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FURTHER STRENGTH EXPECTED IN 2016

Record auto sales, urban living trend, logistics
assets improve Kentucky's position in a world
where U.S. is the economic safe haven

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PERSPECTIVE

TOP LEGISLATIVE ITEMS FOR 2016

Budget issues, underfunded pensions must be addressed

BY DAVE ADKISSON



As the General Assembly kicks off in Frankfort, the Kentucky Chamber of Commerce is offering legislators a set of priorities that will create progress for our state. The priorities are based on the recent vision for Kentucky that the Chamber released called "The Four Pillars for Prosperity," a guide for making Kentucky more competitive for economic growth.

The business community's top goals can be stated in three categories: the "must do" priorities, the "ought to do" priorities and the "sure hope we can" priorities.

In the "must do" category, two big items: pensions and the budget. There's an old saying that if you find you've dug a hole, the first thing to do is to quit digging! That's the situation with our state pension programs. They are terribly underfunded (one of the funds is the worst in the country) and every year we don't take action, the deeper we dig our hole. Enacting pension reform and making the required payments to the teachers' pension plan and the plans for state and local retirees are absolute musts in this session. Kentucky must demonstrate to the financial markets that we are disciplined in order to avoid another downgrade of our bond ratings.

Fixing the pension funds and writing a two-year budget go hand in hand. You can't really do one without the other, and paying more for pensions will affect every other part of the budget, from schools to prisons to state police. So, money is going to be extremely tight in this session, perhaps more so than during the recession.

In the "ought to do" category is legislation creating a comprehensive system for public-private partnerships (commonly called P3 projects). It would create a method whereby private-sector money and expertise can be utilized to make key projects affordable and attainable. It's passed the House and the Senate in the past with strong support from both political parties but has gotten bogged down with other side issues. It's common-sense legislation that ought to pass and be signed by the governor without a great deal of controversy.

In the "sure hope we can" category, there are issues important to the business community that would make Kentucky better for business and for Kentuckians – issues that have gained more momentum in recent sessions but have not been enacted into law.

- Allowing charter schools in areas of persistent underperformance.

- Investing in higher education but with an emphasis on rewarding colleges and universities for their success in granting degrees and other workplace credentials.

- Enacting a right-to-work law (giving workers a choice about paying union dues).

- Passing a smoke-free law to give consistency to local ordinances and improve the health of our state (currently ranked 50th in cancer deaths).

- Allowing local communities the right to vote on whether to pay for key projects with a local option sales tax.

- Repealing the costly prevailing wage law that increases construction costs on public projects.

- Passing measures to reform Kentucky's legal climate, including creating medical review panels.

- Modernizing the justice code in order to be "smart on crime" and save taxpayer dollars being spent on prisons.

And we're advocating a new one this year: passing a common-sense law to give selected felony offenders the opportunity to clean their slate after paying their debt and remaining clean of any offenses for five years. Approximately 94,000 Kentuckians have a low-level Class D non-violent felony on their record. At some point, they deserve a second chance, and frankly, our growing workforce needs them gainfully employed.

We will push hard for all of these in the coming session. Calling your senator and representative will encourage them to step up to these challenges in the 2016 session. ■



Dave Adkisson is president and CEO of the Kentucky Chamber of Commerce

A photograph of a University of Louisville campus in autumn. In the background is a large, multi-story red brick building with a central glass-enclosed stairwell and a green metal roof. Trees with orange and yellow leaves are scattered throughout the scene. In the foreground, three female students are walking along a paved path. To the left, a black signpost holds a portrait of a man and some text. A red banner is overlaid on the center of the image, containing the main headline and a paragraph of text.

WITNESS THE REVIVAL

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UNIVERSITY OF
LOUISVILLE

FAST LANE

A compilation of economic news from across Kentucky

FRANKLIN: GERMAN AUTO SUPPLIER FRITZ WINTER TO HIRE 343 FOR NEW \$194 MILLION IRON-CASTING FOUNDRY



Germany-based Fritz Winter is a supplier and partner in the development and production of readymade components and complex system components for the car and utility vehicle industry worldwide.

GERMAN-owned automotive parts maker **Fritz Winter North America LP** has announced plans to build a \$194 million foundry and production facility in Franklin, bringing 343 new jobs to the Simpson County area.

The company plans to build a 240,000-s.f. facility in the Wilkey North Industrial Park, with construction slated to begin early this year. Casting and machining of disc brake rotors is expected to begin in 2017.

Fritz Winter CEO Jörg Rumikewitz cited Kentucky's central location between American-owned automakers in the northern part of the United States and European-owned automotive assembly plans in the South as a primary draw to the area.

"Franklin really meets all our requirements in terms of proximity to our customers, availability of skilled labor, favorable electricity costs and industry-specific training possibilities," said Rumikewitz, adding that the location will also bring opportunities for new business with customers in the commonwealth and the Midwest.

Founded in Stadtallendorf, Germany, in 1951, **Fritz Winter Eisengießerei GmbH & Co. KG** is a world-market leader in the production of cast-iron engine blocks and heads, brake rotors and drums, flywheels and hydraulic housings. It serves the international car and truck industry and has developed a competitive advantage in lightweight and material-specific design. The company, which remains family owned, began exporting to the United States in 1966 and employs 3,700 people worldwide.

LOUISVILLE: GE PULLS OUT OF \$3.3 BILLION DEAL TO SELL KENTUCKY-BASED APPLIANCE DIVISION TO ELECTROLUX

GENERAL Electric announced in December that it has pulled out of an agreement to sell its Louisville-based appliance business to Swedish company **Electrolux**.

Though no details were disclosed, GE said it had terminated the \$3.3 billion sale and would be "entitled to a break-up fee of \$175 million from Electrolux." Electrolux has issued a statement saying it would pay the fee.

In July, the U.S. Justice Department sued to block GE from selling the business to Electrolux, saying the merger of two of the leading appliance manufacturers in the United States would eliminate "competition that benefits American consumers and home builders through lower prices and more options."

GE is one of Louisville's largest employers, with some 6,000 workers. The Louisville plant produces dishwashers, refrigerators, water heaters, washing machines and dryers and GE continued to invest heavily in the plant, even after the sale to Electrolux was announced. In fact, in August GE announced that it was investing more than \$100 million in a new topload washer design to be produced in Louisville. The announcement was billed as GE's largest laundry launch in 20 years.

In a press release announcing the deal termination, GE said its appliance business is performing well and that it would continue to run the business while pursuing a sale.



GE produces a range of household appliances at its plant in Louisville, including a new topload washing machine that was introduced late last year.

LEXINGTON: ASHLAND WILL ACQUIRE CHAIN OF WEST COAST QUICK-LUBE STOPS

ASHLAND Inc. has signed a definitive agreement to acquire **Oil Can Henry's**, an Oregon-based chain of quick-lube stores that operates 89 locations in six states.

Oil Can Henry's, headquartered in Portland, is the 14th largest quick-lube network in the U.S., servicing approximately 1 million vehicles annually. Founded in 1978, the company employs approximately 435 people and operates 47 company-owned stores and 42 franchise locations in Oregon, Washington, California, Arizona, Idaho and Colorado.

The addition of Oil Can Henry's will complement Ashland's existing **Valvoline Instant Oil Change** network of approximately 940 company-owned and franchise stores, while also marking Valvoline's entry into the quick-lube space in several Pacific Northwest markets.



Oil Can Henry's operates 89 quick-lube stores in six Western states.

"This acquisition comes at an exciting time as we prepare to separate Valvoline into an independent, publicly traded company," said William A. Wulfsohn, Ashland chairman and chief executive officer. "Valvoline is a strong and growing business. We see significant opportunities to grow the Valvoline Instant Oil Change network and we are increasing our investment to accelerate store count growth, both organically and through acquisitions. The acquisition of Oil Can Henry's is consistent with this strategy as it will provide high returns on invested capital, will increase our quick-lube store count by nearly 10 percent and will expand our geographic footprint."

Financial details of the agreement have not been released. The transaction is expected to be completed in the first quarter of 2016.

BOWLING GREEN: GM GEARS UP TO ADD MORE CAPACITY AT CORVETTE PLANT



Joe Inel for Chevrolet photo

GENERAL Motors is investing another \$44 million in its **Bowling Green Assembly plant**, where it produces the iconic **Corvette**.

The investment will support increased capacity at the plant's **Performance Build Center** and will add 36 more jobs.

The expansion of the Perfor-

mance Build Center is fueled by the success of the Corvette Z06, which currently accounts for nearly a third of all Corvettes produced at Bowling Green Assembly.

The Performance Build Center also offers a one-of-a-kind experience for customers – the Build Your Own Engine program, which allows customers to assemble the 650-hp supercharged LT4 engine for their own cars. The \$5,000 option package includes a full day with a Performance Build Center engine assembly technician, who instructs and oversees the build; a personalized engine plaque identifying the customer; and professional photography.

The expansion project comes less than a year after GM announced that it was investing \$439 million for a new paint shop and facility upgrades at the Bowling Green plant.

Over the last four years, GM has added 316 new jobs and invested a total of \$617.5 million in its Bowling Green facility.

LOUISVILLE: SIGNATURE HEALTHCARE BUYS ELMCROFT'S NURSING DIVISION

SIGNATURE Healthcare, a Louisville-based company that is one of the nation's largest skilled-nursing providers, has expanded further with the acquisition of **Elmcroft Senior Living's** skilled nursing division.

Elmcroft, which is also headquartered in Louisville, is a nationally recognized senior housing provider that operates 82 senior communities in 18 states that offer independent, assisted and dementia care. The company also owns and operates 18 skilled nursing and rehabilitation centers that will now be part of Signature.

With the acquisition, Signature now operates 133 post-acute centers in 11 states – 41 of which are located in Kentucky – employing a total of approximately 7,400 people. The transaction makes Signature the largest post-acute network in the commonwealth.

The purchase also augments Signature's vision for the **Signature Integrated Clinical Network** launch in Kentucky, linked to its recent launch of the **Signature Advantage Medicare** insurance company, the first institutional special-needs plan (I-SNP) in the state operated by a provider. Signature's expansion creates a statewide footprint to expand its acute-care hospital partnerships for bundled payments, risk-sharing partnerships and clinical collaboration.

BUSINESS BRIEFS

BOWLING GREEN

■ Bowling Green-based **Connected Nation Exchange** has been awarded a master services contract to provide broadband expertise statewide. Under the contract, CNX will work with local communities and interested public-sector agencies throughout Kentucky to plan and implement strategies to take advantage of \$350 million in private investments in a middle-mile broadband network.



CASEY COUNTY

■ Casey County is the nation's seventh best community for online small business activity, according to **eBay's** list of **Top 20 U.S. Entrepreneurial Hotspots**. The list includes sellers who are using technology in new ways to grow their small, online businesses. Casey County has an annual eBay sales per capita of \$211. Essex County, Vermont, was No. 1, with an annual eBay sales per capita of \$332. Casey County "has a good highway transportation system, which enables reliable movement of goods and services north and south, and connects the central and northern parts of Kentucky to the Lake Cumberland area and Tennessee," states eBay. "The gate manufacturing industry has capitalized on this transportation system, and has been bolstered by the availability of affordable labor to create a diverse metalworking economy well-known to many in the industry."

CLERMONT

■ **Bernheim Arboretum and Research Forest** has acquired 136 additional acres of conservation land known as Cave Hollow. The land contains significant cave habitat and the headwaters of two streams. "As leaders in ecological stewardship, we are thrilled to be able to protect the land that feeds our region's waterways," said Dr. Mark Wourms, Bernheim's executive director. "It is paramount to not only the people who inhabit the region but also the wildlife." Bernheim is the largest privately held forest block dedicated to conservation in Kentucky.



HARRODSBURG

■ **Shaker Village of Pleasant Hill** has received a \$400,000 community block development grant that will be used for preservation work on buildings at the historic site. The organization plans to hire 20 new full-time employees in 2016 as a result of the project.

HEBRON

■ **LOGOMAT Automation Systems Inc.**, a company that develops, manufactures and services high-precision conveyor systems for assembly and test applications, has invested more than \$1 million to expand its facility in Hebron. The company added 11,600 s.f. to its existing 22,300-s.f. facility in the Northern Kentucky Riverview Business Park and is utilizing the space to accommodate increased production. LOGOMAT is a subsidiary of German-owned **KRUPS Fördersysteme GmbH** and maintains a production facility in Germany and service offices in Brazil and China.

LEXINGTON

■ **Bates Security** has acquired competitor **Kentucky Alarm Services** for an undisclosed amount. The two Lexington-based companies have both been family owned and operated since the early 1980s. With the acquisition, Bates will add more than 1,500 customers to its client base.

■ A \$500,000 Early Stage Innovations award from **NASA** will allow Alexandre Martin, assistant professor of mechanical engineering at the **University of Kentucky**, to improve the software and thermal property models of the **Orion** spacecraft's heat shield. Martin's project is one of only 15 university-led proposals selected by NASA for the study of innovative technologies that address the space program's high-priority needs. Orion is NASA's new exploration vehicle, designed for manned missions to Mars and other destinations in deep space.

BUSINESS BRIEFS



LEXINGTON

■ The **University of Kentucky** has received a \$12 million private donation that will be used to create a new research and teaching institute in the Gatton College of Business and Economics. The gift – \$8 million from the **John H. Schnatter Family Foundation** and \$4 million from the **Charles Koch Foundation** – will establish the **John H. Schnatter Institute for the Study of Free Enter-**

prise. Schnatter, of Anchorage, Ky., is the founder and CEO of **Papa John's International**, a Louisville-based pizza chain. The gift is one of the largest private donations in UK history.

■ The Lexington metro area leads the state with its record employment numbers, improvements in its unemployment rate and general economic growth, according to the **Federal Reserve Bank of Cleveland**. LaVaughn Henry, vice president and senior regional officer at the Federal Reserve Bank of Cleveland, credits a number of factors for the metro area's strong performance: the region's diverse economy, the strong automotive sector, and the expansion of multiple construction projects at the **University of Kentucky**.

LEXINGTON/LOUISVILLE

■ The accounting firm of **Dean Dorton Allen Ford** has merged with **Barr Anderson & Roberts PSC**, a Lexington CPA firm that has been in operation for nearly 40 years. The combined firm will operate as **Dean Dorton**. Dean Dorton has offices in Louisville and Lexington.

■ Louisville-based **AES Advanced Electrical Systems Inc.** has expanded its operations with the opening of a new 6,000-s.f. facility in Lexington. The family-owned business has been in operation for 22 years and is one of the largest electrical contractors in the region. Among its high-profile projects are the **UPS Worldport** and the **KFC YUM! Center** in Louisville, the **Toyota Lexus** line expansion in Georgetown, and the **L.T. Smith Stadium** at **Western Kentucky University**. The company currently has more than 130 employees working in the Lexington area and plans to hire more in the months ahead.

LOUISVILLE

■ **DDW, The Color House**, a Louisville-based company that produces colorings for the food and beverage industry, has acquired the **KleurCraft**



portfolio of coloring foods, custom formulations and related technologies from **SVZ International**. According to DDW, the acquisition will enable the company to expand its coloring food segment – items produced from fruits, vegetables

and edible plants without the use of selective extraction – and strengthen its solutions across multiple hues for customers.

■ Specialty chemical company **Clariant** has moved its air purification catalyst production from Massachusetts to Louisville. As part of the expansion of its Louisville facility, the company is focusing its efforts to bring its research and development efforts closer to manufacturing. The expansion has added seven jobs to the existing 375-member workforce.

■ Louisville is one of 38 cities selected for **AT&T's** latest expansion of its residential and small-business gigabit Internet service, currently available in only 20 of the nation's largest metro areas. **AT&T GigaPower** provides ultrafast Internet speed for customers, allowing them to download 25 songs in less than a second, a TV show in 3 seconds and an HD movie in less than 36 seconds.



STATE: QUAD/GRAPHICS TO EXPAND OPERATIONS IN FRANKLIN, VERSAILLES

COMMERCIAL printing company **Quad/Graphics** has announced that it is investing nearly \$3 million to expand its operations in Franklin and Versailles.

The expansions will add 20 new jobs to the 468-member staff in Versailles; 25 new jobs will be added in Franklin, where the company currently employs 148.

Founded in 1971 in an abandoned millwork factory just west of Milwaukee, Wis., **Quad/Graphics** started with a rented printing press and a borrowed binder. The company,



QuadGraphics

now based in Sussex, Wisc., has since grown to become the second-largest

provider of print and media solutions in the Western hemisphere. It operates a network of printing plants spanning 28 U.S. states with more than 70 facilities employing 20,000-plus workers.

Quad/Graphics Chairman, President and CEO **Joel Quadracci** said the company is working to deliver cost-effective, innovative solutions to marketers and publishers.

"In Versailles, we are using new digital print technology to produce books on demand, bringing zero inventory and just-in-time delivery closer to reality," said Quadracci. "In Franklin, we have an advanced, cost-efficient platform for producing retail advertising inserts, among other products."

Company officials said the two Kentucky plants are slated to receive continuing upgrades to ensure each maintains up-to-date technology, high production and efficient operations.

SHEPHERDSVILLE: BRITISH NUTRITION FIRM CEND LLC TO HIRE 350 FOR NEW PLANT

BRITISH nutrition supplement maker **Cend LLC** has announced plans to open a production facility in Bullitt County, bringing up to 350 jobs and an investment of \$17 million.

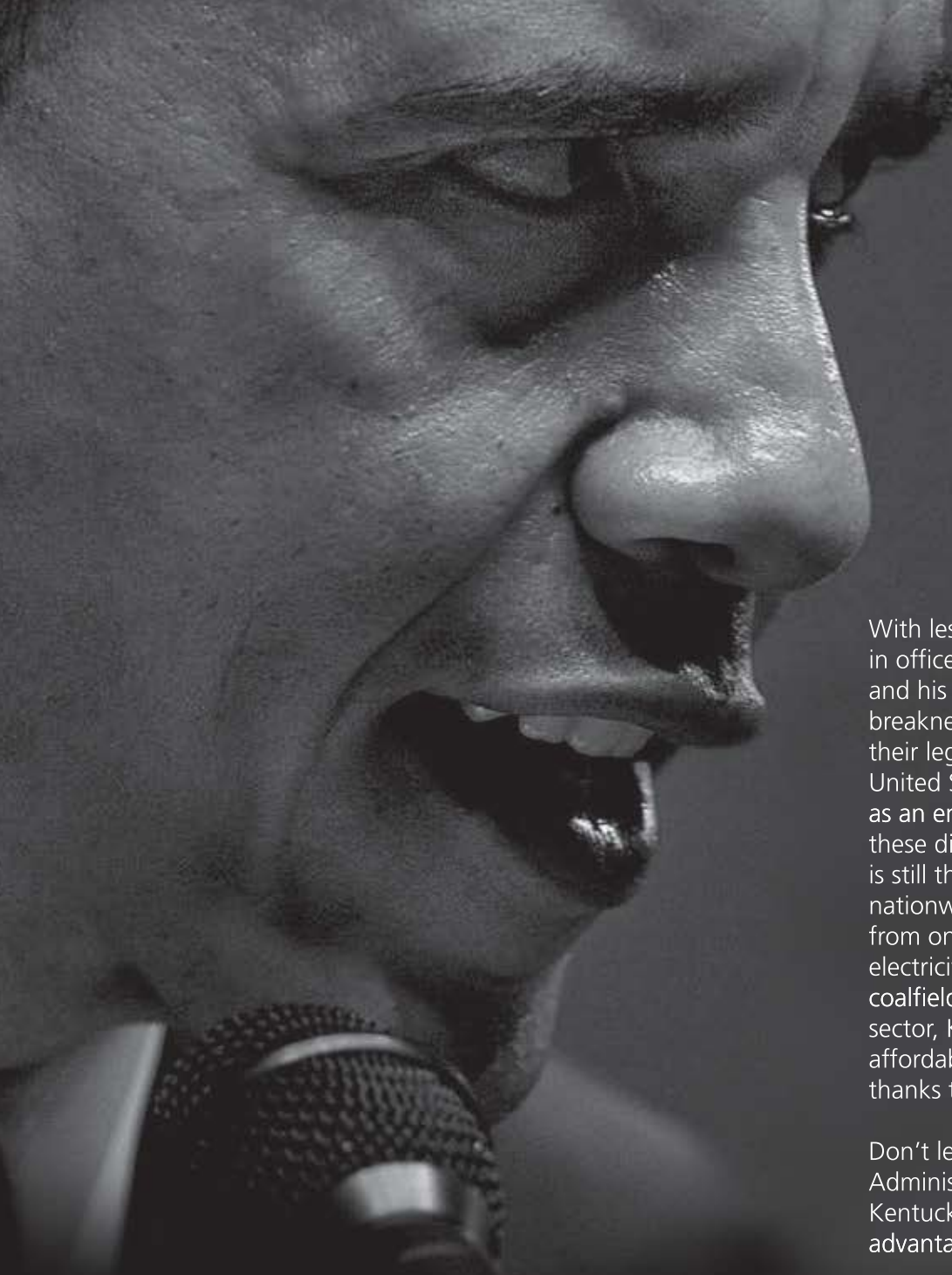
Cend, founded in 2004, is part of **The Hut Group**, an online retailer based in Northwich, United Kingdom. The company specializes in sports nutrition supplements and produces a broad range of high-protein foods, snacks and drinks, as well as an extensive clothing line for sports enthusiasts, endurance athletes and bodybuilders. Cend's **Myprotein** brand, sold both in the U.K. and internationally, is Europe's largest sports nutrition brand, with sales of \$250 million in 2015.

