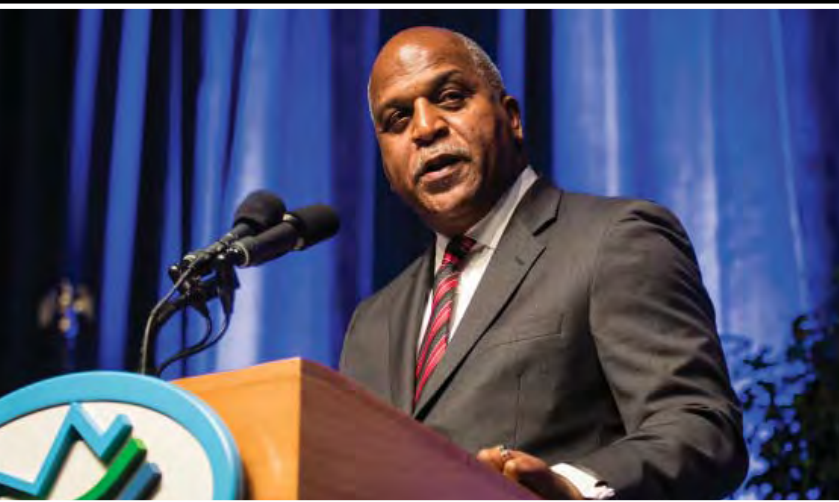
With the \$350 million investment currently underway – which will add roughly 60 new jobs and 480 million pounds of capacity to produce automotive body sheeting in 2017 – the site will shift its primary focus to producing aluminum for the automotive sector, Ishmael said. In fact, when the facility upgrade is complete, Lewisport will become Aleris’s first North American site equipped to produce wide aluminum auto body sheet.

That kind of capital investment, Ishmael said, speaks volumes about the company’s faith in the future demand for its product – and for its staying power in Kentucky and in Hancock County specifically.

“We don’t make a \$350 million investment like this without working with and having some real partnerships worked out with our customers. So this isn’t a ‘build it and they will come’ scenario. We have contracts to back this work and this investment we’re making. Otherwise we wouldn’t have jumped to such a large investment,” he said.

For Lewisport and Hancock County “an investment of this type is huge,” Ishmael added. “There is huge pride and emotion (there) about the future of that facility being set on such a growth

Thank you for your leadership!



Wil James, Jr., president, Toyota Motor Manufacturing of Kentucky,
and Kentucky Chamber Chairman of the Board, 2014-15

During Wil James' year as chairman of the Kentucky Chamber's Board of Directors the Chamber:

- created a vision for Kentucky, *The Four Pillars for Prosperity*;
- led a delegation to Japan to thank companies doing business in Kentucky;
- and published a major study, *Kentucky's Workforce Challenges*.



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platform, and the big investment that we're making there."

In addition to Aleris, Kentucky is home to several major aluminum facilities: Century Aluminum has plants in both Hawesville and in Sebree – where it operates one of the United States's few remaining smelters of primary aluminum. Russellville's Logan Aluminum, which already employs about 1,000 people, has been a worldwide leader in supplying the aluminum can market; it provides aluminum for 45 percent of the aluminum cans made in North America. And in Berea, Novelis's aluminum recycling facility is one of the largest of its kind in the world.

With that infrastructure in place, and the benefits of the state's strong automotive industry presence – Kentucky ranks third nationally in light vehicle production and second in light truck production – there's no reason to think that commonwealth aluminum manufacturers won't be primed to capitalize on the growing automotive market demand.

Industry likes cheap power, market access

"With much of the aluminum industry expansion being driven by the automotive industry," Lambert said, "Kentucky's proximity to key suppliers and auto manufacturers in the Midwest and South, along with many other industries and markets along the East Coast, will continue to be a key advantage for companies located here."

While projected automotive demand acceleration for aluminum is big news in the industry right now, the factors behind aluminum's popularity and utilization across so many sectors – from foil and cans to building materials, personal electronics, aircraft construction and even the Mars Rover – are the same as they've always been: It is lightweight, durable, corrosion resistant and infinitely recyclable.

In fact, today fully 70 percent of U.S. aluminum production utilizes recycled source material, said the Aluminum Association's Meenan, up from just 30 percent 20 years ago.

The smelting process to produce primary aluminum from bauxite ore is somewhat expensive, as it demands an extremely high electricity load – 400 kA or above – to drive the electrolytic reduction step that breaks the aluminum-oxygen bond in alumina to yield pure liquid aluminum. With the cheapest electricity in the eastern United States, Kentucky's logistics advantages are especially attractive for aluminum suppliers.



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

Aluminum In Kentucky

Figures are for 2013

DIRECT ECONOMIC IMPACT	JOBS	WAGES (MILLIONS)	OUTPUT (MILLIONS)
Refining/primary aluminum	1,445	\$133.2	\$786.3
Secondary smelting/alloying	1,308	\$101.9	\$1,076.0
Sheet, plate, foil, extrusion, coating	2,690	\$251.9	\$1,557.5
Foundries	1,354	\$87.4	\$263.8
Forgings	105	\$7.4	\$28.2
Metals service centers	370	\$25.5	\$52.2
Total	7,272	\$607.4	\$3,764.2

Supplier Impact

Categories impacted: Agriculture; Mining; Construction; Manufacturing; Wholesale; Retail; Transportation & Communication; Finance, Insurance & Real Estate; Business & Personal Services; Travel & Entertainment; Government; Other

SUPPLIER ECONOMIC IMPACT	JOBS	WAGES (MILLIONS)	OUTPUT (MILLIONS)
Total	10,589	\$680.2	\$2,168.4

Induced Economic Impact

Categories impacted: Agriculture; Mining; Construction; Manufacturing; Wholesale; Retail; Transportation & Communication; Finance, Insurance & Real Estate; Business & Personal Services; Travel & Entertainment; Government; Other

INDUCED ECONOMIC IMPACT	JOBS	WAGES (MILLIONS)	OUTPUT (MILLIONS)
Total	8,951	\$348.6	\$1,072.7

Total Economic Impact

TOTAL ECONOMIC IMPACT	JOBS	WAGES (MILLIONS)	OUTPUT (MILLIONS)
Total	26,812	\$1,636.3	\$7,005.3

Source: The Aluminum Association

To keep production costs down – and reduce waste – many manufacturers today use recycled aluminum as their primary source material. Aleris's Lewisport facility gets aluminum from the Real Alloy recycling facility in Morgantown, Ky., among others, and does some of its own recycling as well, said Ishmael.

Using recycled aluminum instead of producing new primary aluminum reduces manufacturing energy demand by 92 percent, according to the Aluminum Association. Thanks to aluminum's unlimited recyclability, nearly 75 percent of the aluminum ever made globally is still in use today.

That makes aluminum the most environmentally friendly packaging option available today, said Randy Schumaker, president of Logan Aluminum, which is co-owned by Louisville-based Tri-Arrows Aluminum and Atlanta-based Novelis Inc. and ships can-sheet aluminum to every aluminum can manufacturer in North America. Logan has roughly half of the North American supply market share.



*Randy Schumaker,
President,
Logan
Aluminum*

"We start with recycled beverage cans, sidings, lithographic sheet and so on," said Schumaker. "And we basically reprocess that and make it into the rolled sheet stock."

As source material, Logan uses ingots produced from recycled materials at the Novelis plant in Berea but also does some direct recycling of its own, he said.

"The most interesting fact is that once our product leaves our plant, it (goes to our customer and) gets made into a can.



A casting furnace at Logan Aluminum.

After it's used, it gets recycled and it's back at our door to be processed again in 60 days," said Schumaker.

Metal production research too

Schumaker is also currently chairman of the board of Secat Inc., an independent, for-profit metallurgical research laboratory at the University of Kentucky that serves the aluminum industry.

Launched in 1999 by a consortium of 16 aluminum companies, Secat conducts research on aluminum product and process technologies for small to mid-sized companies without the resources for in-house research labs of their own, said Todd Boggess, Secat's general manager.

"The decision to position the facility here came about since Kentucky is such a huge state in terms of aluminum manufacturing and production," Boggess said. Secat leases space at UK's Coldstream Research Park and works to optimize aluminum manufacturing and production techniques.

"Metallurgy is not a field with a lot of people; it's a highly specialized skill set. So here we have 11 people, nine of which are metallurgists, and most of them have a PhD. We recruit really unique individuals, and they are hard to find," Boggess said. "Whereas most plants 30 years ago might have had 10 or 15 metallurgists in each plant, some plants today have none. So they (our clients) really rely on the work we do here."

Occasionally, Secat works on publicly funded projects, such as past grants from the Department of Defense and Department of Energy, in which their findings are openly disseminated. More often, though, companies contract with Secat for proprietary projects whose results are confidential.

"Aluminum is a highly competitive industry. So Company A is very strict about us not talking to Company B, and so forth," Boggess said. "And even though we may be working with competitors, we go to great lengths to make sure that we password-protect everything, and everything is on a need-to-know basis so that there is very little likelihood of any information crossover."

With the now-booming demand from automotive original equipment manufacturers, Secat has been at work in helping existing aluminum sheet manufacturers anticipate ways they might alter their production process to enter the growing new marketplace – as Logan Aluminum is preparing to do.