The company plans to locate in a 210,000-s.f. facility in Shepherdsville, which will include offices and manufacturing space. Construction is currently underway, with an opening date expected in April.

Cend's presence adds to the state's fast-growing food and beverage industry, which saw more than 40 new or expanding location announcements in 2015 and a total projected investment of nearly \$260 million. The industry employs more than 45,000 people in the commonwealth.



Cend's Myprotein line is Europe's largest sports nutrition brand.



With less than 400 days left in office, President Obama and his allies are working at a breakneck pace to complete their legacy of moving the United States away from coal as an energy source. Even in these difficult times, Kentucky is still third in coal production nationwide and all of us benefit from one of the nation's lowest electricity costs. From the coalfields to our manufacturing sector, Kentuckians have affordable, reliable electricity, thanks to our coal miners.

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BUSINESS BRIEFS

LOUISVILLE

■ Louisville nonprofit senior support agencies **ElderServe** and **GuardiaCare Services Inc.** have announced plans to merge by mid-2016 to form one organization that will operate as ElderServe. Company officials said the merger will capitalize on combined resources without duplication of services and will strengthen the organization's financial base through diversified funding streams.



University of Louisville photo

■ Two **University of Louisville** researchers have received a patent on a synthetic biochemical compound and its variants, moving science closer to a treatment for gum diseases. The discovery by Donald Demuth, associate dean for research and enterprise at the **UofL School of Dentistry**, and Frederick Luzzio, a professor in UofL's Department of

Chemistry, could lead to the formulation of a mouth rinse or tooth varnish to prevent the pathogen *P. gingivalis* from colonizing in the mouth and establishing itself orally.

■ Louisville-based **Papa John's International Inc.** has signed an agreement to open 38 stores in northeast France, with the first set to open early this year. The entry into France is part of Papa John's continued European growth strategy. The company has over 300 restaurants in the U.K. and is currently looking for potential franchisees in other areas of France, as well as the Netherlands, Poland, Czech Republic and Belgium.

■ Louisville-based **PharMerica Corp.**, a national provider of institutional and specialty pharmacy services, has completed its acquisition of **Integrated Pharmacy Network**, a long-term care pharmacy headquartered in Michigan, and **Alternacare Infusion Pharmacy**, a Kansas company that provides specialty home infusion services. PharMerica CEO Greg Weishar said the transactions are consistent with the company's strategy to bolster its share in the long-term care and specialty home infusion industries and achieved the goal of completing acquisitions that generate at least \$100 million of annualized sales. Financial terms of the transactions were not disclosed.



■ **Genscape**, a Louisville company that provides data and intelligence to the commodity and energy markets, has acquired a 100-year-old building in historic Old Louisville and is investing \$3 million to renovate the former dairy building to serve as the company's headquarters. Company officials say they hope the project will stimulate other such projects in the area, which has become dilapidated and run down. The new headquarters will provide twice as much space as Genscape's current office in Louisville's **NuLu** area and the company says it is looking to eventually double its 90-member Louisville workforce. The company also has approximately 280 employees in 15 locations worldwide.

■ The **University of Louisville** has approved a requirement that companies entering contracts with the university must pay their full-time staff a minimum wage of at least \$10.10 per hour. Companies currently doing business with the university will be required to meet the new guidelines when their agreements are renewed.

MUHLBERG COUNTY

■ **Pond River Enterprises LLC** is investing nearly \$1.3 million to open a distillery in Muhlenberg County's historic **Graham School** that will create 31 new jobs. The western Kentucky-based company will initially provide products for the growing unaged-spirits market – otherwise known as moonshine – and then expand into bourbon. The company aims to begin distillation by November 2016 and expects to open to visitors by January 2017.

LEXINGTON: CLARK MOVES TWO FORKLIFT PRODUCTION LINES FROM MEXICO TO KY

LEXINGTON-based **CLARK Material Handling Co.**, a global manufacturer of forklift trucks, is investing nearly \$4.8 million to expand its production facility in Lexington.

CLARK plans to begin production of its four-wheel electric **ECX** and three-wheel electric **TMX** model forklift trucks in Lexington in May, an addition that will increase the company's Lexington production by more than 200 percent. The models were previously produced in San Luis Potosi, Mexico.

The company has purchased a four-acre parcel of land adjacent to its Lexington facility to accommodate the expansion, increasing the total square footage of its Lexington campus to 162,000.



CLARK Material Handling is moving production of its ECX (pictured above) and TMX model forklifts from Mexico to Lexington.

LEXINGTON: NANOMATERIALS COMPANY MOVING HQ, R&D OPS TO LEXINGTON

A company that specializes in research and development in advanced nanomaterials and devices is moving its headquarters from Texas to Lexington, thanks in large part to Kentucky's attractive matching grant program.

Nalin Kumar, president of **nanoRANCH**, attributed his decision to relocate the business and its primary company, **UHV Technologies Inc.**, to Kentucky's Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) matching funds program. The program, which began in 2006, provides qualifying companies with a match of up to 100 percent of the federal SBIR/STTR awards they receive. Out-of-state companies are eligible for the funding should they decide to relocate to Kentucky.

UHV Technologies, established 20 years ago in New Jersey and currently operating in Texas, focuses on R&D in advanced nanomaterials and devices. The company is currently funded by the **U.S. Department of Energy** (DOE) through three grants and contracts. Projects include development of products for continuous monitoring of mercury emissions from coal power plants, which led to nanoRANCH Environmental Systems locating in Lexington in 2014.

Other DOE-funded research centers around high-speed automated aluminum alloy sorting from automotive scrap and nanocrystalline diamond foils for DOE's high-energy nuclear physics labs. Commercial application of the company's research includes low-energy x-ray windows. Other functions include the **National Institute of Health**-funded development of online sensors to detect metallic contaminants during pharmaceutical manufacturing and technology for cancer diagnoses and cancer-progression tracking.

Additional matching funding received through Kentucky's SBIR/STTR program would help nanoRANCH move proven concepts out of the prototype phase and into production and market-ready products, Kumar said.

In addition to moving the company's headquarters to Lexington, Kumar also plans to establish assembly and R&D operations in Lexington, along with a design lab. The new location is expected to be operational by February.



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BUSINESS BRIEFS

NORTHERN KENTUCKY

■ A new resource is now available to help Northern Kentucky business owners find assistance in building their companies. The **NKY Startup Resource** (nkystartupresource.org) is an online tool that provides information on where to obtain funding, office space and business planning, among other resources. The online tool is the latest initiative of Skyward, the driving force behind myNKY, the five-year strategic plan for Northern Kentucky.

PRESTONSBURG

■ The Kentucky Public Service Commission has approved **Kentucky Frontier Gas's** \$1.9 million acquisition of **Public Gas Co.** Public Gas has 1,728 customers in Breathitt, Jackson, Lawrence, Lee, Magoffin, Morgan and Wolfe counties. The purchase will give Kentucky Frontier Gas more than 5,700 customers in Eastern Kentucky. Kentucky Frontier Gas has owned and operated gas systems in the state since 2008, when it acquired four small companies. The company now owns and operates 11 small natural-gas systems serving customers in Knott, Lawrence, Letcher, Martin, Morgan, Perry, Floyd, Magoffin and Pike counties.

RICHMOND

■ Richmond-based **Baldwin CPAs** has expanded with the acquisition of Louisville CPA firm **Anderson, Bryant, Lasky & Winslow.** The merger adds 17 employees to Baldwin's existing Louisville staff, including three new partners. The merged offices will operate out of the ABLW location on South First Street in Louisville.

SHELBYVILLE

■ **Louisville Water** and the **Shelbyville Municipal Water and Sewer Commission** have signed a 50-year contract under which Louisville Water will install up to eight miles of water main along Interstate 64 to supply drinking water to Shelbyville. Once completed, Louisville Water could supply up to 7 million gallons of water daily to Shelbyville Water. The \$13.5 million project is expected to be complete by January 2019. Louisville Water will fund the work through minimum water purchases from Shelbyville Water.



■ The Shelbyville City Council has voted 4-3 in favor of implementing a **3 percent restaurant tax** on top of the 6 percent Kentucky sales tax. The long-debated tax, which went into effect Jan 1., is expected to raise approximately \$700,000 per year.

SIMPSONVILLE

■ **Auto Truck Group**, a work truck upfitter, has announced plans to move the company's Louisville location to Simpsonville. The new facility will provide nearly 80,000 s.f. of production space, more than double the space of the company's current location, and will also include new paint and spray-on bed-liner booths, along with 15 acres of storage. Auto Truck Group's Louisville service center employs approximately 60 people and offers ship-through capabilities for **Ford's F-Series Super Duty, E-Series, Escape** and **Expedition** models along with a pool of Ford F-Series Duty trucks. The transition is expected to be complete within the first quarter.

STATE

■ The law firm of **Frost Brown Todd** has announced plans to expand into Pennsylvania with the opening of a new office in Pittsburgh. The new location, which represents the firm's 12th location, will enhance its energy industry practice. FBT currently has offices in Indianapolis, Ind.; Florence, Lexington and Louisville, Ky.; Cincinnati, Columbus and West Chester, Ohio; Nashville, Tenn.; Dallas, Texas; Richmond, Va.; and Charleston, W. Va.

■ For the second consecutive year, Kentucky recorded an all-time high in **new private capital investment** by new and expanding companies, with more than \$4.5 billion announced for 2015. The investment surpasses the 2014 record of \$3.7 billion.

BARDSTOWN: INNOVATIVE PROGRAM LETS DISTILLERS CREATE CUSTOM WHISKEY

THE Bardstown Bourbon Co. has unveiled plans for a collaborative Kentucky whiskey craft-distilling program that will offer wholesale customers the opportunity to create custom Kentucky whiskey, providing craft distillers and brand owners with high-quality whiskey to strengthen their supply.

The program will also provide comprehensive barrel financing.

Small craft distillers have made a big splash in Kentucky, but Bardstown Bourbon officials noted that currently, many craft distillers and brand owners obtain their whiskey from large industrial distilleries, are limited in their ability to produce custom products and have no financing options.

"We are very excited to offer a suite of much-needed services that we believe will help foster continued innovation and growth in the whiskey industry," said David Mandell, president and CEO of The Bardstown Bourbon Co.

The Bardstown Bourbon Co.'s new program will enable craft distillers and brand owners to work with a team of whiskey experts led by Bourbon Hall of Fame Master Distiller Steve Nally to create their own authentic and innovative Kentucky whiskey products and ensure consistent, quality production. The ability to finance the purchase price of newly filled barrels with terms of up

to 10 years is another significant advantage in an industry that is capital intensive.



"This program is a game changer," said Daniel Linde, chief financial officer for Bardstown Bourbon. "As the first company to offer a comprehensive barrel financing program for whiskey, we are helping our customers continue to develop and grow their brands, without tying up all of their capital in production."

When it opens this coming summer, the distillery will have an initial 1.5 million proof-gallon capacity with barrel storage on site for up to 185,000 barrels. Bardstown Bourbon will also offer a unique environment to showcase customer products. Set on 100 acres of active farmland and adjacent to the Bluegrass Parkway, the company's 37,000 s.f. distillery is situated at the gateway to Bardstown, which claims the distinction of being the "Bourbon Capital of the World."

"This is such an exciting time for bourbon," said Nally. "I look forward to working with other distillers and brand owners to make great products. We also look forward to integrating some of these brands into the Bardstown Bourbon Co.'s visitor experience, and we will use our facility to highlight and promote their brands."



Kentucky Bourbon Trail photo

Submissions Welcome

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

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



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INTERSTATE LANE

Business news from Indiana, Ohio, Tennessee and West Virginia

BUSINESS BRIEFS

INDIANA

■ **Milhaus**, a mixed-used development company, is investing more than \$1.6 million over the next five years to expand its operations in Indianapolis, creating up to 250 new jobs. Established in 2009, the company is now experiencing significant growth in markets outside Indiana, including Kentucky, Missouri, Ohio, Oklahoma, Pennsylvania, Tennessee and Wisconsin, and anticipates having 20,000 units in 10 markets by 2020. Milhaus, which currently has 116 full-time employees in Indiana and 28 throughout the Midwest, plans to add positions in management, information technology, finance, sales and marketing, transaction processing and administrative support.

■ Heartland Food Products Group

a company that produces and markets low-calorie sweeteners, drink mixes, coffee and nutritional beverages, has announced plans to add up to 187 new jobs by 2020 to support an \$26 million expansion project that will increase production at its Indianapolis facility. The expansion plans follow the company's August 2015 purchase of the **Splenda** sweetener brand from **McNeil Nutritionals**, a subsidiary of **Johnson & Johnson**. Heartland's expansion is the second such project to be announced within the last 12 months. In April 2015, the company announced plans to create up to 160 new jobs by the end of 2017 and is already on track to exceed that goal: The company anticipates meeting that jobs commitment by this year.



OHIO

■ **Amazon Web Services Inc.**, an Amazon.com company, has contracted with **EDP Renewables** to construct and operate a 100 megawatt wind farm in Paulding County, Ohio, called the **Amazon Wind Farm US Central**. The new wind farm is expected to start generating approximately 320,000 megawatt hours of wind energy annually starting in May 2017 – enough to power more than 29,000 US homes in a year. The energy generated will be delivered into the electrical grid that supplies both current and future **AWS Cloud** data centers.

TENNESSEE

■ **SaarGummi Tennessee Inc.**, a manufacturer of sealing systems for the automotive industry, is expanding its operations in Pulaski, Tenn. The project will create more than 150 new jobs over the next five years.



■ **Sleep Solutions and Services** is locating a new call-center operation in Columbia, Tenn., that will bring nearly 140 new jobs to the Middle Tennessee community. S3 employs web-based technology with live support to clients with respiratory medical conditions, such as sleep apnea. Clients work with sleep coaches who provide assistance with ordering supplies to support their medical equipment and communicate with clients on a regular basis to educate them during their treatment process.

■ **Orgill Inc.**, a company that distributes hardware and home improvement products, is investing \$15 million to construct a new 100,000-s.f. world headquarters facility in Collierville, Tenn. The company plans to add 115 new jobs with an average salary of \$65,000 to support the expansion.

■ **LEDIC Realty Co.**, a company that manages and develops multifamily properties across the United States, is investing \$10.2 million to build its new national headquarters in Memphis. The company plans to add 300 new jobs, 100 of which will be based at the national headquarters, with the remaining jobs – which include management, construction, maintenance and leasing positions – distributed throughout the state.

OHIO/TENNESSEE: TRUGREEN TO MERGE WITH SCOTTS; MEMPHIS TO SERVE AS HQ

TRUGREEN has announced a planned merger with **Scotts LawnService** that will combine two of the nation's top lawn-care service companies.

The company will operate under the TruGreen brand and will remain headquartered in Memphis. David Alexander, TruGreen's chief executive officer, will lead the combined company, with Jim Gimeson, president of Scotts LawnService, joining the combined company as chief operating officer.

With the transaction, Scotts LawnService is being separated from its parent company, Ohio-based **ScottsMiracle-Gro**. However, ScottsMiracle-Gro will own an equity stake of approximately 30 percent in the combined business and will receive a cash distribution of approximately \$200 million from the joint venture upon closing. A fund managed by private investment firm **Clayton, Dubilier & Rice** will hold controlling interest in the combined company.

With the merger, TruGreen will gain approximately 500,000 new customers, creating a lawn-service business with approximately 2.3 million residential and commercial customers across the United States and Canada that represent \$1.3 billion in revenue.

TruGreen currently has a total of approximately 11,000 employees. At the time of the merger announcement, Alexander said details as to how many more jobs would be added were still being worked out.

TruGreen photo



TruGreen, the nation's largest lawn care company, is becoming even larger with the acquisition of Ohio-based Scotts LawnService.

INDIANA: HOOSIER STATE LANDS 600+ HIGH-WAGE JOBS AVERAGING \$83K

INDIANA Gov. Mike Pence joined executives from 17 companies across Indiana in December to announce expansion plans that are expected to create a combined 648 new jobs with average annual salaries of more than \$82,900. That figure is 85 percent higher than the state's average wage.

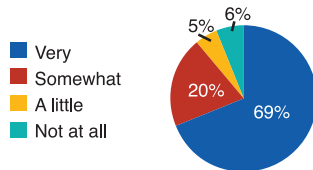
The news capped off a record-breaking year of economic development results for Indiana, with the Indiana Economic Development Corp. (IEDC) securing Hoosier job commitments with 323 companies from around the state, nation and world – up from 285 company commitments in 2014 and the highest on record since the IEDC was established in 2005. Together, the companies have committed to creating 26,555 new jobs over the next few years and investing more than \$4.79 billion in their Indiana operations.

The 17 companies announcing plans to create high-wage jobs in Indiana include: **AgReliant Genetics**, **Balance Digital Marketing**, **Creative Solutions Consulting (CSCI)**, **DK Pierce**, **Emmis Communications**, **Level Up Development**, **LifeShare Technologies**, **Mediaura**, **Microbide**, **MorphoTrust USA**, **One View**, **Performance Assessment Network (PAN)**, **Pondurance**, **Sells Group (SG)**, **STLogics**, **Thieneman Construction** and **Vertical Edge Consulting Group**.

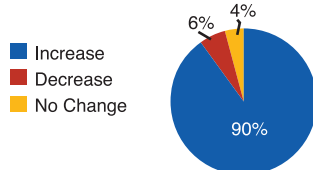
A TOUGH PILL TO SWALLOW

According to the results of a study by the National Small Business Association, America's small businesses continue to face huge cost increases and are struggling to navigate the nation's new healthcare system. The NSBA surveyed more than 800 small-business owners to see how the Affordable Care Act is impacting their business.

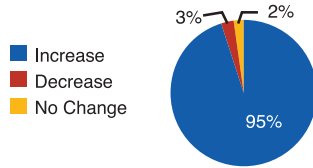
HOW IMPORTANT DO YOU BELIEVE OFFERING HEALTH INSURANCE AS AN EMPLOYEE BENEFIT IS IN RECRUITING OR RETAINING TOP-QUALITY EMPLOYEES?



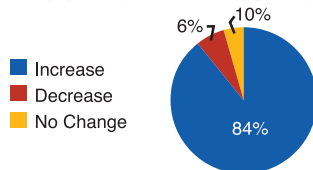
AT YOUR MOST RECENT HEALTH INSURANCE RENEWAL, WHAT PER-EMPLOYEE CHANGES DID YOU EXPERIENCE IN THE COST OF YOUR HEALTH INSURANCE PLAN?



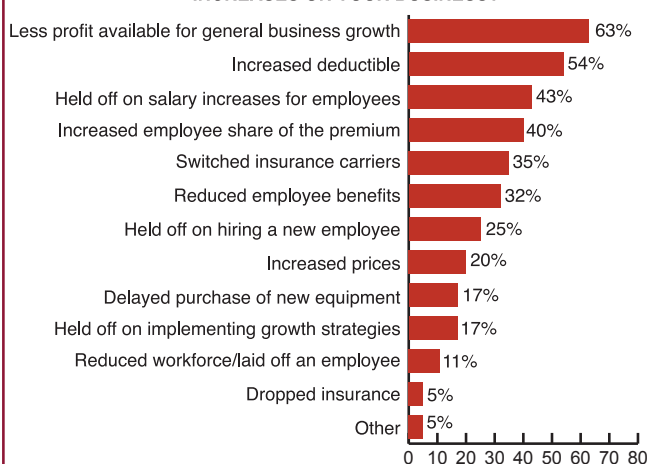
HOW DID YOUR AVERAGE PER-EMPLOYEE HEALTH INSURANCE COSTS CHANGE OVER THE LAST FIVE YEARS?



HOW DO YOU EXPECT HEALTH INSURANCE PREMIUMS TO CHANGE IN THE UPCOMING YEAR?



WHAT IS THE IMPACT OF HEALTH INSURANCE INCREASES ON YOUR BUSINESS?



Source: NSBA 2015 Small Business Health Care Survey

THE ALARMING RISE IN STUDENT DEBT

Much has been written about the rapid increase in college tuition, with student debt being labeled by some as the nation's next financial crisis. A recent study by the Institute for College Access & Success reports that over the 10-year period between 2004 and 2014, the average student debt rose 56 percent, more than double the rate of inflation (25 percent) over that same period of time.

TEN-YEAR CHANGE IN AVERAGE COLLEGE DEBT LEVEL CLASS OF 2014

STATE	% Change (Avg. Debt 2014 – 2004)
Delaware	129% (\$33,808/\$14,780)
Maryland	118% (\$27,457/\$12,597)
Illinois	85% (\$28,984/\$15,650)
Kentucky	82% (\$25,939/\$14,250)
Hawaii	82% (\$24,554/\$13,509)
New Jersey	75% (\$28,318/\$16,223)
South Carolina	74% (\$29,163/\$16,775)
Wisconsin	74% (\$28,810/\$16,560)
Massachusetts	73% (\$29,391/\$17,021)
Georgia	73% (\$26,518/\$15,354)
Alaska	71% (\$26,742/\$15,648)
Pennsylvania	70% (\$33,264/\$19,556)
Mississippi	69% (\$26,177/\$15,503)
Virginia	67% (\$26,432/\$15,831)
Missouri	67% (\$25,844/\$15,511)
Rhode Island	65% (\$31,841/\$19,328)
Alabama	63% (\$29,425/\$18,042)
Minnesota	61% (\$31,579/\$19,580)
Maine	59% (\$30,908/\$19,410)
Connecticut	57% (\$29,750/\$18,906)
Michigan	57% (\$29,450/\$18,754)
Kansas	57% (\$25,521/\$16,266)
New Hampshire	56% (\$33,410/\$21,441)
Arkansas	56% (\$25,344/\$16,210)
Wyoming	54% (\$23,708/\$15,352)
Ohio	53% (\$29,353/\$19,182)
Texas	53% (\$26,250/\$17,170)
Colorado	53% (\$25,064/\$16,352)
Utah	53% (\$18,921/\$12,362)
Nebraska	51% (\$26,278/\$17,384)
Oregon	51% (\$26,106/\$17,267)
Tennessee	51% (\$25,510/\$16,905)
Indiana	50% (\$29,222/\$19,425)
Montana	50% (\$26,946/\$18,019)
North Carolina	50% (\$25,218/\$16,863)
New York	48% (\$27,822/\$18,857)
West Virginia	47% (\$26,854/\$18,246)
Nevada	43% (\$20,211/\$14,144)
Washington	42% (\$24,804/\$17,415)
Vermont	40% (\$29,060/\$20,706)
Oklahoma	38% (\$23,430/\$16,942)
South Dakota	37% (\$26,023/\$19,023)
California	33% (\$21,382/\$16,071)
Florida	32% (\$24,947/\$18,857)
Arizona	25% (\$22,609/\$18,147)
Iowa	23% (\$29,732/\$24,204)
Louisiana	21% (\$23,025/\$18,993)
Idaho	17% (\$26,091/\$22,273)
New Mexico	* (\$18,969)

* Did not calculate state averages when the usable cases covered less than 30% of bachelor's degree recipients in a given state's graduating class in a given year or when the underlying data showed a state-level change of 30% or more in average debt from the previous year.

Source: Institute for College Access & Success

CORPORATE MOVES

New leadership for Kentucky businesses

CONSTRUCTION

■ **Pat Durham** has been named executive vice president for the Building Industry Association of Greater Louisville. He succeeds **Chuck Kavanaugh**, who is retiring in May.

EDUCATION

■ **Hal Boyd** has been named special assistant to the president at Eastern Kentucky University. He succeeds **Matt Roan**, who has been named deputy director of athletics at ECU.



*Hal
Boyd*

■ **John Grove** has been named director of the University of Kentucky's Research and Education Center in Princeton, Ky. Grove is a soil scientist in UK's College of Agriculture, Food and Environment.

■ **Brian Kuster** has been appointed vice president for student affairs at Western Kentucky University.

■ **Allison Gardner Martin** has been named chief of communications and community relations for Jefferson County Public Schools.

FOOD/SPIRITS/HOSPITALITY

■ **Doug Bostick** has been promoted to vice president of franchise services for Fazoli's, a Lexington-based fast-casual Italian restaurant chain.

HEALTHCARE

■ **Dinah Bevington** has been named executive director of the Kentucky Optometric Association. Bevington comes to the position from state government, where she most recently served as acting secretary of the Kentucky Personnel Cabinet.



*Dinah
Bevington*

LEGAL

■ **Timothy W. Dunn** has been elected as a partner in the law firm of Bingham Greenebaum Doll LLP. Dunn, who works out of the firm's Lexington office, has a multidisciplinary practice that concentrates on the general areas of estate planning, small-business planning, asset protection planning and estate and trust administration.



*Timothy
Dunn*

DEPARTURES

■ **Robert Beck** has stepped down as chairman of the Kentucky Horse Racing Commission.

■ **Patrick Grismer** has announced that he will resign as chief financial officer of Louisville-based YUM! Brands Inc., effective Feb. 19.

UTILITIES

■ Louisville Gas and Electric Co. and Kentucky Utilities Co. have announced that **Ed Staton**, vice president of state



*Greg
Thomas*



*John
Wolfe*

regulation and rates, and **Greg Thomas**, vice president of electric distribution, will retire in February and March 2016, respectively. **Robert Conroy**, director of rates, will be promoted to Staton's role and **John Wolfe**, director of electric system restoration and dispatch, will be promoted to vice president of electric distribution.

GOVERNMENT

■ Gov. Matt Bevin has announced the following appointments in state government:

Adjutant General of the Commonwealth of Kentucky:

Stephen R. Hogan. Brigadier General Hogan has more than 30 years in service to the nation and the commonwealth and most recently led efforts to protect the dependents of service members as the chief executive officer of the Military Interstate Children's Compact Commission.



*Stephen
Hogan*

Chief of Staff: James "Blake" Brickman.

Brickman previously served as U.S. Senator Jim Bunning's Chief of Staff in Washington D.C., working closely with many state and federal officials and government agencies. After moving back to Kentucky, Brickman practiced law as a civil litigator and in-house counsel.

Commissioner of the Department of Parks:

Donnie Holland. Holland has served as general manager of Wabash National Trailer Centers, general manager for Johnson Controls Inc. and president of Benson International.

Department of Revenue Commissioner:

Daniel Bork. Bork recently retired as vice president of tax for Lexington-based Lexmark International Inc. He has also served as president of the Kentucky Chapter of the Tax Executives Institute and has served on the board of directors of the Kentucky Chamber of Commerce.

Education and Workforce Development Cabinet Secretary:

Hal Heiner. Heiner is a Louisville businessman who has been active in civic and political activities. He served for eight years on the Louisville Metro Council and has been a vice chairman with Greater Louisville Inc.

Energy and Environment Cabinet Secretary:

Charles G. Snavelly. Snavelly most recently served as president of the Eastern U.S. operations for Arch Coal Inc.

Executive Cabinet Secretary: Scott Brinkman.

Brinkman is a former Kentucky state representative and attorney with more than 35 years of legal and management experience.

Financial and Administration Cabinet Secretary:

William M. Landrum III. Landrum is a retired U.S. Army colonel who has more than 36 years of military and corporate experience in resource management and financial operations for sensitive military intelligence and clandestine programs across the Department of Defense.

General Counsel for the Office of Governor:

Stephen Pitt. Pitt has practiced law for Wyatt, Tarrant, and Combs LLP for 38 years. Pitt has been lead litigation counsel for numerous national companies during his career, including DuPont, General Electric, Rockwell International and Occidental Chemical.

Health and Family Services Cabinet Secretary:

Vickie Yates Brown Glisson.

Glisson is a nationally recognized health and health insurance lawyer and member of the Health Enterprise Practice Group at Frost Brown Todd LLC, where she concentrates her practice in healthcare, health insurance law, government affairs, informatics and mediation.



*Vickie Yates
Brown Glisson*

Justice and Public Safety Cabinet Secretary:

John Tilley. Tilley is a former prosecutor who has been nationally recognized for his work on criminal justice reform and drug pol-

icy. He has served five terms as a state representative from Hopkinsville and has chaired the House Judiciary Committee since 2009.

Labor Cabinet Secretary: Derrick K. Ramsey.

In 2004, Ramsey was named Kentucky's deputy secretary of commerce and most recently served as athletic director for Coppin State University.

Local Government Commissioner: Sandra Dunahoo.

Dunahoo most recently served as a project development specialist and funding consultant for Nesbitt Engineering in Lexington. She has also served as a projects manager and local government liaison to U.S. Congressman Hal Rogers, where she worked with local governments seeking federal funding.

Personnel Cabinet Secretary: Thomas B. Stephens.

Stephens is an attorney and entrepreneur focused on new business development. He has held various positions in government, including general counsel to the Kentucky Personnel Cabinet, and has served as corporate counsel for Nicholasville-based Alltech, an international animal health and nutrition company.

Public Protection Cabinet Secretary:

David Dickerson. Dickerson comes to the position from Dickerson Lumber Co., where he served as corporate officer for the family business, managing day-to-day operations.

State Budget Director: John E. Chilton.

Chilton is co-founder of Mountjoy Chilton Medley LLP, a regional accounting firm.

Tourism, Arts and Heritage Cabinet Secretary:

Don Parkinson. Parkinson is a retired senior vice president of Louisville-based KFC and YUM! Brands. He has also twice served as interim president of the Kentucky Center for the Arts.

ON THE BOARDS

Kentuckians named to organizational leadership roles

AMERICAN COLLEGE OF CHEST PHYSICIANS

■ **Barbara Phillips**, professor of pulmonary, critical care and sleep medicine in the Department of Internal Medicine at the University of Kentucky, has been elected president of the American College of Chest Physicians.



Barbara Phillips

AMERICANS FOR THE ARTS

■ Americans for the Arts, a leading organization for advancing the arts and arts education in America, has elected **Theo Edmonds** as a member of the advisory council for the private sector. Edmonds, of Louisville, is co-founder of IDEAS xLab, an organization that focuses on training artists as creative innovators to help solve corporate and community issues.



Theo Edmonds

BEREA COLLEGE

■ **Celeste Patton Armstrong** has been elected to the Berea College board of trustees. Armstrong, an alumna of Berea College, is the managing attorney in the Birmingham, Ala., office of Nationwide Mutual Insurance Co.'s trial division.



Celeste Patton Armstrong

CENTER FOR RENEWABLE ENERGY RESEARCH AND ENVIRONMENTAL STEWARDSHIP BOARD

■ **William Mark McGinley** has been appointed to serve on the Center for Renewable Energy Research and Environmental Stewardship Board. McGinley, of Louisville, is a civil engineering professor at the University of Louisville.

HOME BUILDERS ASSOCIATION OF NORTHERN KENTUCKY

■ **John Curtin** has been appointed to the board of directors of the Home Builders Association of Northern Kentucky. Curtin is senior vice president of corporate business development at Paul Hemmer Co.



John Curtin

INTERNATIONAL COUNCIL OF FINE ARTS DEANS

■ **Michael Tick**, dean of the University of Kentucky's College of Fine Arts, has been elected to a three-year term on the board of directors of the International Council of Fine Arts Deans.

KENTON COUNTY AIRPORT BOARD

■ **J. Michael Schlotman** and **John A. Mocker Jr.** have been confirmed as chair and vice chair, respectively, of the Kenton County Airport Board. Schlotman is executive vice

president and chief financial officer of The Kroger Co. Mocker is partner at LB Industries Inc. Outgoing Chair **William T. Robinson** will remain on the board.

KENTUCKY AGRICULTURAL DEVELOPMENT BOARD

■ **Richard Warner** has been appointed as a member of the Kentucky Agricultural Development Board. Warner, of Somerset, is president of Warner Fertilizer Co.

KENTUCKY BOARD OF EDUCATION

■ **Susan Kaye Edington**, of Madisonville, has been appointed as a member of the Kentucky Board of Education. Edington is a teacher and program coordinator at Murray State University.

KENTUCKY BOARD OF HOME INSPECTORS

■ **Williams "Sha" Fister Jr.** has been appointed to the Kentucky Board of Home Inspectors. Fister is a general sales manager and broker with Rector Hayden Realtors in Lexington.

KENTUCKY FARM BUREAU

■ Kentucky Farm Bureau has announced its executive committee for 2016: President – **Mark Haney**, Pulaski County; First Vice President – **Eddie Melton**, Webster County; Second Vice President – **Fritz Giesecke**, Hart County; and Executive Vice President – **David S. Beck**.



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Further Strengthening Expected in 2016



Record auto sales, urban living trend, logistics assets improve Kentucky's position in a world where the U.S. is the economic safe haven

BY MARK GREEN

THE U.S. auto industry had its best sales year in history in 2015 and 2016 looks just as strong, which is very good news in a state that is a major vehicle manufacturer. Kentucky usually lags the nation during economic recoveries, but the commonwealth's jobless rate has been better than the national average for about a year. The United States is the strongest, safest economy in the world, and Kentucky's ideal location to supply this market is paying off. Ford is putting another \$1.3 billion into its Kentucky Truck Plant, and an industry shift toward lighter, more fuel-efficient aluminum is motivating multiple nine-figure investments

around the state, which is a major aluminum producer due to cheap electricity and its central U.S. location.

Louisville, Lexington, Northern Kentucky, Bowling Green and other cities all are experiencing job growth as a result of investment by business and industry seeking to keep up with an economy that continues to gain momentum – plus a preference among millennials for urban life. Ongoing decline in the coal industry, however, is causing pain in Eastern Kentucky as energy markets shift to cheap gas, which is environmentally less impactful also. Meanwhile, the world's demand for premium Kentucky bourbon continues to fill that expanding industry's glass. Tourism and travel sector growth is bring-

ing hotel construction around the state. The world is becoming more aware of Kentucky, and interest will likely increase as portions of the project to install state-wide gigabit Internet service begin reaching completion.



Matthew Bevin
Governor,
Commonwealth
of Kentucky

"This year is pivotal for Kentucky's economic future. Later this month we will present a budget to the legislature and, in doing so, will signal to the world that we are serious about getting our financial house in order. Rapid growth in Medicaid spending and pension obligations is crowding out other priorities, like education and infrastructure. Our administration will pursue transformational and sustainable reforms to these high-growth budget items in order to stabilize and then grow the Kentucky economy. We will work across party lines to enact bold solutions. The result will be a better environment for long-term economic growth and job creation."



Greg Fischer
Mayor,
Louisville
Metro

"We predict great things for Louisville's economy in 2016. Unemployment is low, shrinking from 10.3 percent in 2011 to 3.9 percent now. We continue focusing economic development efforts on five key sectors: advanced manufacturing; business services; food/beverage; lifelong wellness/aging care; and logistics. We're working with industry leaders to recruit more businesses and create more jobs, including 2,000 from a \$1.3 billion expansion at Ford's Kentucky Truck Plant, and 300 in a \$310 million UPS expansion. We're growing workforce skills through nationally recognized efforts, such as free certified production technician training, which qualifies participants for jobs at GE that start at \$15.51 an hour, and tech initiatives like Code Louisville. We also expect continued growth downtown, including the transformative Omni Hotel project."



Vicki Fitch
Executive
Director,
Bowling Green
Area
Convention &
Visitors Bureau

"Kentucky tourism increased in 2015. Hotel occupancy continues its upward trend. Bowling Green's classic, all-American feel is getting national media attention, and people are road-tripping thanks to lower gas prices. More growth is expected in 2016 with Mammoth Cave's 200th tour anniversary, the National Park Service's Centennial and the National Corvette Museum's new Corvette Cave-In exhibit. Bowling Green will host more than a dozen national shows at its NCM Motorsports Park and Beech Bend Raceway hot rod havens."



Malcolm Bryant
President/
CEO, Malcolm
Bryant Corp.

"Global uncertainty is confirming the United States is still the most sought-after place to invest for long-term consistency. Infrastructure investments in Kentucky's cities are preparing us for a positive future. World investors are awakening to Kentucky. More high-wage jobs are needed, so we must turn our attention to our greatest asset: people. We must create value in our workforce and be extremely healthy in mind and body. All areas of commercial real estate are riding a rising wave of capital liquidity, leading to lower cap rates. Regulation and construction costs are current headwinds, leading to less speculative construction."



Jared Arnett
Executive
Director,
Shaping Our
Appalachian
Region Inc.

"2016 is poised to be a breakthrough year for Appalachian Kentucky. The KentuckyWired broadband project will be well underway, and communities will be planning the build-out of last-mile technology so high-speed Internet can be delivered to every family and business. Through our Kentucky Appalachian Regional Development Fund, we will award grants to help communities harness the power of broadband to revolutionize our economy, improve health outcomes and expand education. I'm looking forward to our 2016 SOAR summit, which will connect leaders and volunteers to once again share ideas and successes as we continue our momentum to build Appalachian Kentucky's vibrant future."