"So, maybe you have a company (like Logan) that has produced aluminum-can sheet for years, and all of a sudden they want to expand their product mix to include automotive-sheet alloy," Bog-



Above: Century Aluminum of Kentucky's plant in Hawesville is a smelter that specializes in high purity primary aluminum used in high-conductivity wire and for the defense and aerospace industries. It employs approximately 700.

Below: The Aleris rolled aluminum facility in Lewisport in Hancock County is undergoing a \$350 million expansion that will add an SMS Siemag cold rolling mill and 60 jobs to produce aluminum sheeting beginning in 2017. It now employs more than 800.



gess said. "There's a lot of work that goes into converting your operations from being a can-sheet supplier to an automotive-sheet supplier.

"One is, your alloy is different, so you have to introduce new raw materials into your mix. Plus, you have to change your processing parameters. Maybe it takes you longer to produce a finished coil for automotive than it did for can sheet, and so on. These are the kind of factors that go into it."

Still not enough capacity to meet demand

The advantage of working with Secat, Boggess said, is that manufacturers can perfect their optimization parameters using lab-scale equipment for small-batch test runs rather than experimenting with 30,000-pound coils of aluminum in their own production facilities.

"And on the other side, once they have finished the product, then there's a process where they have to get their material qualified to be accepted by the OEMs," Boggess said. "So we help clients do a lot of analytical testing on their

material to make sure it meets the specifications that are required by the OEM."

Boggess anticipates many existing Kentucky aluminum companies may opt to expand to include automotive sheet in their product mix in the coming years to meet the "staggering demand" expected.

"If you just look at what's been announced by Ford, with the F-150, and other manufacturers, there's a shortage of capacity. Even with the Aleris expansion in Lewisport and the joint venture in Bowling Green, those plants are still not enough capacity to meet the demand that is projected in 2025," Boggess said.

As a native Kentuckian himself, Ishmael is pleased to see his home state in a position to reap the benefits of the aluminum boom ahead. "It's huge for us. For our entire state. Aluminum is key to what we do today and how we'll grow in the future," he said. ■

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



Curing Rather Than Treating Hearts?

UofL stem-cell expert Roberto Bolli is at the forefront of international heart disease research

BY DAWN YANKEELOV

UNIVERSITY of Louisville researcher Dr. Roberto Bolli's findings about how a patient's heart stem cells can be turned into a treatment that regenerates dead heart muscle continue to gain favorable recognition around the world.

This past July, Bolli travelled to Bordeaux, France, where the International Society for Heart Research bestowed on him its Peter Harris Distinguished Scientist Award, which recognizes a senior investigator for lifetime contributions of major discoveries in cardiovascular science. At home meanwhile, increased federal funding and new clinical trials will allow him to continue to build upon his promising research.

His work in cardiac regenerative medicine regarding stem cells and the heart, and related clinical studies, is one of the hottest areas of regenerative sci-

ence research. Cardiovascular disease remains the leading cause of death worldwide, and one of the greatest needs is treatment methods for severe cardiac failure where traditional treatment or surgery is not an answer.

Dr. Bolli has been at the University of Louisville for 21 years, since December 1994, and serves as chief of UofL's Division of Cardiovascular Medicine, director of the Institute of Molecular Cardiology and scientific director of the Cardiovascular Innovation Institute. He is vice chair for research in the Department of Medicine.

At his University of Louisville office you will find cherished framed copies of *Circulation Research*, a peer-review journal for which he is editor-in-chief. An American Heart Association committee selected Bolli in 2009 for a 10-year term overseeing the professional journal.

"We hope to contribute to moving the needle in cardiac treatment with stem cells

A team led by Roberto Bolli, M.D., chief of the University of Louisville's Division of Cardiovascular Medicine, conducts heart surgery. On Nov. 4, Bolli received the 2015 Schottenstein Prize in Cardiovascular Sciences from the Ohio State University Wexner Medical Center's Heart and Vascular Center. The \$100,000 annual prize is dedicated to cardiovascular research.

here at UofL," Bolli said. "These studies are totally new and we look to revolutionize medicine through this research."

This regenerative therapy approach is qualitatively different than other treatments, he said, because "we are curing the disease, and removing the cause of heart failure. This is not a drug therapy approach."



Roberto Bolli

Bolli and groups he is leading at UofL are involved in several significant research projects.

The PACE Trial – UofL is part of an advanced research trial using new adult stem-cell therapy for patients with peripheral arterial disease in their legs and who face eventual amputation. The Phase I and Phase II trial is conducted under a National Institutes of Health grant as a member of the elite Cardiovascular Cell Therapy Research Network.

Only seven of 40 institutions that sought to be members of the Cardiovascular Cell Therapy Research Network were selected. In addition to UofL's Bolli-led team, the others are: Stanford University; Texas Heart Institute; University of Florida; University of Miami; Minneapolis Heart Institute Foundation; and Indiana University.