Dave Adkisson
President/
CEO, Kentucky
Chamber
of Commerce

"Each year of the recovery seems to gain momentum, with highlights such as the Lexus roll-out, Ford's Kentucky Truck Plant announcement and dozens of other local announcements that underscore true recovery. My hope for 2016: that the Fed will be cautious on interest rates so Kentucky can continue to gain steam. On the home front, we welcome policy changes the Bevin administration will champion to make Kentucky more business-friendly. But above all, Frankfort must demonstrate in early 2016 it can get its house in order and prove it has the discipline necessary to fix its pension problems."



Eric Summe
President/
CEO, Northern
Kentucky
Convention
and Visitors
Bureau

"For 2016, the Northern Kentucky hospitality industry is forecasting moderate growth. We enjoyed high occupancy and rate levels the past couple of years, but we think this will level off. Two new hotel properties open in our region in 2016; that additional supply, along with added hotel rooms in neighboring Cincinnati, should keep occupancy and rate growth lower than in the last few years. The Ark Encounter slated to open in July in Grant County is expecting over 1 million visitors the first year. We're excited about the significant economic impact this one-of-a-kind attraction will have on Northern Kentucky."



Wil James
President,
Toyota Motor
Manufacturing
Kentucky

"It's a great time to be in the auto industry, and Kentucky continues to be a great place to do business. In 2015, strong replacement demand, an improving economy and low interest rates helped drive auto sales to a sixth consecutive year of growth: 17.5 million in the U.S., a new record. In Georgetown, 2015 ended with the ramping up of Lexus production, a historic project 30 months in the making, while Camry made the best-seller list once again – true testament to the skill of our workforce. For 2016, U.S. demand and Toyota sales are anticipated to remain around the record level of 2015. Another busy year for Kentucky's automotive industry!"



Eric J. Frankl
Executive
Director, Blue
Grass Airport

"We are optimistic about the 2016 growth trends we see in the travel industry. After years of bankruptcies and mergers, the airlines have stabilized and experienced a couple of years of healthy growth. At Blue Grass Airport, we have been fortunate to see new routes added and been able to provide our travelers and visitors with convenience and upgraded amenities. We will continue offering enjoyable travel experiences, and, in turn, we ask the community to continue supporting its local airport by using our services and facilities."



Paul Patton
Chancellor and
Interim
President,
University
of Pikeville

"I expect the economy of the nation and of Kentucky to continue its recovery from the Great Recession at a moderate pace, but the decline in Eastern Kentucky will continue to be a drag on the rest of the commonwealth. Regardless of the political environment, coal production in Eastern Kentucky will continue to decline because 115 years of mining have depleted the easier-to-recover reserves. Western Coal can be brought to the East more cheaply than our coal, and natural gas costs less than coal and is easier to burn."



Jack Moreland
President,
Southbank
Partners

"Northern Kentucky's 'Southbank' riverfront is on a vibrant upward trajectory thanks to the ongoing urban migration trend of business and residents, with multiple tourism, residential, entertainment and commercial developments. Two hotels are rising in Newport and one Covington. Work on the 12-mile Riverfront Commons walk-run-bike path connecting Southbank's six cities continues. Ky. 9's reconstruction through Newport is projected to create \$500 million in new development. Residential projects include Aqua apartments near Newport on the Levee; redeveloping Newport's Fourth Street Elementary into apartments; 40 new million-dollar homes in Dayton; and downtown Covington and Ludlow riverfront residences. Entertainment projects include a distillery, a 180-foot Skywheel, craft breweries and new riverfront parks."

COVER STORY



Dave Sevigny
President,
DMD Data
Systems

"2016 will be a generally positive year for the overall Kentucky economy. Investments by the commonwealth in an educated workforce and uniform access to high-speed Internet service are key to Kentucky's future economic growth. From large industries to small businesses, companies

across the commonwealth will continue the path of slow but steady growth. DMD expects customers to make strategic investments in software and technology infrastructure to increase IT resiliency, optimization and security. This will generate demand for managed IT services as public and private entities continually transition capital purchases into operating expenses."



Jerry Rickett
President and
CEO, Kentucky
Highlands
Investment
Corp.

"The numbers are catastrophic for our 22-county service area – the loss of 4,700 coal jobs with payroll of \$296 million. But it has mobilized people to explore new solutions together, and the power of partnerships will lead to success: The Promise Zone partners have attracted \$210 million in public and private investment in two years. And SOAR's (Shaping Our Appalachian Region) broadband initiative will put the region on equal footing with the rest of the world. Meanwhile, KHIC and UK have identified a new product line of energy-efficient modular housing to diversify the products of houseboat manufacturers, which have lost 650 jobs."



Casey Barach
Director,
Kentucky
Innovation
Network @
Northern
Kentucky;
Senior Vice
President,
Northern
Kentucky
Tri-County
Economic
Development
Corp.

"A key driving force in Kentucky's high-growth entrepreneurship activity is the availability of investment capital for start-ups. The launch of Kentucky's Angel Investment tax credit in 2015 directly drove over \$7.5 million into early-stage deals. Indirectly, the program created public interest and drove creation of new investment funds and angel groups, i.e., more investment capital. Entrepreneurship will take 2015's momentum and build upon it for significant growth in 2016. The potentially dark cloud on the long-term horizon is the \$3 million cap on the

investment tax credits. The expansion of the tax credit is an expansion of investment capital and expansion of startup companies."



Karen Williams
President/CEO,
Greater
Louisville
Convention and
Visitors Bureau

"According to American Express Meetings and Events, the meetings industry is thriving and will continue to strengthen. Hotel rates are increasing; North American group hotel rates will show an increase of 4.2 percent. Louisville in 2015 had a 3.8 percent increase in hotel rates. This is positive news entering 2016. In August 2016, the Kentucky International Convention Center will close for two years – LCVB team will focus on smaller meetings that can be self-contained in hotels, while also using the Kentucky Expo Center and the Yum! Center for larger conference and trade show exhibitions."



Jennifer Willis
Market Vice
President in
Kentucky,
Humana

"The current healthcare system is too complex and too challenging to navigate. Humana is working to simplify it by personalizing healthcare experiences, providing support where people need it, and creating easy-to-use options for engaging in health. Fortunately, we're working with the best in the industry, such as primary care physicians committed to delivering integrated care, incentivizing healthy choices and reducing the progression of disease. We're partnered with more than 45 community leaders and organizations in Louisville to help us implement collaborative strategies to improve the health of the city and the surrounding areas. Humana is confident in a cooperative approach – we know it is the only way to improve population health."



Skip Miller
Executive
Director,
Louisville
Regional
Airport
Authority

"We anticipate modest commercial aviation growth in 2016. After consolidation, airlines are posting financial results on par with other industries. They will continue to replace smaller aircraft with larger equipment offering more onboard amenities and to be very conservative when considering service to new markets. They will seize lucrative opportunities if communities clearly demonstrate regional

demand. Louisville International Airport, the world's seventh busiest cargo airport, is well positioned in this environment to retain and enhance connectivity to the global marketplace. The future for air cargo and logistics is bright and we expect continued success in this segment. Our sister organization, Renaissance Zone Redevelopment Corp., anticipates a robust year of land sales."



Dr. Eli Capilouto
President,
University
of Kentucky

"The University of Kentucky is emboldened in 2016 by synergies in support for its mission of teaching, research, service and healthcare. Over the last several years, UK has made substantial investments in its infrastructure and key priorities of its mission. Public and private partners are supporting new academic programs, quality living/learning spaces and modern research facilities. The potential for renewed public support for research and discovery will help us address the complex challenges of our day and build Kentucky's economy. Our investments recently yielded a strong reaffirmation of our priorities from independent rating agency Standard and Poor's."



Dr. Pearse Lyons
President,
Alltech

"We were part of a 2015 that has been called the year of M&A, completing seven acquisitions this past year. We believe 2016 will require three corporate characteristics: size, speed and innovation. Companies need to be the right size to do the job, and the right size means being fit for agility to move quickly to seize emerging opportunities. And, of course, innovation is central. It remains true that the future belongs to those who have the curiosity and the courage to create it."



Bill Bissett
President,
Kentucky Coal
Association

"2016 will continue to be a challenging year for Kentucky coal. With a year left in office, we expect President Obama and his allies will try to complete their anti-coal agenda, which will further hurt coal miners and the entire Kentucky economy. Without the low-cost, reliable electricity coal provides Kentucky, our manufacturing base will suffer along with every other sector. Wrongheaded policies out of Washington, like the misnamed Clean Power Plan and Stream Protection Plan, must be stopped to protect Kentucky's affordable electricity supply."

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More for daughter Samantha, less for Uncle Sam.

Without proper planning, estate and inheritance taxes can consume assets you would prefer to pass on to your heirs. Our planners, together with your attorney and accountant, can help you work to minimize taxes and maximize what you leave to the next generation. Hilliard Lyons is as committed to optimizing your assets as you are to establishing your legacy. **888-278-2061**

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COVER STORY



Robert Quick
President/CEO,
Commerce
Lexington Inc.

"Central Kentucky continued a strong upward economic trend in the past year with Fayette County's unemployment rate among the lowest in the state. As the county's population steadily climbs, the workforce is expanding and wages are increasing. Economic activity over the last five years among the partners of the Bluegrass Business Development Partnership affected 4,820 new jobs and \$643 million in investment by a wide range of companies. We expect our many marketing trips and meetings with site-selection consultants to produce more leads, jobs and investment through expansions and relocations. Companies around the world recognize Lexington as a city on the move due to its unified economic development efforts, diverse economy, educated workforce, growing high-tech sector and entrepreneurial culture."



James O'Reilly
CEO, Long
John Silver's

"Consumers will engage the restaurant industry with increased optimism and spending power in 2016. This will be a year of modest growth for the economy supported by the positive trajectory of indicators such as growth of GDP and disposable income. The National Restaurant Association's Restaurant Performance Index is up and has been above 100 for 32 straight months, which indicates expansion ahead for the restaurant industry. Assisting factors will be a stable, mid-single-digit unemployment rate and reasonable consumer inflation with continued improvement in consumer confidence."



Michael Karpf
Executive Vice
President for
Health Affairs,
University of
Kentucky / UK
HealthCare

"The healthcare economy will change; the only questions are how fast and what will the results be? Kentucky's governor has said he will make changes to the Medicaid expansion enacted in 2013. Medicare and Medicaid control a large percentage of every provider's income, so changes require adjustments. If Medicaid eligibility were rolled back, I expect unreimbursed healthcare costs to increase. Navigation of these changing times hinges on our ability to maintain flexibility and preserve a margin for continued investment in people, technology and facilities. Mergers, alliances and spending on information technology will continue increasing."



Bill Thomason
President/CEO,
Keeneland

"The overwhelming success of the 2015 Breeders' Cup World Championships at Keeneland proved the economic importance of the Thoroughbred industry to Kentucky while showcasing the local community's hospitality and enthusiasm for horse racing. The event, which featured the "Grand Slam" victory by Triple Crown winner American Pharoah in the \$5 million Classic, generated worldwide attention for the Thoroughbred industry, Keeneland and Central Kentucky. At Keeneland, we believe this exposure will be a positive influence for our racing and sales in 2016 and beyond."



John Roush
President,
Centre College

"While Centre College remains strong and has positioned itself for measured growth, global economic pressures and the continued threat of terrorism will cause people to be cautious generally, producing a flat forecast at best for our nation and the Commonwealth of Kentucky. The longer term is better. Our sister nations around the globe will figure things out, as will we, and those men and women prepared to do evil will not prevail."



Trey Grayson
President/CEO,
Northern
Kentucky
Chamber of
Commerce

"The economy is strong in Northern Kentucky. There is a giant "Now Hiring" sign as you enter our region. Many employers, especially in logistics, manufacturing and those in search of entry-level workers, are struggling to find and keep talent. I expect this to result in local employers increasing wages to try to coax more employees to rejoin the workforce, increase hours or move to the region."



Jon Stewart
President/CEO,
KEMI

"Although competition in the workers' compensation insurance marketplace saw modest growth this past year, KEMI focused on strong underwriting discipline and provided our policyholders with the tools needed to control their workers' compensation costs. Employers who remain focused on creating and maintaining safe workplaces should expect minimal changes regarding workers' compensation insurance coverage in 2016."



Eddie Goff
Vice President,
Business
Development,
boice.net

"2015 was a year of "disruption" in IT and 2016 will continue that trend. Technology solutions providers are challenged with continually innovating and bringing change to their customers faster. We'll see providers leveraging relationships not only with their partners but with each other to build more collaborative solutions. Whether that's working in unified teams, developing new partnerships or merging with other organizations, we'll see providers become leaner, more efficient, more effective and continue helping companies use technology to be more productive and increase profitability."



Philip Patterson
President/CEO,
Owensboro
Health

"Owensboro Health is moving forward with its plan to expand access to care in Kentucky and Indiana. In addition to its 2015 lease and asset purchase of Muhlenberg Community Hospital in Greenville, Owensboro Health plans to open new outpatient facilities – each with urgent, primary and specialist care – throughout the region by 2017. These will expand our system's One Health medical group and employer wellness capabilities. The health system also recently established a clinical alliance with St. Mary's Health in Evansville, Ind., allowing each to share and learn from the other in areas of quality, safety and implementing best practices."



Mark Gillming
Senior Vice
President,
Messer
Construction
Co.

"Commercial construction is seeing another year of growth, particularly in higher education and healthcare but also in the bourbon industry. Universities are updating classroom, lab and housing offerings. Healthcare systems are investing in renovation and expansion to urban campuses and single-patient rooms. As more work comes to market, a labor shortage is creating upward pricing pressure. Subcontractors are struggling to find skilled trades people, and some are more selective about the projects they take, which also impacts pricing. Skilled trades make up nearly half of Messer's workforce, and we're attracting people back to the industry and providing them with the training they need to be successful."

Kentucky's Area Development Districts

*Creating Solutions for 15
Regions*

120 Counties

418 Cities



In 2015, Kentucky Area Development Districts made this possible:

- Cities and counties obtained \$97 million for local infrastructure projects, without major impact to their local budgets.
- Kentuckians in need of employment earned \$27 million in wages after completing workforce programs.
- Nearly 50,000 seniors and individuals with disabilities lived independently - with dignity, in their communities.

This is only a snapshot of the positive impact of Area Development Districts. For more information on your region, contact KCADD or your local Area Development District.

One Voice Serving All Kentucky

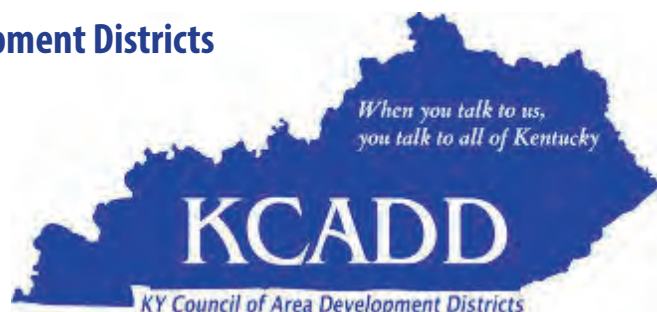
KY Council of Area Development Districts

501 Capitol Aveune

Frankfort, KY 40601

502.875.2515

www.kcadd.org



COVER STORY



Jim Gray
Mayor,
Lexington-
Fayette
Urban County
Government

"There is around \$2 billion worth of investment happening all over Lexington currently: infrastructure, healthcare, education, commercial, residential and everywhere in between. These investments are creating jobs and improving quality of life, which is an important part of staying competitive. Our unemployment rate is among the lowest in the state. That's good, but we know low unemployment also brings the challenge of workforce development. In 2016, we'll continue to focus on workforce training and growing high-quality jobs across Lexington."



Mary Quinn Ramer
President,
VisitLEX

"2015 was a banner year for Lexington tourism with new restaurants, growth in the Lexington Distillery District, the Red Mile grand reopening, the Breeders' Cup Championships and a jump in the Fayette County hotel room average daily rate. The ADR was \$102.44, up 8 percent over 2014, which was up 6 percent over 2013. In 10 months, 2015 citywide room revenue was \$151.4 million. In 2016, we anticipate further 6-8 percent growth with more than 100,000 hotel room group bookings contracted for future years and the opening of 21C Museum Hotel product."



Ron Bunch
CEO, Bowling
Green Area
Chamber of
Commerce

"2015 was extraordinary for the South Central Kentucky region, and we look for 2016 to be another prosperous year. In 2015 we had 23 announcements of more than \$943 million in investment and 1,000-plus jobs – 124 percent of the previous decade. Warren County had two of the state's top five 2015 projects. South Central had 25 percent of manufacturing location and 35 percent of manufacturing expansion investment. All levels of education are working to ensure companies have the workforce talent they need. From our first-in-nation comprehensive Leader In Me initiative to our Training Consortium that serves member companies, the chamber has been developing talent initiatives that we look forward to expanding in 2016."



Victor Staffieri
Chairman/
CEO/President,
LG&E-KU

"Kentucky's abundant resources and historically low energy rates offer competitive advantages in attracting and maintaining energy-intensive industries. More than 100 new or existing business expansions announced in 2015 will create investments of over \$1.28 billion and more than 5,300 new jobs, further strengthening the state's economy and our communities. However, federal environmental regulations like the Clean Power Plan are jeopardizing these advantages. In this ever-changing industry, Kentucky's utilities are challenged, once again, to balance future federal environmental requirements and keep energy rates among the lowest in the nation."



Gary A. Ransdell
President,
Western
Kentucky
University

"While Kentucky's economy is improving, it remains to be seen whether higher education – Kentucky's best hope for economic development in the future – will find improved funding as the General Assembly pieces together a budget for the 2016-18 biennium. The last 10 years have been a lost decade for higher education funding in Kentucky. All nine public institutional presidents have endorsed a higher education budget request that attempts to get back a portion of the \$173 million lost in recent years. Paying the pension fund and Medicaid bills is important, but so is an investment in higher education."



Ed Jerdonek
President/CEO,
Luckett &
Farley
Architects,
Engineers
and Interior
Designers

"With the 'new normal' slow economic recovery compelling Kentucky's businesses to seek new sources of top-line growth, in our 163rd year we are launching Luckett & Farley Development LLC with an equity firm partner to complement our core. The outlook for 2016 is positive for those tilling new ground, so we're helping create economic development in Kentucky. Luckett & Farley Development will help restart existing clients' projects stalled by limited access to capital and provide facility solutions to new clients. Luckett & Farley is investing in Louisville's SoBro District with a \$38.5 million project."



Lori Meadows
Executive
Director,
Kentucky Arts
Council

"Kentucky continues to gain momentum and national recognition for its work in creative placemaking to enhance community and economic development. Partnerships in public, private, nonprofit and community sectors are critical in continuing this growth trend. Nationally, philanthropy to the arts grew 9.2 percent in 12 months, the largest one-year jump among giving categories tracked and analyzed in the 2014 Giving USA, published by Indiana University Lilly Family School of Philanthropy. Kentucky's ability to keep pace with the national funding in the arts will determine the strong growth in the creative industry sector."



Steve Sigg
CEO, SIS
Holding
Company Inc.

"The economic outlook for the information technology industry is exciting and evolving rapidly in the era of Big Data, Analytics and the Internet of Things. Our clients are taking a bimodal approach to addressing internal IT support and the external requirement to create growth and profitability by leveraging "the third platform" of Technology Enablement. Clients are re-engineering internal IT for cost saving, efficiency and better customer service. Lines of business will be enabling new growth opportunities by leveraging public, private and hybrid clouds for improved solution offerings, agility and expanded client services. This bimodal, stability-agility approach enables cost savings and supports growth initiatives."