UofL is one of the top two enrolling centers for the study, which Dr. Bolli said will continue accepting participant patients age 40 and over for a few more months.

Because conventional surgery is not an option, patients in this study are expected to eventually lose the use of their legs as the disease progresses and require amputation, Bolli explained.

Research under the seven-year grant was initiated after NIH awarded it in



UofL teams led by Dr. Roberto Bolli are involved in multiple clinical trials investigating the use of stem cells to repair heart disease damage.

2012. No preliminary research data is available yet.

Fixed and covered costs are approximately \$3.5 million and each patient enrolled in the clinical research means additional dollars for the patient care. Protocols have been developed for approximately \$10M in total and used in these studies primarily at Kentucky One's Jewish Hospital Heart & Lung Institute.

The clinical trial is known as PACE and is a randomized, placebo-controlled study in which patients are followed for one-year. Patients with intermittent claudication – leg muscle pain, numbness, cramping or heaviness caused by obstructed arteries – will be injected with aldehyde dehydrogenase bright (ALDHbr) cells harvested from their bone marrow.

Intermittent claudication is a symptom 1 to 3 million Americans with peripheral arterial disease experience.

Manufacture of Stem Cells – UoFL's Cardiovascular Innovation Institute hopes to "manufacture" stem cells to combat peripheral arterial disease in a project Bolli will oversee. The principal investigators are at Indiana University in Indianapolis with UoFL's site slated to conduct the cell reproduction needed for this new research.

RENEW trial – UoFL's Institute for Molecular Cardiology is the only Kentucky site among the 50 U.S. sites participating in a nationwide Phase III clinical trial known as RENEW. It uses stem cells harvested from patients to see if they can lessen the debilitating effects of angina.

Originally planned for up to 2,000 patients, Baxter Pharmaceuticals decided to close clinical trial participation in early 2014. The several hundred patients already treated are being studied, according to Bolli.

2016: CONCERT-HF Trial – Another Bolli clinical trial expected to open for recruitment in early 2016 will look to validate the ability of replacing heart scar tissue with new muscle using stem cells. The new study will build on work Bolli completed several years ago.

In the previous SCIPIO trial, patients suffering heart failure due to a previous heart attack showed an average 12 percent improvement one year after being infused with their own stem cells, which tripled the anticipated improvement.

This new clinical work may require endomyocardial and bone marrow biopsies, cell cultures of both samples, and intramyocardial delivery of the cells. This is a randomized, placebo-controlled clinical trial for patients aged 21 to 79 who have a diagnosis of chronic ischemic left ventricular dysfunction secondary to myocardial infarction.

2016: SENECA Trial – This project investigates the value of giving stem-

cell injections to cancer survivors who had taken medications for their cancer treatment that contributed to later heart failure. This Bolli trial will employ a one-year "treat and follow" approach and is seen as promising research, as there are no other real options for these patients.

(Detailed information on clinical trials is available at clinicaltrials.gov.)

The use of adult stem cells in clinical research has become more accepted, and Bolli said he expects to see nationwide studies of a larger scale in Phase III

research using larger data sets within two to three years. For example, TEVA Pharmaceuticals is sponsoring several trials in cardiology circles, and participating in this step to widespread commercialization.

The use of living organisms for treatment with cell therapy promises to see a surge in patents as well.

Meanwhile, Bolli has already applied for his first patent of a stem-cell type, separate from the trial cells. ■

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

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Palate-Pleasing Presents

Tempting treats from around Kentucky make perfect holiday gifts

BY KATHERINE TANDY BROWN

IF you're not among those folks who gather holiday gifts all year long as they hit sales, travel the world or act on inspiration, the light's beginning to dawn that your Santa list needs attention, and soon. But in this age of downsizing and getting rid of excess, you don't want to give more stuff. The easy solution? Consumables. Yummy goodies to eat. Everyone loves a treat for the belly. And a raft of Kentucky-made edibles is but a short drive or a quick mouse-click away.

Abbey of Gethsemani

While you might not think to visit a monastery for holiday gifts, the Abbey of Gethsemani – a medieval-looking monastery south of Bardstown that dates back to 1848 – supports itself by providing spiritual retreats, farming and making fruitcake, cheese and fudge.

Lest you assume fruitcake is fruitcake and is best used as a doorstop, the *Wall Street Journal* rated Gethsemani Farms' fruitcake as "best overall" in quality and value. Chocked with fresh ingredients, these "dense, moist and spicy" cakes are aged in Kentucky bourbon. You can get them without it, but why would you want to? The same applies to the monks' bourbon-laced fudge, which comes in eight flavors, including chocolate, mint julep and butter walnut.