Nick Rowe
President,
Kentucky
American
Water

"It's estimated over the coming decades that more than \$1 trillion in capital will be needed to upgrade U.S. water infrastructure. This investment remains a priority for Kentucky American Water, the state's largest investor-owned water utility and provider of water and/or wastewater services to portions of 11 counties. To maintain excellent service for customers, we have invested more than \$370 million in Kentucky in the past decade, and plan to invest \$20 million in 2016. We will also remain focused on controlling operational expenses and providing a fair return to investors." ■



Now Entering Silicon Holler

Gigabit service in Jackson and Owsley counties is creating tech job options ahead of statewide KentuckyWired

BY CHRIS CLAIR

HOW fast is your Internet download speed? Twenty megabytes per second? Thirty? A hundred? If your download speed exceeds 100 mbps, you're zooming past most of the rest of the nation. The national average Internet speed as measured by cloud service provider Akami in its 2015 State of the Internet report was 11.9 mbps. Worldwide, the average speed was 5 mbps. In rural areas, speeds are generally considerably slower, if there is service at all.

Cruising the Internet at those speeds in Jackson County or Owsley County,

however, will get you run off the information superhighway. Those two counties – two of the poorest and most rural counties in the United States – have some of the fastest Internet speeds in the world: up to 1 gigabit per second.

And it's not just in a handful of places in Jackson and Owsley counties. Thanks to a six-year, \$50 million effort to run fiber optic cable throughout its service area, the People's Rural Telephone Cooperative (PRTC), based in McKee in Jackson County, can deliver that 1 gigabit or 1,000 megabytes per second Internet speed to every home, business and school in the two counties.

Keith Gabbard, chief executive at PRTC, told a crowd gathered Oct. 22 for a "Gig launch ceremony" that PRTC had been in the fiber business for some time before deciding in 2009 to go with an all-fiber network.

"As of now, 100 percent of our customers have fiber available," Gabbard said. "Every home and business has a fiber connection, or can have one. What we've done here is pretty impressive because we have it to every single home and business, not just in this town (McKee), but to every place to the farthest holler out. Everyone has the same capability."



Keith Gabbard, CEO, People's Rural Telephone Cooperative

Fiber optic cables transmit data via pulses of light sent through glass or plastic strands slightly larger than the diameter of human hair. Traditionally data has been carried via copper wires that conduct electricity. In the early days, of course, the only "data" carried was voice data. With the growth of the Internet, phone lines and dial-up modems gave way to coaxial cable and high-speed routers. Coaxial cable is a thicker copper wire surrounded by insulation, like the one that probably runs to your modem or cable box. Ethernet cables like the one connecting your computer to your network contain copper strands that carry the data.

From copper to fiber, step by step

Copper tends to experience electrical leakage and is subject to electromagnetic interference, however, and its bandwidth – a measure of how much data it can carry – is less than fiber optic cable. Copper also needs a more extensive network of junction boxes to boost the signal as it travels over long distances.

On the downside for fiber, most computers are built to handle copper connections. Since any connection is only as fast as its slowest point, having fiber optic cable run up to your home or business only helps to the extent that the equipment inside the walls is maximized for speed. That said, the higher bandwidth of fiber optic cable means you can have a lot more going on inside your walls – a business, for example, could have multiple simultaneous videoconferences, multiple large data downloads, an entire phone system – and the outside wires can handle the traffic.

It wasn't that long ago, relatively, that Jackson and Owsley counties had no phone service at all. The PRTC was formed in 1950 and used money available in the form of low-interest loans through the federal Rural Electrifica-

tion Administration to construct a telephone network. Customers were owners of the business, and profits went to pay off the loans.

In an interview, the PRTC's Gabbard said over the years the cooperative replaced and expanded the copper network repeatedly as the population grew and spread. The updating and maintenance were constant, he said, and as Internet use grew the PRTC heard from customers that they wanted better service.

In the 1990s, PRTC partnered with four other small Eastern Kentucky companies to form Appalachian Wireless. As part of the effort to build that cellular network, a 375-mile ring of fiber optic cable was installed. Fast forward to the mid-2000s. As PRTC considered ways to upgrade its Internet service, that fiber optic cable looked like a pretty good starting point.

The PRTC funded construction of its fiber optic network through a combination of timely grants from the Rural Utilities Service arm of the U.S. Department of Agriculture, loans, stimulus money from the American Recovery and Investment Act of 2009 and the PRTC's own capital. After spending \$50 million to complete the project, PRTC has about \$19 million in debt outstanding. Money to pay that back will come from user fees, as well as the successful Appalachian Wireless business, Gabbard said.

Appalachian Wireless serves its own customers and collects fees from Verizon, which also uses the wireless network. With few other wireless providers willing to build their own networks in the mountainous terrain, the wireless business model is strong enough to help support PRTC's broadband initiative, as well. That's helped keep the PRTC from having to raise rates to cover loan servicing costs.

Gabbard said the availability of the loans and grants, plus stimulus money, presented a "once-in-a-lifetime opportunity."

Mule power helps close digital divide

Fully 70 percent of the fiber optic network in Jackson and Owsley counties runs above ground. As it turned out, even the highest of high-tech networks had to rely on the lowest of low-tech methods for installation. At points in the tougher terrain, a mule named Old Bub pulled the cable from pole to pole. Some photos of the operation made the rounds via e-mail earlier this year.

The image of a mule pulling fiber optic cable through the mountains probably seems like a fitting juxtaposition to those not aware of Kentucky's efforts to close the digital divide. The PRTC's gigabit network stands out as an example of a fully local initiative, but the state has announced its own plans to improve and expand broadband access.



Mixing in traditional means as it moves to the modern cutting edge, People's Rural Telephone Cooperative based in McKee has used a mule named Old Bub to help with its last-mile installations of fiber-optic based gigabit Internet connectivity to all its customers in Jackson and Owsley counties in Eastern Kentucky.



The KentuckyWired I-Way broadband initiative aims to provide reliable, high-speed Internet service to every county in Kentucky. The estimated \$324 million project will build what's known as a "middle mile" fiber optic network. State officials likened it to building a highway through the state. That highway will have some 1,100 "nodes" at government user sites, including five Kentucky Community and Technical College System sites in Eastern Kentucky.

The I-Way will provide tiered access to speeds up to 400 gigabits – yes, that's 400,000 megabits – per second. Adequate end-user equipment will be essential to using such capacity, and it will be up to local communities to build the "last mile" – to connect individual homes and businesses to the nodes.

The recommendation to build such a statewide open-access network was one of many that came out of the Shaping Our Appalachian Region (SOAR) initiative co-chaired by former Gov. Steve Beshear, a Democrat, and Republican U.S. Rep. Hal Rogers, whose district encompasses most of Eastern Kentucky. Partly as a nod to that impetus and partly in response to the severe economic downturn in Eastern Kentucky due to the dramatic decline in coal jobs, KentuckyWired construction will start at the eastern end of the state and over the next three years extend 3,400 miles across the state to all 120 counties. Work in the 54-county SOAR region is expected to be finished in summer 2016, with the rest of the state completed by late 2018.



Steve Beshear, Former Governor, Commonwealth of Kentucky

High speed for ... jobs in the hollers

The kick-off celebration for KentuckyWired was held Aug. 31 at Hazard Community and Technical College. Beshear said the project would bring much-needed Internet access to all communities.

"The potential for every Kentuckian to tap into the global economy, compete for higher paying jobs, collaborate with researchers around the globe, take classes online, or access increased medical care make KentuckyWired one of the most important infrastructure projects in our state's history," Beshear said.

Rogers added that with the capacity and connectivity "the only limit is our creativity. It's up to us to put this resource to work for economic diversity, job creation and improved opportunities for the people of Eastern Kentucky."

Jared Arnett, executive director of SOAR, called the extension of broadband service "a literal economic lifeline" in today's increasingly digital economy and said it can't reach communities fast enough.

KentuckyWired is the state's largest public-private partnership. A consortium led by Macquarie Capital of Australia will provide the bulk of the funding via the issuance of debt and equity. The General Assembly approved \$30 million in direct state funding in 2014, and the federal government is kicking in another \$23.5 million. In August, the Kentucky Economic Development Finance Author-



Hal Rogers, Kentucky's 5th District, U.S. House of Representatives



Jared Arnett, Executive Director, Shaping Our Appalachian Region



Fuel Kentucky's Workforce

The Kentucky Community and Technical College System is the state's largest provider of workforce training. Just this past year alone, KCTCS provided:

- Workforce Training to more than 5,500 businesses and nearly 50,000 employees.
- 69% of allied healthcare and emergency services credentials.
- 82% of certificates, diplomas and degrees for high-demand occupational trades such as construction, HVAC, lineman, plumbing, welding.
- Partnerships with the state's world-class manufacturers to provide state-of-the-art advanced manufacturing training and apprenticeship-style programs, such as KY FAME.

Since the economic downturn of 2008, KCTCS has lost **\$38.5 million** in state appropriations with fixed costs increasing by nearly the same amount. Join business and industry leaders across the state in asking Kentucky's legislature to restore a portion of our state appropriation cuts to "Fuel the Force." Learn more at fueltheforceky.com.

INVEST IN KENTUCKY JOBS. INVEST IN KCTCS.



KENTUCKY COMMUNITY & TECHNICAL COLLEGE SYSTEM

ity approved the issuance of \$232 million in revenue bonds to finance a loan to the consortium, KentuckyWired Infrastructure Co.

Payments on the debt will be made via the state transferring its current lease payments for Internet service to KentuckyWired. In essence, the state and local governments – anyone with a node – will be paying KentuckyWired to use the Internet.

This setup actually has PRTC's Gabbard slightly concerned. The way things are worded now, local governments and school districts in the PRTC's service area would end up being among those 1,100 KentuckyWired nodes, and could be told to use the KentuckyWired fiber network instead of the PRTC's. That would cost PRTC money. Gabbard said he hopes the PRTC can work with KentuckyWired to avoid building a parallel fiber optic network in Jackson and Owsley counties.

Jackson, Owsley jobs only 'a starting point'

The potential for high-speed fiber network duplication in one of the poorest parts of Eastern Kentucky carries a hint of irony given the overall lack of investment in the region historically. Nevertheless, from an economic development perspective it might not be possible to have too much of a good thing. The emergence of fracked shale gas in the past decade means significantly fewer coal jobs, but plentiful broadband brings better chances to create a diverse patchwork of technology jobs that can help fill the void – and create an entirely new economy centered around technology.

Jeff Whitehead, executive director of Eastern Kentucky Concentrated Employment Program, said the PRTC broadband project and KentuckyWired "takes the lid off of the potential for both economic development and for what people can do from their homes."

EKCEP, based in Hazard, provides job training, employment assistance, career counseling and tuition assistance for half a million people in 23 Eastern Kentucky counties, including many hit hard by the loss of coal jobs. In 2015, Whitehead said, the PRTC gigabit network has led directly to some 110 new jobs in Jackson and Owsley counties. Almost all of them are for companies based out of state – one employer is based outside the United States – and involve customer service work done remotely, often out of one's home. The average salaries for these jobs are around \$20,000 a year, but most have benefits.



Jeff Whitehead,
Executive
Director,
Eastern
Kentucky
Concentrated
Employment
Program



Keith Gabbard, CEO of People's Rural Telephone Cooperative, explains the potential impacts of gigabit Internet connectivity at a meeting for community members in its Jackson and Owsley counties service area.

"That's not knocking it out of the park at this point (in salary), but they are still jobs you can do from home and not have to spend gas money," Whitehead said. "We're not satisfied with that; it's a starting point."

Down the road, he said, fast broadband service could lead to more and better-paying technology jobs, the ability to do remote job training, and ultimately lay the groundwork for a new generation of locally grown technology entrepreneurs who will be job creators of the future. Eastern Kentuckians prefer not to have to leave their families and their connections to the land to find work. Being connected to the rest of the world via the Internet could mean fewer locals will have to leave, and it could draw in new people who need that connectivity but don't want to live in a big city.

Isolation ends; school's never cancelled?!

Local schools are already benefitting from better connectivity. Owsley County Schools Superintendent Tim Bobrowski said the gigabit network has allowed the district to expand the use of "virtual schools," or instruction over the Internet. As a result, a district that formerly had to make up in the summer an average of 20 snow days per year now can engage students at home, via online programs like Blackboard and Edgenuity that allow students to complete coursework for up to 10 snow days. Additionally, students who get suspended can continue classwork from home as opposed to just sitting at home not learning.

Owsley County Schools officials are working on a plan to get laptops like Chromebooks into the hands of some classes next year – as many as two grades per school, Bobrowski said.

As limited as Eastern Kentucky's economy has seemed in recent years, the possibility broadband brings has people excited. Change won't come

overnight, but already the region's eagerness to embrace the economic opportunities technology has to offer is changing perceptions.

Some locals are still buzzing about a story that appeared in mid-November on medium.com's tech-focused section Backchannel. The author profiled Bit-source, a Pikeville company that aims to turn former coal miners into code writers and make a profitable business out of it. The story by Lauren Smiley – "that lady from California" – showcased local entrepreneurship and, perhaps as importantly, local pride.

Hilda Legg, a former administrator of the USDA's Rural Utilities Service and a past co-chair of the Appalachian Regional Commission, said the gigabit service in Jackson and Owsley counties could also serve as a point of pride as well as a practical way to connect a historically isolated area to the rest of the world. She praised the PRTC not only for having the foresight and willingness to take on the risk of building the fiber optic network but also for promoting it and showing customers how it can help them.

Legg has been called a "broadband evangelist" and she isn't shy about describing the PRTC's gigabit network as a blessing. Appalachia has a history of relying on help from outside – be it from mining companies to provide jobs or government programs to fight poverty. Broadband, Legg said, has the potential to change the way locals see themselves.



Hilda Legg,
Former
Administrator,
USDA Rural
Utilities
Service

"We can't have generation after generation looking to the outside for help," Legg said. "We've got to work at changing the way we look at ourselves and this beautiful, abundant region. I hope it will embolden residents to broaden their opportunities. Quit looking at yourselves in terms of what you don't have, but rather look at yourselves for what you do have."

Most of the rest of America – even larger cities – don't have gigabit Internet service, she said.

Fast Internet service isn't an elixir for curing the unemployment, drug abuse and attendant health issues that persist in Appalachia, Legg said, but it can be an important tool.

"If you remain isolated, you don't tend to be able to raise yourself up. It will take time and there are no simple solutions," she said. "But you have to start with pride in what you have." ■

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



Communities' Do-It-All Partner

Kentucky's Area Development Districts funnel billions into services from road planning to senior care

BY ESTHER ZUNKER

LET'S face it: Area Development Districts are often mentioned but frequently misunderstood. Most people have a vague idea of the function of these organizations – Kentucky has 15 ADDs – which are vital conduits funding many state agencies but also foster many facets of human services, community development and workforce development.

Perhaps only the employees immersed in the daily mission of Area Development Districts, and their individual governing boards' members, have a true understanding of their profound impact on the agencies they benefit and the state as a whole. For that reason, *The Lane Report* sat down with Kentucky Council of Area Development Districts Executive Director Darrell Link and other officials to illuminate the inner workings of ADDs.

The first surprising fact is that Kentucky's ADDs have been around nearly five decades. The 15 entities in the Blue-

grass State's network comprise a collaboration of a large, diverse constituency of all 120 counties and 418 cities. Kentucky's ADDs are governed by 572 board members and employ 850 people.

The mission: better quality of life

"Our strategic mission is simple: Together (the ADDs) foster regional strategies, solutions and partnerships that improve the quality of life for all citizens living in the commonwealth," Link said.

They do it by working with federal and state officials, local government shareholders, and private- and non-profit-sector partners. Historically, ADDs were created to pursue three key roles in regional development:



*Darrell Link,
Executive
Director,
Kentucky
Council of Area
Development
Districts*

The Purchase Area Development District managed a \$1.3 million project that resulted in local elected leaders, business owners and partners to open a new Kentucky Career Center building in the Murray West Industrial Park. Funding included a \$1,080,000 Community Facilities Loan from USDA Rural Development to the Murray-Calloway County Industrial Development Authority and \$246,000 from Delta Regional Authority and the Kentucky Transportation Cabinet.

- Area-wide planning, program development and program coordination functions.

- Assisting local governments in provision of local services.

- Promoting and actively pursuing a public/private partnership at the local level as the basis for developing and strengthening the local economy.

"ADDs are a model for good governance, transparency and accountability," Link said. "Because our governing

Quick Facts About ADDs

- ADDs are local units of government.
- ADDs are governed locally – by local elected officials and businesses/community.
- Because numerous programs are tied to a specific region, ADDs are value-based organizations.
- ADDs play an important role in service delivery throughout the commonwealth and have done so for almost five decades because of their unique composition and local governance.
- According to Kentucky Council of Area Development Districts Executive Director Darrell Link, Kentucky ADDs are recognized nationally for their ability to work at the local, state and federal level to identify and implement critical services.

COMMUNITY DEVELOPMENT

boards are comprised of judge/executives, mayors and prominent community citizen members, they are in a unique position to hold each other accountable. Every budget and dollar is accountable; every program and service is reviewed regularly; and every policy enacted is fully vetted, debated and voted on by the board. All meetings are public, and all information is available on our websites and upon request."

Kim Huston, president of the Nelson County Economic Development Agency, has benefited from the Lincoln Trail ADD for 15 years.



Kim Huston,
President,
Nelson County
Economic
Development
Agency

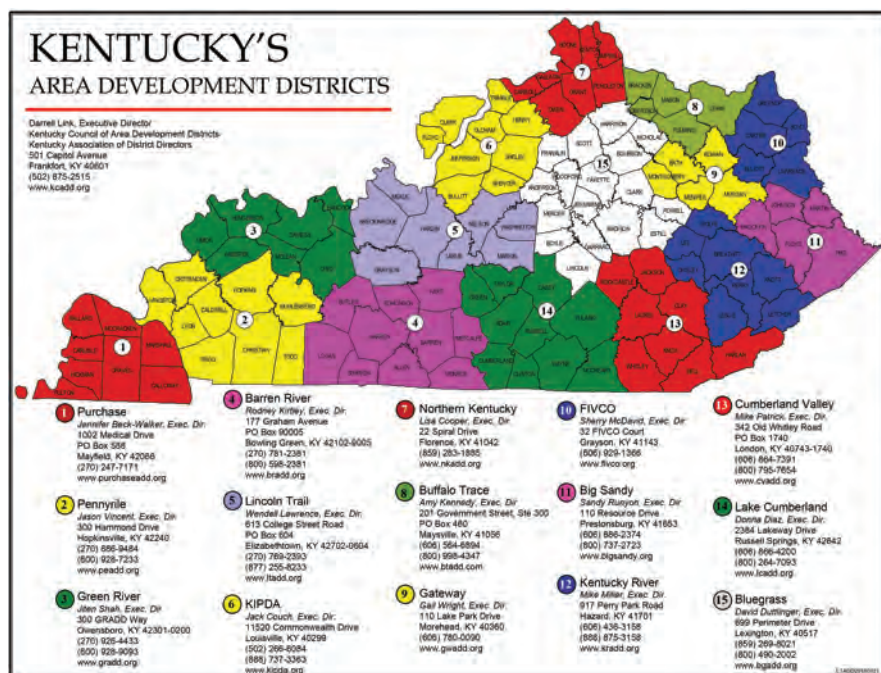
"What I respect most about LTADD is that it's governed by a board made up of our region's city and county leaders who determine what the needs are of our local communities," she said. "For our eight-county region, LTADD has been the local entity that ensures implementation of the specific public purpose of each federal award and takes responsibility for the administration of these programs, thus taking the burden off local governments."

Bardstown and Nelson County are aided and impacted by the LTADD, Huston said, via various projects, from establishing the first regional economic development program to assisting with infrastructure construction in industrial parks.

"The most important issue we are tackling right now, hand-in-hand with the LTADD, is workforce development and



Angie Yu and Two Rivers Fisheries obtained loan assistance as well as economic and workforce development service from the Purchase Area Development District. Within the past two years, Two Rivers has shipped over 4 million pounds of Asian carp throughout the globe to countries such as China, Israel, Bangladesh, and South Korea. Yu received the 2015 Martha Layne Collins International Trade Excellence Award in the small enterprise category.



ensuring that we have competent and skilled workers to place in our ever-growing industrial operations," she said.

Rhonda Whitaker, district manager of government and community relations for Duke Energy Kentucky, has seen first-hand the impact of the Northern Kentucky ADD via the funding it provides to her local workforce investment board.



Rhonda Whitaker,
District
Manager of
Government
and Community
Relations,
Duke Energy
Kentucky

"For adults, the career and training services provided are critical, especially as our ADD is able to help workers (and youth) possibly retool for those sectors where jobs are most in demand," she said.

The NKADD has been a key partner, Whitaker said, in the Advanced Manufacturing Workforce Development Coalition, of which she serves as co-chair. Its aim is to promote and fill skilled jobs for employers who can't find sufficiently skilled workers.

"Our coalition is working diligently to change the awareness and perception about manufacturing opportunities in Northern Kentucky, and to create new training opportunities to help close the gap on unfilled manufacturing jobs," she said. "We are also seeking innovative ways to pool training dollars to provide more opportunities for those who may find it a challenge to pay for such costs. The ADD has played a vital role in these efforts."

Role as 'grant sub-recipients'

The primary role of ADDs is to serve as the required pass-through, or grant sub-

recipients (a federal technical term), for billions of dollars in federal money for the various programs and services it supports.

In this role, ADDs ensure money is distributed and services delivered in accordance with the numerous federal and state guidelines attached to the programs and services for each region. Management of these funds requires regular reporting, monitoring and auditing for compliance with state, federal and local laws.

ADDs are the local entity that ensures implementation of the specific public purpose of each federal award. ADDs determine which programs and organizations are eligible to receive federal assistance by measuring performance in relation to public policy objectives. They have responsibility for decision-making and are responsible for adhering to the federal statutory requirements outlined in each of the programs.

What do ADDs Support?

Kentucky's ADDs provide behind-the-scenes assistance for three main types of state programs: community development; aging and disabilities; and workforce.

Community development programs for local governments and other agencies get ADD staff assistance in building programs for historic preservation, community revitalization, parks and recreation, public safety, infrastructure, housing and transportation enhancements. ADDs help identify funding sources, prepare grant/loan applications and administer grant/loan projects.

In 2015, the ADDs' role in economic/community development included assisting cities and counties with tasks such as

A new administration building was part of a \$13.4 million water treatment plant project by the Monticello Utility Commission to increase capacity to 6 million gallons of processed water daily. Funds came from a \$1 million Community Development Block Grant, a \$500,000 Appalachian Regional Commission grant, and a \$9.2 million USDA Rural Development grant and loan package that the Lake Cumberland Area Development District helped facilitate.

developing 600-plus infrastructure and community projects; obtaining \$97.5 million in new state and federal grants; prioritizing transportation and road projects for inclusion in the statewide six-year plan; and providing business loans to start-up and expanding businesses through federal lending programs.

Aging and disabilities programs get support in the form of a variety of services through the long-established ADD system of Agencies on Aging and Independent Living. The AAIL mission is to seek economic security, enhance healthy aging and support public policy that enhances the lives of senior citizens and others of all ages with disabilities.

More specifically, AAIL created programs such as the Older Americans Act, which funds services that keep older adults healthy and active: congregate meals served in the senior centers; home delivered meals; transportation; health promotion activities; and socialization.

"In-home and disability services play a pivotal role in avoiding institutionalization and make a critical difference for our most vulnerable population," Link said. "The nutritional component and services provided through senior citizen centers offer opportunities for social interaction that enhances the quality of life and improves the health of senior citizens."

Other aging/disability services and programs established by the AAIL are:

- Homecare, which includes homemaking, personal care, transportation, respite and meals, both home delivered and meal preparation.

- Consumer-directed options programs allow clients normally eligible for traditional home health services to manage their own budget and hire staff to provide in-home services.

- Economic assistance, including help in enrolling in programs such as Medicare, Medicaid, prescription drug assistance, heating assistance, food stamps, farmers markets and food pantries.

- The National Family Caregiver Act, which provides counseling, support groups, training and respite to assist family or other informal, unpaid caregivers. The goal is to relieve some of the physical and emotional burden of caregiving, thus reducing the risk of institutionalization.



"The Area Development Districts have touched the lives of thousands of Kentuckians by allowing them the dignity of aging in place," Link said.

How ADDs are misunderstood

"The biggest misconception of ADDs is that we are a federal or state agency," Link said.

Rather, ADDs are local units of government as defined by the Kentucky attorney general and designed to function as conduits for funding to local areas and programs, and ensure proper oversight of the administration of activities by various local officials and business leaders.

"ADDs are actually unique in their creation – we have our legal authority and governance addressed by all three elements of the public sector: federal (U.S. Department of Commerce actions), state (Kentucky Revised Statutes and attorney general opinions) and local (articles of incorporation and bylaws)," Link said. "We adhere to oversight and accountability through compliance with federal, state and local requirements."

Why ADDs are good for Kentucky

In a nutshell, he said, ADDs work each day with a goal of improving the quality of life and delivering essential services to all Kentuckians.

In the Bluegrass State, ADDs facilitate local and regional prioritization of these services – such as solid waste, land use, water and sanitation, and transportation planning. ADDs assist in public discussion and prioritization of new transportation corridors; they make rankings readily known and available for citizens and for local, state and congressional leaders and their staffs.

When requested, ADDs provide counties and cities with research staff to study and make recommendations on

the delivery of services – such as police, fire and rescue – to help local leaders make sound decisions that improve the quality of services while decreasing overhead costs.

ADDs assist small businesses by providing revolving loan funds, workforce training and education, and help them to fill jobs with qualified people.

Kentucky ADDs also provide technical staff to counties and cities to assist in writing and updating personnel policies, budgets, establishment of tax rates, writing and administering grants.

"All of this transcends political, geographical and parochial boundaries, which greatly diminishes the burden and need for each city and county to staff these positions in a vacuum or independent of each other," Link said. "There is no other entity or organization that consolidates all of these functions and brings all of the local leaders together to discuss the delivery of essential services at the best cost by working cooperatively together than ADDs, which is a Kentucky win for the taxpayers."

The most challenging aspect of his job, Link said, is ensuring Kentuckians understand that the ADDs are governed by local leaders who best understand the needs of their communities, hold each other accountable, promote good governance and are fully transparent in their decision making.

"Because the ADDs serve all of Kentucky and play a prominent role in improving the quality of life for every person in Kentucky, I feel my small contribution helps makes a positive difference and a big impact throughout the commonwealth," Link said. ■

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

The Art of Workforce Development



Bill Cloyd provides a hands-on demonstration of mechanical advantage to field trip students as they load G-Force, the bungee powered mini-rollercoaster built years before as an engineering project by students at West Jessamine High School.

Injecting STEAM curriculum into education programs aims to build innovative thinking into math, science skills

BY DAWN MARIE YANKEELOV

Editor's Note: Part 1 of a two-part look at incorporation of STEAM (Science, Technology, Engineering, Arts and Math) curriculum into education and workforce development in Kentucky.

ACROSS pockets of the Bluegrass State, kids of all ages are delving into cool, project-based learning designed to build a future workforce that embraces technology in every facet of corporate growth.

Forget routine memorization, or weeks of pop quizzes as primary learning tools. Career paths are now crafted around visionary undertakings of their own design: building robots; planning a satellite payload; constructing a building; wiring a circuit board; building a 3-D printer; or making sporty transportation like skateboards from start to finish.

Workforce development with clear intent toward tech and advanced manufacturing careers has become a groundswell in the commonwealth as corporations, educational institutions, parents and even students realize that the future is now.

Across the state there are many unfilled jobs that require technology training – usually with math and science underpinnings – and that number is only increasing. To stay competitive, business and industry today pursue productivity and process improvements at a rate that has outpaced static training and education models.

The goal is a workforce pool that not only possesses tech know-how but knows how to be creative and problem-solve within that realm. It's driving executives and administrators to build innovative thought processes into the skills development process, in classrooms and in the broader environment.

What is STEAM?

This approach is known as STEAM outreach, which stands for Science, Technology, Engineering, Art and Math. The term STEM, leaving out the “A” for art, has become better known – since some argue art and creativity are within science-based disciplines by definition. This outreach encompasses after-school programs, curriculum at the school level, specialty internships, field trips, nonprofit and club-

based maker spaces, in-classroom year-long projects, and field work for companies where mentoring is possible.

While a middle and high school focus is apparent, many programs are being redesigned for K-12 in after-school models and clubs as well in the classroom, particularly by training teachers to deliver project-based learning.

Efforts in Kentucky are part of a much bigger race toward hands-on learning. Nationwide, STEM jobs are growing 1.7 times faster than non-STEM jobs, according to the U.S. Department of Commerce. A Kentucky Chamber of Commerce report in December found the commonwealth adding manufacturing jobs at three times the national rate.

“Many people living in Kentucky don’t understand that we are an advanced manufacturing state. We’ve got to design (supporting) ecosystems here that work,” said Brad Thomas, associate manager of economic development at East Kentucky Power Cooperative. “Education is responsible for you getting the career you now have. We need to be saying to our kids: ‘We make aerospace products in the state. Would you like to do this?’ ”

Thomas enjoys loading up his truck and showing off a mini-satellite to the school-age, because at once there is a spark of excitement... especially when they realize they could learn how to build one, man it with a science project, or be a part of a launch.

East Kentucky Power Co-op actively supports the two-year-old Shaping Our Appalachian Region (SOAR) initiative, primarily through a STEM-based-education workforce initiative for educators across Eastern Kentucky. The project will equip 100,000 students and 3,000 teachers in that region with world-class science, technology, engineering and math skills.

The aerospace products comment by Thomas, also a Kentucky Association for Economic Development board member, references the fact that fully half of Kentucky’s annual exports are divided



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

between \$7.8 billion in aerospace parts and products, and \$5.9 billion in motor vehicles, parts, bodies and trailers.

“STEAM is not just computer-based learning,” said Ken Talley, director of career and technical education for Jefferson County Public Schools. He cites several programs begun in the last decade that bring the “real world” into the classroom.



Ken Talley,
*Director of
Career and
Technical
Education,
Jefferson
County Public
Schools*

One growing annually is a partnership with the local ACE Mentor Program of America affiliate, in which members of the architecture, construction and engineering (ACE) fields help mentor high school students and inspire them to pursue careers in design and construction. In its seventh year, it now touches 70 public and Catholic education students at Louisville-area high schools such as Jeffersontown, Iroquois and Trinity.

Open community labs and workshops known as maker spaces also are cropping up. For example, Shawnee Alumni Club has undertaken funding with several community partners for one at Shawnee High School in Jefferson County. Other student maker spaces in Louisville include LVL1 in the Butchertown area; UofL's Engineering Garage (new-2015); The Maker Place of the local Kentuckiana Girl Scouts (new-2015), and Fab Lab at the private Kentucky Country Day School.

STEAM curriculum advancement at the school district level has seen interesting progress in the last decade. In 2013, Fayette County – in partnership with the University of Kentucky – created a STEAM Academy whose mission is to graduate 100 percent of its students, leading them to college or careers in the 21st-century global workforce. UK is hosting, but there are efforts to find a new permanent location.

Launch of Kentucky FAME

Many across the state are watching the new Kentucky Federation for Advanced Manufacturing Education (KY FAME) program, a partnership between Kentucky Community and Technical College System and regional manufacturers to implement dual-track, apprenticeship-style training. This will create a pipeline of highly skilled workers through community colleges, with early outreach to high school and certain middle school populations. After launching in 2014 in the Bluegrass region, KYFAME expanded to eight regional chapters in 2015. The fundamental skills imparted come from the Advanced Manufacturing Technician (AMT) program curriculum developed by Toyota and Bluegrass Community and Technical College.

Nationally, manufacturers estimated they have at least 600,000 unfilled jobs because appropriately skilled workers cannot be found. Salaries for these “mid-skilled” employees range from \$30,000 to \$80,000 a year. KY FAME students attend AMT classes two days per week at a KCTCS location and work 24 hours (three normal work shifts) per week for a sponsoring employer.

Students receive an associate degree in applied sciences in 15 months and can expect to begin full-time employment with their sponsor company. In Western Kentucky, sponsors include Wacker Chemical; T.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 Compressor Services; and GE Aviation.

Other programs addressing career pathways are due for re-evaluation and refinement.

The Jefferson County Public Schools system is in the fifth year of its 5-Star Schools program, offering hands-on training in five technical themes touching on 100 career and technical education pathways, Talley said. It may soon reconvene its task force to redesign and move forward in 2016.

“It almost always requires community support to start a new program because of legislative limits on funding,” he said. “There’s a need to offer more career counseling to our high school graduates, and it needs to be addressed.”

A part of the model that JCPS believes works are externships for teachers to bring them together with employers and explore careers that serve today’s workforce, Talley said.

Jerry Burke, who has taught welding at Jeffersontown High for 20 years, recently completed an externship and engaged his junior-level students in a real world project for Raptor Rehabilitation of Kentucky to create and install a security gate. Ford Next Generation Learning is a grant-type program feeding this type of model.

Youth apprenticeship programs rolled out

Beyond teacher externships, public education also offers more hands-on apprenticeships. Another statewide youth pre-apprenticeship program announced in September 2015 is the Tech Ready Apprentices for Careers in Kentucky. TRACK is a partnership between the Kentucky Labor Cabinet and the state Department of Education’s Office of Career and Technical Education. It provides secondary students with career pathway opportunities into registered apprenticeship

programs like welding, electrical work and carpentry. Students can receive a nationally recognized credential at little or no cost that is valued by employers looking for job-ready workers.

Where are the STEAM careers?

Workforce avenues are now monitored by a number of national and regional organizations tied to K-12 education. As defined by the national Metropolitan Policy Program at Brookings Institution, these are the top STEM occupations in Jefferson County: computer occupations; health diagnosing and treating practitioners; construction trade workers; financial specialists; engineers; metal and plastic workers; operations specialty managers; other installation, maintenance and repair occupations; and electrical and electronic equipment workers, mechanics and installers.



Large employers such as Lockheed Martin support programs that encourage education in science, technology, engineering and math, which the company believes requires collaboration among industry, educators, policy makers and families.

STEAM investments in higher education

Jefferson Community Technical College has included a \$46.5 million Advanced Manufacturing/Automotive Technology Center among its capital budget funding priorities for 2016. The center is to be built adjacent to the downtown campus on Broadway in Louisville.

Private byte-sized education also is appearing. Software coding boot camps are appearing for adults already in the professional workforce who are looking for additional skills, or those who’ve taken some college-level math courses but are up for more intensive training.

The Software Guild, now a part of The Learning House, is actively addressing education needs in Louisville for entry-level software developer positions. As the region’s adult software coding boot camp, it teaches .NET and Java skills in 12 weeks, aiming to train workers to fill the hundreds of open tech jobs in Kentuckiana. The next classes start in February. ■

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



Trio Tackles Intractable Challenges in Frankfort

Gov. Matt Bevin, Senate President Robert Stivers and House Speaker Greg Stumbo face difficult budget writing decisions

BY BOB BABBAGE

THREE major personalities join a legion of colleagues, centers of influence, staff experts and engaged citizens to wrestle one large mission: exactly how to spend roughly \$10 billion in each of the next two years.

The “Big 3” leaders are Gov. **Matt Bevin**, new to Frankfort, Senate Presi-



Gov. Matt Bevin



Senate President Robert Stivers



House Speaker Greg Stumbo

dent **Robert Stivers**, elected to the legislature before Bevin even moved to Kentucky, and House Speaker **Greg Stumbo**, who has taken the state oath of office almost 20 times.

For all the competing parts of a state budget, for Kentucky it comes down to the “pension debt” versus everything else. The governor insists it all starts with the pension solution; almost all agree.

Figuring into the figuring it out are the two budget chairs, Rep. **Rick Rand** from rural Bedford, and Sen. **Chris McDaniel**, from urban



Rep. Rick Rand



Sen. Chris McDaniel

Kenton County. Both constantly wrestle with financial graphs.

Sen. **Joe Bowen**, an Owensboro Republican, has worked closely with lawmakers in recent months on the pension question.

Allocating road funds is another intersection where needs outweigh resources. The transportation budget chairs, Sen. **Max Wise** and Rep. **Leslie Combs**, both hail from rural regions. Taxes paid on fuel fund highways and bridges.

Every legislator can cite a list of road needs back home. Two experts with broad, experienced views are Rep. **Hubert Collins** and Sen. **Ernie Harris**, chairs of the transportation committees. Add another strong voice in these decisions, Rep. **Sammie Overly**, herself an engineer and lawyer.

Tax reform, always looming in the corridors of power, but rarely for serious consideration, could emerge as a major subject. Like many states, Kentucky suffers from an antiquated taxing model, dating back to the middle of the last century. A more modern system holds the key to more income, a better match to the economy, experts say.

Organizing what comes when are the majority leaders, the point guards who run the floor in each chamber. For the Senate, **Damon Thayer** from Georgetown sets the pace and priorities in concert with Republican leaders.

For the House it is Rep. **Rocky Adkins** of Sandy Hook whose voice is heard to call up the agenda part by part.

Hot-button issues could take center stage, mainly any re-reform of expanded Medicaid, a substantial financial dimension already dictated by past actions.



Sen. Joe Bowen



Sen. Max Wise



Rep. Leslie Combs



Rep. Hubert Collins



Sen. Ernie Harris



Rep. Sammie Overly



Sen. Damon Thayer



Rep. Rocky Adkins

The governor has named **Mark Birdwhistell**, a former health secretary and Medicaid head, to figure out a new approach aimed for 2017.

Also central to this push is **Vickie Yates Brown Glisson**, the current top health official.

The health chairs for the House and Senate will figure in significantly. Sen. **Julie Raque Adams**, a Louisville Republican, is in her second year guiding the Senate health panel. So, too, will Stivers and Stumbo.

Rep. **Tom Burch**, a Louisville Democrat, was first elected to the General Assembly in 1972, leading the Health Committee for numerous sessions.

A hot topic is charter private schools.

Education Secretary **Hal Heiner** will be center stage on charter schools as will Rep. **Derrick Graham**, a Frankfort Democrat, who chairs the Education Committee. For the Senate watch for Sen. **Mike Wilson**, a charter proponent, who heads Education.

Funding for education, like almost all major issues, hits home with every lawmaker. Rep. **Reggie Meeks**, Rep. **Kelly Flood** and Sen. **C.B. Embry** take the lead roles on school and college financing.



Rep. Reggie Meeks



Rep. Kelly Flood



Sen. C.B. Embry

The governor says charter schools may have to wait on the larger task of budget writing. Right-to-work could be a symbolic vote in the Senate, with the House pushing RTW into neutral for the time being.