A nice cheese selection is detailed on the website (gethsemanifarms.org, 800-549-0912). Better yet, take a scenic drive to shop in person.

Rebecca Ruth Candies

Pack up the family and head to Rebecca Ruth Candies in Frankfort (rebeccaruth.com, 502-223-7475) for a factory tour. In 1919, Ruth Hanly Booe and Rebecca Gooch gave up substitute teaching to

Bourbon-laced mint julep fudge made by Abbey of Gethsemani monks in Nelson County is popular, as is the Gethsemani Farms fruitcake that the Wall Street Journal has rated as among the best in the nation.

start a candy-making business, which several years later, developed the first bourbon balls. Aren't we glad? These days, the company specializes in those liquor-infused delights. Aficionados can even choose their faves: Makers Mark, Evan Williams Single Barrel or Buffalo Trace balls. Teetotaler varieties are available.

Ordering online from Rebecca Ruth is easy, though you'll miss those sweet samples.

Broadbent B and B Foods

Another household word among food purveyors is Kuttawa-based Broadbent B and B Foods (broadbenthams.com, 800-841-2202), which has been curing old-fashioned country ham, bacon and sausage for 106 years and shipping to salivating customers for 54. Broadbent hams started snagging Grand Champion honors at the Kentucky State Fair in 1967, and the tradition continues.

All hams are aged, hickory smoked and dry cured, and available cooked or uncooked. Bacon can be smoked over hickory, maplewood or applewood, and can even come nitrate-free. See the website for sausage options. You can savor the smoky smells in a walk-in market on site or jump for joy when a package arrives at your doorstep.

Moonlite Bar-B-Que Inn

Speaking of smoked meats, you can also order the barbecue that *Kentucky Living* and *Kentucky Monthly* readers voted best in the state. You'll get big Santa points for a gift from Moonlite Bar-B-Que Inn (moonlite.com, 800-322-8989) in Owensboro. In 1963 Catherine and Pappy Bosley, with no experience in the restaurant business, sold their house in order to buy a barbecue joint that became so successful it's still owned and run by the family.

Tummy-pleasing mail-order selections include sliced or chopped barbecue pork, mutton, beef or ribs in sauce, and burgoo by the gallon. You'll definitely want to sample the goods at Moonlite before choosing presents for your friends.

Weisenberger Mill

An even older family business, Weisenberger Mill in Midway (weisenberger.com, 800-765-2139) has been "the baker's choice" since 1865, when it started making wheat flour and cornmeal. South Elkhorn Creek still provides water to run the mill's turbines. Currently, the sixth generation of Weisenbergers runs the operation, offering more than 70 milled items, including flours; complete mixes, such as banana bread, biscuit, cornbread, hushpuppy, muffin and pizza crust; and breading blends for chicken, fish, meat and veggies.

A Weisenberger gift will cut the recipient's holiday kitchen time in half, and you'll get the credit.

Mom Blakeman's Creamed Pulled Candy

In her Lancaster kitchen, Maxine "Mom" Blakeman began making creamed pull candy back in the 1940s. A restaurant owner, she shared this Christmastime goodie with patrons and neigh-

borhood children. In 1961 her good friend Harlan Sanders, who began Kentucky Fried Chicken, encouraged her to market her confection.

Today, Mom Blakeman's Creamed Pulled Candy (momblakemanscandy.com, 800-542-4607) is still located in Lancaster. Family-owned and operated, the company has added new flavors of the melt-in-your-mouth candy, including chocolate, peanut butter, peppermint, and of course, Kentucky bourbon, all packed in pretty holiday tins. Maybe when you deliver this gift, your recipients will share.

Elmwood Fine Teas

A cuppa tea is definitely for sharing, especially if it's from Elmwood Inn Fine Teas (elmwoodinn.com, 800-765-2139). Though the Elmwood Inn Tea Room in Perryville closed its doors in 2004, tea maven Bruce and Shelley Richardson have morphed its success into wholesale tea and publishing businesses now based in Danville.

Among its array of black tea blends are such exotics as chocolate mint, Indian chai, Southern pecan and – here it is again – bourbon. Go-withs include English tea biscuits in luscious flavors like a chocolate and raspberry combo,



Elmwood Inn Tea Room in Perryville closed in 2004 but its Elmwood Inn Fine Teas have become an ongoing wholesale business, providing items such as Christmas Tea For One.

and jams such as strawberry-basil. Or present a gift certificate to the country's longest-running tea school.

Giving food is a win-win-win: your giftee gets an unexpected tummy-pleaser, you receive accolades for selecting the perfect present, and you feel proud to be supporting a Kentucky business. Merry shopping ... and tasting! ■

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



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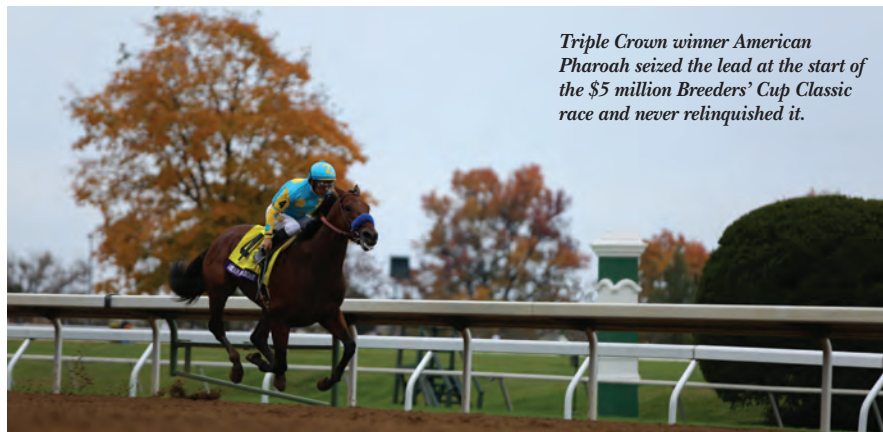
Kentucky Shines as American Pharoah Makes History in Breeders' Cup

AFTER months of preparation, on Oct. 30-31 Keeneland and Lexington welcomed the 32nd Breeders' Cup World Championships, a year-end event considered the pinnacle of the Thoroughbred racing world.

In addition to having the eyes of the world focused on Keeneland and central Kentucky, the event had the added excitement of Triple Crown winner American Pharoah running in the \$5 million Breeders' Cup Classic. And at the end of the day, both American Pharoah and Keeneland were winners.

American Pharoah ended his racing career by gliding to a six-length victory, making him the first horse to notch a historic "Grand Slam" of wins in all three spring classics – the Kentucky Derby, Belmont and Preakness races – and the centerpiece stakes at the world championships. He will now begin a new career as a sire at Coolmore's Ashford Stud farm in Versailles.

While the two-day total attendance of



Triple Crown winner American Pharoah seized the lead at the start of the \$5 million Breeders' Cup Classic race and never relinquished it.

Breeders' Cup photo

95,102 was a slight decrease over the previous year, Breeders' Cup officials said the ticket revenue for the event more than doubled over 2014, primarily due to the demand for high-end hospitality areas at Keeneland.

"This was a day that people will look back on and tell people they were here

and it's exactly why the Breeders' Cup was created, to showcase the very best of our sport," said Breeders' Cup President and CEO Craig Favel. "We're thrilled with the crowd over both days, the strong business levels and our gracious hosts here at Keeneland and the greater Lexington area."

\$23M Donation Is Largest Single Gift in UK History, Will Create Honors College



University of Kentucky alumnus Tom Lewis and his wife, Jan, (pictured here with UK President Eli Capilouto, right) have donated \$23 million to the university to create an honors college.

Lewis, a native of Lexington and 1971 engineering graduate of UK, is a seventh-generation Kentuckian, tracing his direct ancestry back to Squire Boone, the father of legendary frontiersman Daniel Boone. After UK, Lewis attended the University of North Carolina at Chapel Hill, where he earned an MBA.

Lewis entered the home-building business after graduate school and over the next 18 years was employed by a series of large firms where he gained practical experience at all work levels. In 1991, he began his own business, T.D. Lewis Co., in Phoenix, Ariz., which became one of the nation's most successful home-building enterprises, receiving numerous awards including America's Best Builder, the National Housing Quality Silver and Gold Awards and America's Best Design Center Award.

THE University of Kentucky has received a \$23 million donation from UK alumnus Thomas W. Lewis and his wife, Jan, to create one of the country's leading honors programs.

The gift is the largest single gift in the history of the university.

"I have a strong belief in the value of education and helping young people become the best they can be," said Lewis. "This gift is our way of helping University of Kentucky honors students reach their full potential as leaders who will create, shape and influence people, ideas and discoveries for this and generations yet to come."



Google Express Debuts in 3 Ky. Cities

GOOGLE Express, a new overnight delivery service offered by the ubiquitous online behemoth, has expanded its services into three Kentucky communities.

Louisville, Lexington and Radcliff were among Google Express' expansion in October into more Midwest areas. The service also went live in Cincinnati last month.

Google Express allows users to pay an annual \$95 membership fee for unlimited deliveries, and Google Express is offering a three-month free trial for new members. Customers can also pay a la carte for \$4.99 per order, per store.