Mark Birdwhistell



Vickie Yates Brown Glisson



Sen. Julie Raque Adams



Rep. Tom Burch



Education Secretary Hal Heiner



Rep. Derrick Graham



Sen. Mike Wilson

Lt. Gov. **Jenean Hampton** will make small business growth her focus.

Voting rights for scores of felons takes the stage as Gov. Bevin rescinded the action by Gov. **Steve Beshear** restoring this privilege.

Sen. **Whitney Westerfield** leads this work for the Senate. The Hopkinsville Republican lost a close race to **Andy Beshear** for attorney general last November. Given their roles, the two officials, Beshear and Westerfield, will be rejoined in debate as the legislature progresses.

The House has a new chair for the Judiciary Committee, Rep. **Darryl Owens** of Louisville. Owens brings a long tenure to a complex set of issues ranging from prison costs to stemming drug addiction.



Lt. Gov. Jenean Hampton



Steve Beshear



Sen. Whitney Westerfield



Attorney General Andy Beshear



Rep. Darryl Owens

Former Rep. **John Tilley** worked closely with Westerfield on reforms for both drug abuse and changing the lives of persons who are incarcerated. Now Tilley heads the Justice Cabinet, which handles myriad services and challenges.

One overarching statistic will lurk in every meeting room and most meetings. With 100 House seats, 51 is the number needed to control the House of Representatives outright.

Right now it's 50-46 for the Democrats.

On March 8, there are four special elections to replace two Republicans elected statewide, Commissioner of Agriculture **Ryan Quarles** and State Auditor **Mike Harmon**, along with seats in Hopkinsville and the Ashland area.

While many votes will be taken on many bills, the citizen votes for these four seats could color the House agenda, plus the outcome of dozens of decisions.

Meanwhile the Senate is 27-11 for the Republicans. ■



Justice Cabinet Secretary John Tilley



Bob Babbage is a leading lobbyist, cofounder of Babbage Cofounder.



EMERGING LANE

Kentucky's young professionals and creatives

A Chat with Ryan Quarles

Newly minted agriculture commissioner is the youngest U.S. statewide elected official

BY ABBY LAUB

WHEN they say youth will carry the future, eyes turn to Ryan Quarles. Kentucky's newly minted agricultural commissioner. Quarles, who won the election by nearly 200,000 votes, became the youngest statewide elected official in the United States at the ripe age of 32.

Previously serving three terms in the House of Representatives, the Scott County native was raised on a farm and offers insight into his already decorated political career and what drives him to work so hard.

"I was concerned about the direction our state and nation were heading and decided that I could make a difference in public office," Quarles said. "I grew up in a household that was civically involved in farming issues."

The Scott County valedictorian is a chronic overachiever, graduating summa cum laude in 2005 as a triple major

at University of Kentucky. He has four graduate degrees, including a master of education from Harvard on a full-ride scholarship and a J.D. from the UK College of Law.

So why work so hard?

"When I started college my mom told me you either work in tobacco or study. That was the motivation right there," he said. "Growing up on a farm, my dad and my family has always had a strong work ethic. I knew that if you're going to do something, you give it your all and do the best you can."

In his ag commissioner post, which began Jan. 4, Quarles hopes to do things like taking the Kentucky Proud marketing campaign to new heights by including bourbon and craft beer. He wants a study on whether hops can be a state crop, particularly in Eastern Kentucky.

He plans also to advocate all things agriculture across the commonwealth.

"Every Kentuckian is a consumer of agriculture at least three times a day, and it's important that we educate Ken-



tuckians on the economic value of agriculture and look at it as economic development instead of an industry by itself," he said. "I hope to use the Kentucky Department of Agriculture as a catalyst for job creation as well as connecting consumers with local farmers."

The ambitious agenda will be achieved by a combination of continued grit and working across all generations.

"I've never had anyone criticize me on my age, but I'm always careful to listen to others and surround myself with people who are seasoned," Quarles said. "Most people have found it refreshing that young people decided to get involved. I listen to those who have experience. ... In Kentucky, as a millennial, it's important that we develop a network of young professionals who are involved in politics, because a lot of the issues affecting Kentucky will be inherited by our generation."

Ryan Rogers, owner of Feast BBQ, came up with the slushies idea. The Feast in the city's popular NuLu neighborhood rotates in a creamy new slush flavor every month, concocted by bar manager Amber Yates. In December, it was Horchata, topped with cinnamon.

"This one has been super popular," Yates said. "We also did a blueberry ginger bourbon slushie that was popular."

Bristol in the Highlands is literally keeping bees on its roof and infusing bourbon cocktails with honey for a uniquely fresh and local twist. Neighborhood bars are onto it, too; in Louisville's Clifton neighborhood, one can enjoy a bowl of bourbon-laced chili at Rush Inn before walking a few blocks to Hilltop Tavern for a "bourbon infusion" cocktail: Old Crow well bourbon infused with natural flavors like vanilla beans, cinnamon sticks, clementine, clove, peppercorn, etc., made in small batches that shift with each version.

The concept fits nicely into a world where many bourbon drinkers enter the arena by way of pre-flavored bourbons and whiskeys like Fireball.

"It's something new people are dabbling in with cocktails," said Hilltop co-owner Erika Skelton.

Bourbon Trickles Down

Kentucky spirit's still-growing popularity is creating a spike of innovation in Louisville

BY KEVIN GIBSON

WHEN Pappy Van Winkle is released every autumn, Louisville buzzes with bourbon lovers trying to nip a bottle or two for their personal stash. Most would be happy just to get a taste.

New distillery development and tourism opportunity is driving business in the city as Kentucky's signature corn beverage continues

growing ever more popular. Along with this growth, many local business owners are getting creative – a bourbon trickle-down if you will – to take advantage of the movement.

Jeremy Johnson, co-owner of upscale cocktail bar and restaurant

Meta, is perhaps the most prominent of these innovators. Van Winkle bourbon, especially the 15-, 20- and 23-year versions, is almost as difficult to get for bars and liquor stores as it is for individuals. This prompted Johnson in 2014, when Meta received a meager allotment, to make a tongue-in-cheek statement by selling his Pappy by way of bourbon Jell-O shots.

The idea was hugely popular, drawing national media coverage. So, last year Meta did it again, selling the bourbon at cost so more people could get a taste of the hard-to-find beverage.

Distilling in Louisville generates \$31 million in tax revenue every year, and bourbon tourism is credited for another \$2.5 million annually. With new distilleries and bourbon attractions underway by Angel's Envy, Brown-Forman, Michter's and others, these numbers will grow – which makes it a no-brainer that Louisville would be home to trickle-down attractions like Pappy Jell-O shots – or bourbon slushies.



Louisville's emerging bourbon trickle-down economy is producing creations such as Hilltop Tavern's "infusion cocktails," each a Southern-style treat, like a makeshift Old-Fashioned on the rocks in a miniature Mason jar with an orange slice.

Central Ky. Gets Its First Artisan Gelato Establishment



Newly opened Sorella Gelateria, a small, locally owned gelato shop in Lexington, specializes in hand crafted, small-batch Italian gelato and sorbetto. It's the city's first artisan gelato creation and was founded by sisters Alma Kajtazovic and Selma Sulejmanagic. Sorella means sister in Italian.

Sulejmanagic traveled to Cervignano del Friuli, in Northern Italy, where she learned and perfected the art of making gelato. While Selma was in Italy, Alma worked on their business plan and found a historic location on North Limestone.

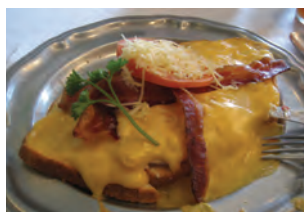
Small batches using fresh, quality ingredients are served one day only. Sorella offers traditional Italian flavors such as hazelnut while pleasing local palates with bourbon-ball gelato.

"There are no artificial flavors, sweeteners or preservatives used in our gelato," Kajtazovic said. "In addition to supporting the local economy, many of our ingredients are imported from Italy creating authentic and traditional taste. We also support local nonprofits by creating a flavor dedicated to a selected charity."

Visit facebook.com/sorellagelateria or find Sorella on Instagram @sorellagelateria.

Some Like It Hot

Grabbing a cold drink might be what most people think of post-workout or to boost health, but at Caldo, hot is better. In the middle of 2015, Lexington chef Allison Davis, owner of Wild Thyme, opened the hot broth-concept cafe at 309 N. Ashland Ave. Caldo also serves raw foods



Bring Your Appetite to Louisville

The fact that Louisville is a food-lover's dream is not news with top national media regularly listing it among America's best dining destinations. *National Geographic* just named the home of the Hot Brown the top food city in the world.

Between now and March 1, or maybe sooner, as many as nine new restaurants are set to open, according to *Insider Louisville*.

Restaurants that are recently opened or set to open early this year include Royals Hot Chicken, Citizen 7, Mercato Italiano, Red Barn Kitchen, The Hub, Brooklyn & the Butcher, River House Restaurant & Raw Bar, Noosh Nosh, Doc Cantina's and Cunningham's Creekside.

Several of these establishments boast riverside dining and will surely leave foodies coming back for more.

The Photographer on the 'Block'

The community of fellow businesses helps drive creative entrepreneur Kristin Tatem in Lexington

In a crowded market of creative young professionals, Central Kentucky photographer Kristin Tatem has built a reputation as the Lexington area's upscale family and children's photographer and an educator for other camera clickers.

The 33-year-old wife and mother of three has a booming business and now a photo studio in the desirable Warehouse Block area just east of downtown. In a business where many struggle to get by without second jobs, or work without a brick and mortar space, Tatem has beaten the odds. We asked her a few questions about her success and what it's like working out of one of Lexington's hottest districts driven largely by young professionals.

Warehouse Block – Walton, National, North Ashland and Aurora avenues – is Lexington's destination creative shopping experience with arts, wellness, fine dining, fitness, retail, office and personal services in stylishly repurposed spaces.

As Tatem points out all the outdoor locations near her studio where she photographed clients, it becomes obvious that "the block" is relational, with businesses truly in it not only for themselves but for each other.



TLR: What was the biggest draw for you to open your studio in this part of Lexington?

KT: I looked about a year to find a space that perfectly fit my needs as a photographer and educator. One of the biggest draws to my space is the natural light from the industrial glass garage door that is characteristic of the Warehouse Block aesthetic. The size of the space is also large enough to accommodate photography classes and other events. And Warehouse Block is filled with entrepreneurs of all ages who are truly passionate about each of their businesses. This community of small businesses was absolutely part of the appeal for me in considering a space.

TLR: Is this your first brick-and-mortar space? As a young business owner in a very competitive market, describe how you went about making the leap.

KT: Yes, it is. Having my own studio has always been a long-term goal. Of course, any big leap is always scary, but that's usually where the good stuff happens! Before making the leap, I took a hard look at the investment and projected opportunities from having a brick-and-mortar space, and in the end decided the leap was absolutely worth making. So far, no buyer's remorse.

TLR: Like any business, photography can be a feast or famine market. What will your business be doing differently to ensure healthy revenues year-round?

KT: The biggest difference will be having an indoor location, which affords me the opportunity to shoot year round and not be limited by the weather. In addition to photographing families, I also love working with local businesses to create images for their websites and social media. This type of work is also shot year-round. I will continue teaching photography classes throughout the year.

TLR: What sort of support have you gotten from other Warehouse Block businesses in your recent move to the area?

KT: The Warehouse Block businesses recently hosted a neighborhood holiday open house, encouraging shoppers to visit neighboring shops for a grand prize. I am looking forward to future Block party events.



Caldo – which means "hot" in Portuguese and "broth" in Spanish – is adding even more offerings for people looking to get healthy. Sharing a space with wellness facility Centered, Caldo's menu includes wholesome hot broth, soup, salads, smoothies and granola, and is offering classes every Tuesday designed to improve health through food.

The only broth-based concept in the region, Caldo's mission is simple: food as fuel for life.

To learn more about classes and to reserve seats, visit wildthymecooking.com. Find out more about Caldo at drinkcaldo.com.

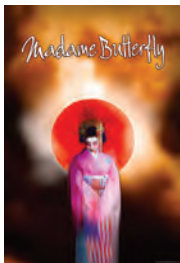
SPOTLIGHT ON THE ARTS

Kentucky Opera Kicks Off 65th Season with Well-Known Productions

THE Kentucky Opera will celebrate its 65th anniversary with the presentation of three well-known productions for its Brown-Forman 2016-2017 season.

Madame Butterfly: Considered America's favorite opera, Giacomo Puccini's "Madame Butterfly" is a heart-breaking tale of worlds colliding when Lt. Pinkerton becomes entranced by and marries Cio-Cio-san, an innocent 15-year-old girl from a down-on-its-luck family.

This production is sung in Italian with English supertitles.



The Abduction from the Seraglio: Mozart's "The Abduction from the Seraglio" is an over-the-top tale that follows a dashing nobleman attempting to rescue his true love from a Turkish harem and a comic-yet-menacing despot named Osmin who tries to murder almost everyone.

Performers will sing in German (with English supertitles) but speak in English.

The Mikado: Gilbert and Sullivan take on the Victorian-era British establishment in "The Mikado" ("The Town



of Titipu"), a pointed satire that employs comedy and absurdity to tackle the themes of death, cruelty and the failings of the British government. Thinly disguised by its setting in Japan, audiences will immediately recognize the pompous officials, prudish etiquette rules and other absurdities.

Subscriptions to the 2016-2017 Kentucky Opera season are available online at KyOpera.org or by calling (502) 584-4500. Prices begin at \$86.



13 Complete Community Scholars Program



Thirteen Kentuckians recently completed the Kentucky Arts Council's Community Scholars Program in Hindman, joining a network of more than 200 Community Scholars across the state who are qualified to identify, document, conserve and present the traditions, culture, arts and oral history of their respective communities. Pictured here are (front row, left to right) Kandi Slone, Freda Bush, Bonita Adams, Jessica Evans, Mike Dixon and Community Scholars trainer Mark Brown. Back row (left to right): John Skaggs, Mike Slone, Lacy Hale, Corey Terry, Izzy Broomfield, Randy Wilson and Jacob Mack-Boll. (Not pictured: Doug Nasebroad)

Ky. Legislator Honored Nationally for Support of Arts

IN December, Americans for the Arts, a leading nonprofit organization for advancing art in America, and the National Conference of State Legislatures (NCSL) presented Kentucky State Rep. Brent Yonts of Greenville with the 2015 State Arts Leadership Award.

The award honors public officials who demonstrate outstanding leadership in the advancement of the arts at the state level.

In 2008-2009, Yonts chaired the NCSL's labor and economic development committee, which counts the arts and culture as part of its policy portfolio, and embraced the Arts and Economic Prosperity Report and other economically based research on the value of the arts and culture to society. He remains an active member as vice chair of the committee and continues to promote the arts and culture.

"Art, in all forms, lifts the spirit and soul," said Yonts. "Art gives people hope and focus. Art helped bring us out of the Great Depression as part of the New Deal and is equally valuable to current society to help bring the same positive outcome to the lives of people."



Rep. Brent Yonts

Kentucky Arts Council Celebrates a Half-Century of Service

2016 is a milestone year for the Kentucky Arts Council, as it celebrates the 50th anniversary of its creation by the General Assembly.

The council commemorated the anniversary on Jan. 20 during its annual Arts Day event, which included a public reception and musicians from the council's performing artists directory, who entertained guests and legislators.

The council hosts Arts Day each year during the legislative session to bring awareness to the many roles the arts play in the commonwealth. Arts leaders, artists, the general public and other supporters of the arts gather to celebrate the arts and the creative industry and recognize the General Assembly for its continued support of the arts. For the 2015-16 fiscal year, the Arts Council awarded \$1.2 million in Kentucky Arts Partnership (KAP) grants to 91 arts organizations throughout the state.

Art in Kentucky has become a thriving industry. For the 2014-15 fiscal year that wrapped up June 30, KAP organizations combined to generate \$1.4 million in state, \$5.3 million in federal, and more than \$550,000 in municipal and county tax revenue. Those organizations supported 607 full-time, 974 part-time and 1,980 freelance jobs for the same period. Kentuckians flocked to more than 5.8 million individual arts experiences, including exhibits, concerts, plays and other arts events.



Lori Meadows is executive director of the Kentucky Arts Council.

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27th ANNUAL economic outlook CONFERENCE | 16

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THE SPEAKERS INCLUDE:

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*Senior Vice President of External Outreach and Regional Analytics,
Federal Reserve Bank of Cleveland, Cleveland, Ohio*

"A View from the Federal Reserve"

Dr. Christopher R. Bollinger

*Director of the Center for Business and Economics Research, Gatton Endowed Professor
of Economics, Gatton College of Business and Economics, University of Kentucky*

"Economic Outlook for 2016: National and Local Relationships"

Dr. Jenny A. Minier

*Professor, Director of Graduate Studies, Department of Economics, Gatton College of
Business & Economics, University of Kentucky*

"International Effects on the Kentucky Economy"

Mr. David O'Neill, PVA

Property Valuation Administrator, Fayette County, Kentucky

"Real Estate in the Bluegrass and Kentucky"

For more information about the event, call 859.257.8746 or 1.800.284.6407
or register online at www.gatton.uky.edu/eec

Early registration is recommended.

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St. Rose Priory Church near Springfield in Washington County is the foundation site of the Dominican Order of Catholic monks in the United States. Its original 1812 building, the first brick church in Kentucky when completed, was succeeded by the current structure in 1854.

Kentucky's Hallelujah Trail

Discover Central Kentucky's rich spiritual history along the Holy Land Trail

BY KATHERINE TANDY BROWN

HAVING finally traversed the mountains into the land that became Kentucky, early settlers wasted no time in establishing gathering places to practice the religious freedom that America promised. Catholics and Protestants alike established roots in central Kentucky, specifically in the area around Bardstown, Springfield and Lebanon. Today on Kentucky's Holy Land Trail, you can absorb early spiritual history, explore religious sites, stay at a retreat center and also discover the surprising connection between the commonwealth's spiritual side and America's native spirit, bourbon.

History

In 1775, lured by rich Bluegrass farmland, Catholics began settling in what are now Washington, Marion and Nelson counties, which became known as "Kentucky's Holy Land." Twenty years later, Stephen Badin, the first priest to be ordained in America, set up residence at what is today the Sisters of Loretto. Next came Belgian missionary Charles Nerinckx, who oversaw the establishment of an impressive number of churches, followed by the Dominican

friars in 1805, and in 1811, French priest Benedict Joseph Flaget.

As "First Bishop of the American West," Flaget shepherded the Diocese of Bardstown, the first inland diocese in the U.S. This enormous area stretched from the Great Lakes to the Gulf Coast and from the Alleghenies to the Mississippi River. Under the influential leader, numerous religious establishments began: St. Thomas Seminary, the Sisters of Loretto, the Sisters of Charity of Nazareth, St. Joseph Cathedral in Bardstown, St. Joseph College, St. Mary College, the Dominican Sisters and the Good Shepherd Sisters, the Jesuit Fathers, and the Trappist monks of Gethsemani Abbey.

On the Protestant scene, Scotch-Irish pioneers from Virginia settled in Washington and Marion counties and in 1788, organized Springfield Presbyterian Church. An early elder was John Caldwell, who later became the state's lieutenant governor. An 1836 bell tower remains from an early building; the current church was built in 1888. The oldest Bardstown establishment was Union Church, built in 1812, which has become the city's First Baptist Church.