Different from other online shopping and delivery services, such as Amazon Prime, Google has partnered with national chains in a given area where customers can shop. Some of the partners include Costco, Toys R Us, Staples, PetSmart, Walgreens and Whole Foods. Customers visit the Google Express website to shop for a variety of items, and a local Google courier picks up the items to be delivered the next day.

Oh Deer! Kentucky's Peak Season for Deer Collisions Returns

BRACE yourselves, Kentucky drivers: The annual three-month increase in roadway encounters, and unfortunate collisions, with white-tailed deer is once again upon us.

Deer can be spotted around Kentucky any time of year, but during October, November and December their activity – and likelihood of becoming a costly, if not deadly, roadway hazard – increases dramatically. According to Kentucky Farm Bureau (KFB) Insurance Co. claims data, drivers across the commonwealth are anywhere from two to seven times as likely to collide with a deer on the road in November as they are during the first nine months of the year.

Tips to help drivers avoid deer collisions:

- Watch for deer crossing signs. These signs are posted to alert drivers that certain stretches of the road are commonly populated with deer – do not ignore the warning.
- Be aware of the time. Deer are most commonly seen along roadways in the early morning and evening hours. Exercise additional caution if traveling during these times of day.
- When driving after dark, use high-beam headlights to increase the range of vision.
- If a deer is spotted on or near the road, slow down immediately.
- Don't swerve if a deer is in the road. Brake firmly but keep the vehicle headed in a straight line. A swerving vehicle can confuse the animal and prevent it from picking a direction to flee, or, worse yet, the driver could lose control and hit a tree or another car.
- Always wear a seat belt. The Kentucky State Police reports that most people injured or killed in automobile collisions with deer are not wearing seat belts.

Insurance customers filed more than \$5 million in claims during that month alone. Overall, Kentucky is ranked as the fourth highest state in the country by the Insurance Institute for Highway Safety for animal collision claims during this peak season.

Vehicular collisions with deer increase during this time of year in conjunction with the annual peak season for deer mating. Deer are also naturally migrating in the fall, and urban sprawl has introduced many new roads into the natural habitats of these animals. Kentucky's simultaneously exploding deer population only expands the opportunity for these accidents to occur. Consequently, deer are seen and struck on the roadways during the last three months of the year almost more often than all the other nine months combined.

Kentucky State Police data reports that Kentuckians were in a total of 3,092 automobile collisions with deer in 2014 (128 more than in 2013). Those accidents resulted in 62 injuries (nine fewer injuries from the year prior) and three deaths (zero deaths reported in 2013). Approximately \$23.4 million in deer collision claims were filed with KFB in all of 2014, but nearly 43 percent of those claims resulted from accidents occurring during October, November and December.

KFB Insurance claims data shows automobiles collided with deer on Kentucky roadways at a clip of 28.17 deer per 1,000 drivers during the month of November last year, well outpacing the national average of 15. As a result of those collisions, KFB



The bespoke whiskey cabinet featured as part of the 2015 Neiman Marcus Fantasy Gift collection was handmade by Jason Cohen, using reclaimed American oak pulled from the richhouses at the Stitzel-Weller Distillery in Louisville.

Ky. Bourbon one of 2015 Neiman Marcus Fantasy Gifts

OUT of the 11 gifts featured in the 2015 Neiman Marcus Fantasy Gift Collection, one very rare and unique item pays homage to its Kentucky roots and deep connection to the legendary Stitzel-Weller Distillery in Louisville.

The Orphan Barrel Project is a two-part gift: The first part consists of a bespoke whiskey cabinet hand-built in Louisville by craftsman Jason Cohen and stocked with 24 bottles of the entire Orphan Barrel collection to date. The second part includes a VIP trip for the purchaser and five guests to the Stitzel-Weller distillery to taste recently discovered bourbons and participate in the hands-on guided creation of two completely unique Orphan Barrel bourbon variants. Hand-bottled with custom labels and signed by the purchaser, they will never be bottled again for anyone else.

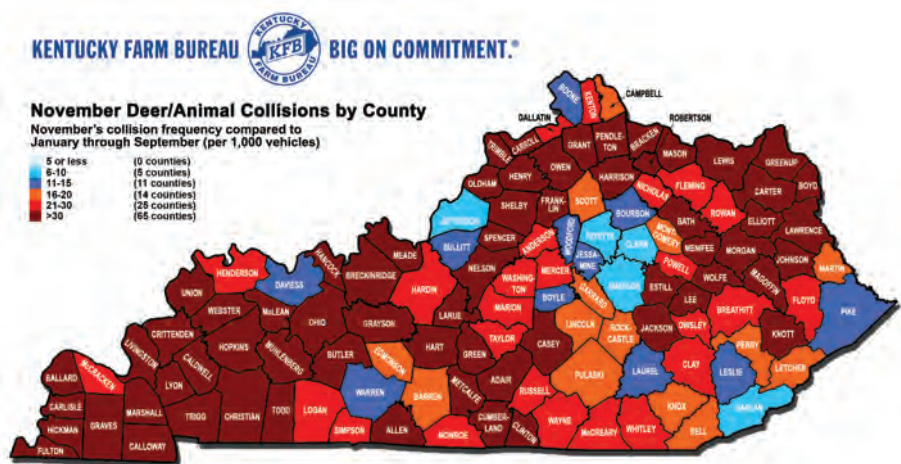
If you're looking for something for that special someone on your gift list, it's something to consider – all for a very affordable \$125,000!