Attractions

Two important sites on the Holy Land Trail are in the Bardstown area. Upon his arrival in 1811, Bishop Flaget first built small St. Thomas Parish Church, then set out to erect a cathedral. Built by Catholics and Protestants, St. Joseph Cathedral opened for services in 1816 as the first west of the Alleghenies. When the Episcopal See moved to Louisville, this national historic landmark, known for its fine paintings and altar adornments, became St. Joseph's Proto-Cathedral. You can visit it today, along with St. Thomas Parish Church and the circa 1795 Bishop Flaget Log House, the founding site of the Sisters of Charity of Nazareth and where Flaget lived for seven years. A museum tells its story.

Religious-art lovers and readers will want to stop at the Bardstown Art Gallery, now in its 44th year, and the Thomas Merton Bookstore, which features books by the well-known monk, poet and writer, as well as other titles that focus on meditation, mysticism and monasticism.

If you've been waiting for the bourbon connection, here it is. Part of the St. Joseph Proto-Cathedral complex, Spalding Hall – the first Catholic college in Kentucky – also served as a Civil War hospital, boys' orphanage and prep school. Currently, the 1826 brick structure is home to the Oscar Getz Museum of Whiskey History, with rare artifacts dating from pre-colonial to post-Prohibition, including a moonshine still.



The Abbey of Our Lady of Gethsemani is a monastery near Bardstown in Nelson County, a part of the Order of Cistercians of the Strict Observance, better known as the Trappists. It was founded Dec. 21, 1848.

The motherhouse of the Dominican Sisters of Peace, which branched off from a convent started in 1822 at nearby St. Rose Priory, is at St. Catharine in Washington County. It is the home also of St. Catharine College.

Sharing the building, the Bardstown Historical Museum adds a nice overview of the Bourbon Capital of the World, and the Rickhouse Restaurant boasts more than 100 bourbons on its menu.

Another cache of religious history is at Lebanon's Marion County Heritage Center, where a lovely hand-pieced quilt tells the story of the Ursuline Sisters in that area. While there, be sure to peek into the Turtleman Museum for a fascinating exhibit about local legend, Ernie Lee Brown Jr., a.k.a. Animal Planet's Turtleman.

Retreats

Retreat centers are a bonus on the Holy Land Trail, and your religious affiliation doesn't matter a whit. Located in Nerinx, the Loretto Community is a 788-acre working farm 60 miles from Louisville with two



The Holy Cross parish in Marion County was founded in 1792 by some of the 25 families that came to Kentucky in 1785 from Maryland, which then was a Catholic colony.



retreat centers for personal and group retreats. One can accommodate up to 27 people, who can bring their own facilitator or reserve one from Loretto; the other is a cluster of seven woody cabins for individual retreats. Also on the grounds are a museum where you can learn about the Sisters of Loretto, amazing activists and educators since Nerinx founded the order in 1812; an art gallery; and a chapel that's open to the public for Sunday mass.

Nearby is the Abbey of Gethsemani, a working farm and Trappist monastery that has welcomed guests since its inception in 1848. Unstructured silent retreats are arranged by reservation. Day guests and retreatants may attend daily services, hike on miles of trails through the scenic Knobs country, watch a film at the visitor's center about monastic life, and purchase monk-made cheeses, fruitcake and bourbon-laced fudge.

North of Bardstown, Nazareth Retreat Center personifies the tradition of the Sisters of Charity of Nazareth in offering those seeking "time out" and a holistic approach to spiritual reflection. Here, guests can add alternative body therapies,

such as massage and energy work, to their retreat. And there's a traditional labyrinth. Begun in the Middle Ages, labyrinths initially enabled pilgrims to make symbolic journeys to the Holy Land. Today, walking a labyrinth is believed to have psychological as well as spiritual benefits.

More Info

Whether your religious experience involves spirituality, bourbon or a combo, you can plan it along the Kentucky Holy Land Trail at KyHolyLand.org, where you can download two maps to guide your journey. For additional information, contact the following tourism agencies: Bardstown – Nelson County Tourist and Convention Commission (800) 638-4877, bardstowntourism.com; Springfield Tourism Commission (270) 402-5965, seespringfieldky.com; or Lebanon Tourist and Convention Commission (270) 692-0021, VisitLebanonKY.com. ■

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



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Displaced Coal Miners Receive Free Entrepreneurial Skills Training

THERE is no question that Eastern Kentucky's coal industry has taken a huge hit in recent years: According to statistics from the Kentucky Energy and Environment Cabinet, the number of coal jobs in Eastern Kentucky has dropped nearly 50 percent since 2008, falling from an annual average of 14,373 in 2008 to 7,242 in 2014.

In an effort to help reinvigorate the region's economy, the Center for Rural Development has partnered with the U.S. Department of Agriculture to provide tuition-free entrepreneurial and skills training opportunities for displaced coal miners in Knox, Harlan and Perry counties.

The goal of the initiative is to provide an all-inclusive training package that will lead displaced coal miners in Knox, Harlan, and Perry – three Promise Zone counties within The Center's primary service area – to gain self-employment as rural entrepreneurs or



with existing entrepreneurial enterprises in these communities.

"Coal has played a major role in the economy of Eastern Kentucky, and these three counties have lost a significant number of jobs due to the decline of the coal industry," said Lonnie Lawson, president and CEO of The Center. "This program will give displaced coal

miners the tools and resources to start and manage their own business."

Training will include Southeast Kentucky Economic Development (SKED) Corp.'s Entrepreneurial SMARTS (Simple Methods and Reality-based Training for Success), a nationally recognized entrepreneurial and small-business training program.

The entrepreneurial training program will concentrate on developing small-business skills as an entrepreneur while providing technical training in several of the region's top, in-demand occupations.

"We not only train displaced coal miners on how to start a small business, but we give them the technical skills to go out and open that business," said Larry Combs, director of technology and business services at The Center. "Entrepreneurs are the backbone of the region's economy, and we are training the region's next entrepreneurial leaders."

Toyota Program Gives New Life to Used Auto Parts



TOYOTA has bumped up its efforts to reduce waste by recycling old vehicle bumper covers and other scrap parts.

In partnership with Boles Parts Supply (BPS), Toyota created the National Scrap Program in 2014, a one-stop shop for all of Toyota's North American Parts Operation's (NAPO) recycling needs. Accepting the challenge to help Toyota recycle old bumper covers, BPS began shredding them into plastic pellets. The pellets are now sold to a vendor where they take on a second life as part of the materials used to create new plastic automotive parts.



Plastic bumper covers are shredded, then processed into plastic pellets and sold to make other automotive plastic parts.

The program piloted with Toyota's two largest parts centers – Ontario, Calif., and Hebron, Ky. – and in the first 15 months helped recycle over 40,000 pounds of cloth and foam, two materials previously incinerated or sent to landfills.

Between April 2014 and June 2015, it expanded to parts distribution centers in Cincinnati, Los Angeles, San Francisco and Portland, and more than doubled the amount of cloth, foam, glass and rubber recycled – over 88,000 pounds. Toyota is currently reviewing the program for potential rollout to remaining parts distribution centers by the end of fiscal year 2017.

"We've been enormously pleased with the success of this program," said Juliana Dee, manager of the program at NAPO. "Thanks to our partner BPS, we are giving a second life to things that used to be trash and making a real improvement in our recycling rate."

Innovative 'Food for Fines' Helps Replenish Food Bank

WITH last year's inaugural event reaping huge benefits, the Lexington Parking Authority once again held its "Food for Fines" campaign for five weeks in November and December, allowing citizens with parking tickets to reduce their fines by bringing in a food donation for God's Pantry Food Bank.

Citizens who brought in 10 cans of food between Nov. 16 and Dec. 18 received \$15 off their parking citations – along with the satisfaction of knowing they were also helping their community.

The 2015 Food for Fines campaign ultimately collected more than 10,000 food items – enough to provide 8,370 meals, according to God's Pantry representatives. The 2014 drive collected 6,200 cans of food.

The program has received national attention over the past two years, with *The Washington Post*, *USA Today* and MSNBC all reporting the story.

"While it has been great to see this story in the news all over the U.S. and in other parts of the world," said Lexington Parking Authority Executive Director Gary Means, "it mattered most that folks around here found out about the opportunity to clear their records and help those in need at the same time."



During a five-week period in November and December, Lexington citizens who had parking citations could receive \$15 off their fine by donating canned goods for a local food bank. The "Food for Fines" program, which has received national attention, brought in some 5 tons of canned goods for God's Pantry.

Wikimedia Commons / I. Saglejev, Flickr / M. Hurst

What Are You Reading? The Lane Report's Most-Read Stories for 2015

FROM a qualitative sense, it's hard to measure which story *The Lane Report* produced in 2015 that was the most popular. But looking at the numbers for our website traffic from the previous year, it's easy to see which stories our online readers visited the most. Here's a look back at our 10 most-visited stories from 2015 on lanereport.com.

1. Lane Report founder/publisher and Lexington city council member Ed Lane passes away.

It seems only fitting that the sad news of our company's founder passing away this past summer would be our most read story in 2015. Without a doubt, Mr. Lane is looking down smiling at the accomplishment.



Ed Lane

2. Gov. Bevin files executive order for revised marriage licenses and more.

One of four stories concerning newly elected Gov. Matt Bevin. This story came just before the end of the year and quickly became one of our most popular stories.

3. Gov. Matt Bevin's administration: A look at the lineup.

Looking at our website's numbers, it's easy to see that our digital readers are very interested in the new Kentucky governor, and with whom he plans to surround himself in Frankfort.

4. Amazon likes its Kentucky home(s).

A very popular story that appeared earlier in the year about the state's fifth-largest employer.

5. Lexington named a top 20 small city for college students.

Thanks in part to the folks at visitlex.com, this story from a study by the American Institute for Economic Research was a traffic juggernaut on social media.

6. University of Pikeville President Hurley abruptly resigns.

Interestingly, just before former UPIKE President James Hurley resigned, he gave an extensive one-on-one interview with *The Lane Report*, talking at length about future plans for the university.

7. Education website ranks best public and private high schools in Kentucky for 2016.

Online readers love lists, and these rankings did not fail to disappoint.

8. Gov.-elect Bevin appoints primary opponent as education and workforce secretary.

News of Hal Heiner's appointment to the Bevin administration was very popular with our readers.

9. Gov.-elect Bevin appoints health and family services secretary.

Love those appointments.

10. Top Women in Business: 2015.

A very popular feature that appears annually in *The Lane Report*.

The Lane Report Announces a New Associate Publisher in Louisville



Melissa McGarry

MELISSA McGarry is the new Louisville-based Associate Publisher for *The Lane Report* and its family of print and digital business publications effective Jan. 4. Being located full-time in Louisville, she will be in a position to cover the region effectively and contribute significantly to the company's initiatives, Publisher Dick Kelly said.

Her broad range of duties will focus on developing revenue and contributing editorial ideas for the publications. McGarry will serve on the editorial board and will assist the editorial team in identifying significant business and economic news in the Louisville area. In her marketing role, she will develop relationships with the business and profession community and provide clients with solutions designed to drive their branding objectives.

Melissa is a graduate of the University of Louisville and is married with two teenage children. Join us in welcoming her to *The Lane Report*. She can be reached at MelissaMcGarry@lanereport.com.



Anywhere Care

24/7 Healthcare Treatment? There's an App for That

KENTUCKYONE Health's Anywhere Care, the healthcare system's virtual care service that connects patients with primary care providers 24/7 by phone or video chat, is now available as a free mobile app for iOS and Android.

Using the KentuckyOne Anywhere Care app, new or established patients can request a virtual visit using their mobile device and consult with board-certified family practice providers on the go – 24 hours a day, seven days a week.

KentuckyOne Anywhere Care providers can treat common conditions like colds and flu, sore throats, rashes, allergies, bladder infections and more. Providers may prescribe medications, if appropriate, recommend an over-the-counter medication or provide home care options. (Providers do not prescribe or refill prescriptions for controlled substances such as narcotic pain relievers.) If needed, the KentuckyOne Anywhere Care provider will refer patients to a KentuckyOne Health primary-care provider or to an emergency department.

Patients can also request care online at KentuckyOneAnywhereCare.org or by calling a toll-free phone number – (855) 356-8054. Following a request, patients receive a phone or video chat call from a provider within 30 minutes.

KentuckyOne Anywhere Care costs \$35 per visit – less than a typical visit to urgent care and a fraction of the cost of a normal emergency room visit – and is paid by the patient, whether or not they are covered by insurance.

The app is free to download via the App Store, iTunes or Google Play and works with iPhone, iPad and Android devices.

KENTUCKY PEOPLE

LEXINGTON: SAINT JOSEPH FOUNDATION HONORS JACK LALLY ON NATIONAL PHILANTHROPY DAY



Saint Joseph Hospital Foundation honored the late John B. "Jack" Lally at the National Philanthropy Day luncheon on Nov. 12. Lally, who passed away in June 2015, was a foundation supporter who was passionate about improving access to pulmonary care. The recently completed cardiopulmonary rehabilitation center at Saint Joseph East in Lexington has been named in his honor. Pictured here at the luncheon celebrating Lally's contributions are (l-r) Di Boyer, director of major gifts, Saint Joseph Hospital Foundation; John Mocker, longtime family friend and vice president of Lally Pipe & Tube, who accepted the gift on behalf of the Lally family; Leslie Buddeke Smart, vice president of development; Eric Little and Deb Bryant, of Saint Joseph East.

DANVILLE: CENTRE'S MARY DANIELS NAMED KY PROFESSOR OF THE YEAR



Mary Daniels, a professor of Spanish at Centre College, has been named the 2015 Carnegie Foundation for the Advancement of Teaching Kentucky Professor of the Year. A faculty member at Centre since 1996, Daniels was honored Nov. 19 in Washington, D.C., at a luncheon and evening reception hosted by the Council for the Advancement and Support of Education, which administers the award. Recipients are recognized for their extraordinary dedication to undergraduate teaching.

LORETTO: ON YOUR MARK, GET SET, GO... NEW STILL OPENS AT MAKER'S MARK



A third still at Maker's Mark Distillery in Loretto is now up and running to help produce more of the golden liquid that seems to become more popular by the day. The new still is a mirror image of the distillery's two existing stills, guaranteeing that Master Distiller Greg Davis, pictured here, can replicate the same quality and consistency for which the brand is known.

LOUISVILLE: UofL MED SCHOOL EXHIBITS SPIRIT OF GIVING FOR TOYS FOR TOTS



The resident physicians at the University of Louisville School of Medicine, along with faculty, staff and medical students, made the holidays a little brighter for underprivileged children in the Louisville community, collecting 570 toys for the Toys for Tots program in the span of one week. The group was inspired by Louisville Mayor Greg Fischer's call to set a world record for the most toys collected in a 12-hour period. Pictured here among the pile of toys accumulated for the effort are U of L medical residents Tymberly Seim, Kevin Hawlin, Ryan Skeens and Mitesh Patel.

UofL photo

LEXINGTON: AES HOLDS GRAND OPENING FOR EXPANSION INTO LEXINGTON MARKET



Louisville-based Advanced Electrical Systems Inc. held a grand opening ceremony on Dec. 10 for its new 6,000-s.f., full-service electronic contracting office in Lexington. Pictured here with members of the AES staff are company owners (front row, left to right) James Strange, Evelyn Strange, Josh Strange and Jim Strange.



KET LEGISLATIVE COVERAGE

LIVE CHAMBER SESSIONS AND COMMITTEE MEETINGS

KET KY, the Kentucky Channel
KET.org/legislature (live and archived)
Frankfort Plant Board Cable

LEGISLATIVE UPDATE

Highlights with host Renee Shaw
KET Weeknights • 11/10 pm

KENTUCKY TONIGHT

Legislators and guests discuss policy with host Bill Goodman
KET Mondays • 8/7 pm

COMMENT ON KENTUCKY

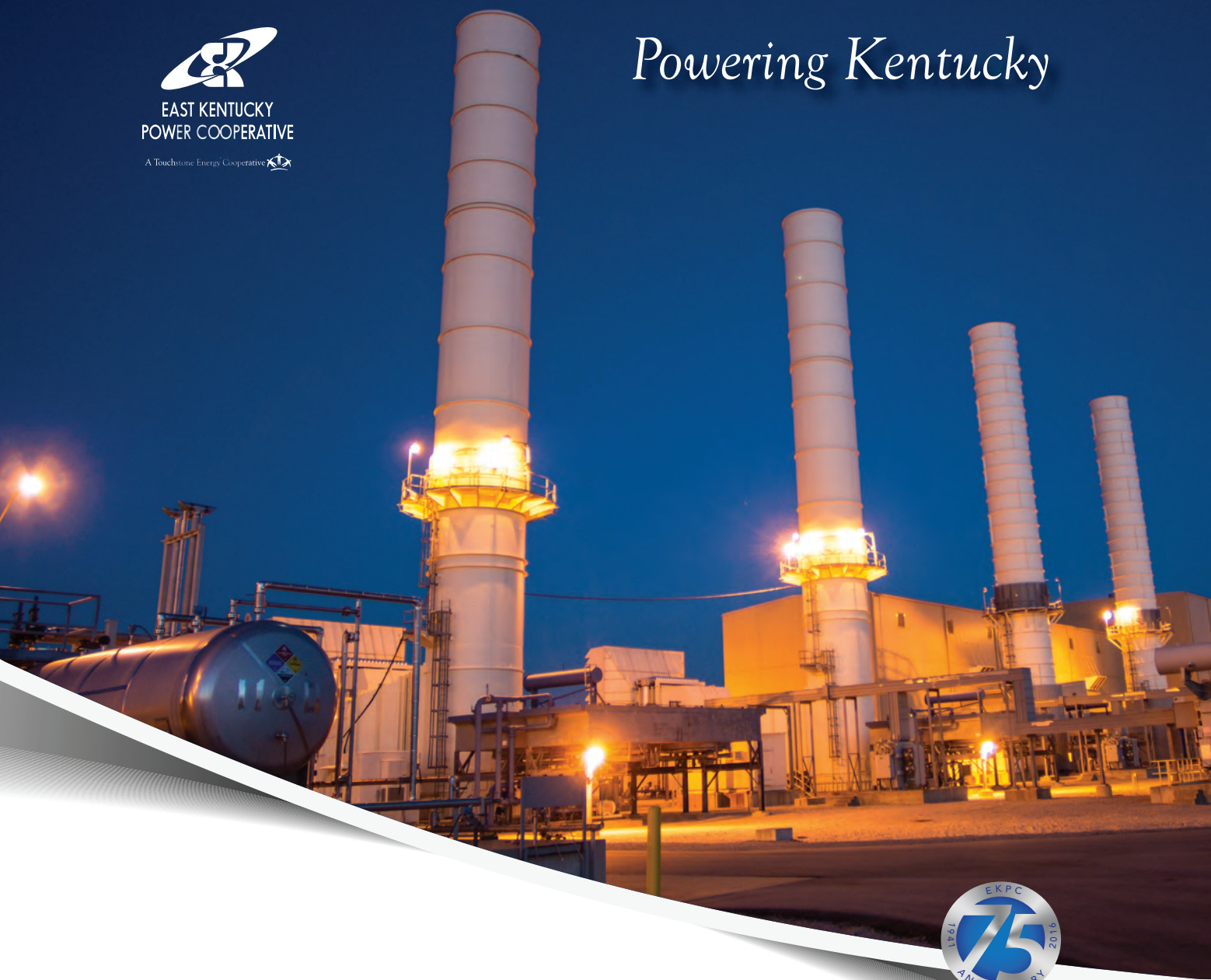
Host Bill Bryant and journalists explore the week's top stories
KET Fridays • 8/7 pm

KET LEGISLATIVE COVERAGE APP





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East Kentucky Power Cooperative

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