Natural Gas Costs Lower This Winter

KENTUCKIANS who heat their homes with natural gas will see much lower prices at the start of the 2015-2016 heating season than they did a year ago, according to the Kentucky Public Service Commission.

Gas prices are down by more than a third from this time last year and have fallen by more than two-thirds from the peak reached in 2008, the PSC said.

"Development of new sources of natural gas has produced a long-term decline in prices," PSC Chairman Jim Gardner said. "The supply has kept pace with higher demand from both an improving economy and greater use of natural gas to fuel electric power plants."



KENTUCKY PEOPLE

VERSAILLES: KENTUCKY COAL ACADEMY TEAM MEMBER WINS NATIONAL COMPETITION FOR MINE SAFETY SKILLS

Kentucky Coal Academy Mine Rescue team member Taber Tichenor (center) was named the 2015 National Mine Rescue Bench BioPak Champion after competing in the National Mining Association's Coal Mine Rescue, First Aid, Bench and Preshift Competition, which was held Sept. 14-17 in Lexington. Tichenor, also of Armstrong Coal Co. Inc., Kronos Mine, was one of 43 individuals competing in the Bench BioPak 240R Competition, where miners are given 30 minutes to inspect and ensure self-contained breathing apparatuses work properly. The Kentucky Coal Academy's Mine Rescue program, which operates out of Madisonville Community College, is made up of individuals working in western Kentucky area coal mines operated by Armstrong Coal, KenAmerican Resources, Pennyryle Energy and Thoroughfare Mining LLC. Pictured with Tichenor are Ted Beck (left), Biomarine Inc. sales manager, and Danny Knott, Kentucky Coal Academy Mine Rescue director.



NICARAGUA: YUM! LAUNCHES PROGRAM TO SUPPORT HUNGER RELIEF EFFORT

Employees from Louisville-based Yum! Brands, the parent company of Pizza Hut, KFC and Taco Bell, traveled to Jinotega, Nicaragua, in October as part of the company's Feed the World Ambassador Program. The new employee leadership program is part of its global World Hunger Relief effort that raises awareness, volunteerism and funds for the United Nations World Food Programme and others. Pictured here is Yum! CEO Greg Creed, who was part of the trip to Nicaragua.



LOUISVILLE: DMLO CPAS CELEBRATES 40TH ANNIVERSARY WITH A DAY OF GIVING BACK TO THE COMMUNITY



In celebration of its 40th anniversary, Louisville accounting firm DMLO CPAs decided to spend the day by giving back to the community through a DMLO Day of Service. On Oct. 1, DMLO teams spread out to serve five area nonprofit organizations in various ways. Michael Connell (left) and Joe Coombs, both DMLO staff accounts, entertained kids at the Newburg Boys & Girls Club of Kentuckiana while another group (below) washed windows at the Home of the Innocents. Pictured left to right are Charlene Chessler (senior accountant), Steve Custer (director), Sherry Cockrell (manager), Patrick Mouser (general services), Belinda Wigington (manager) and Dustin Gilchrist (senior accountant).



LEXINGTON: HOSPICE RECOGNIZED FOR INNOVATION IN CARE



Hospice of the Bluegrass was recently recognized by IGE Media, publisher of Medical News, for excellence in the business of healthcare at the MediStar Awards. Hospice of the Bluegrass received the BOK Financial Aging Care Award, presented to an organization that has advanced the level of care for the senior community through innovative methods that result in an improved quality of life. Pictured here are Hospice of the Bluegrass President and CEO Liz Fowler, right, with award presenter Chris Rollman.

FLORENCE: KROGER EXPANDS KENTUCKY PROUD LINEUP IN N. KY



Mike and Beverly Parker, proprietors of Bev's Best Brittle, prepared their station at the Kroger Florence Marketplace, one of 16 Northern Kentucky Kroger stores offering Kentucky Proud products. Kroger and Kentucky Department of Agriculture officials recently announced that Kroger would be adding 58 Kentucky Proud products from 24 vendors, including Bev's Best Brittle, in its Northern Kentucky supermarkets. Kroger's order for the first week totaled \$50,000.



WinterPledge

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