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KENTUCKY'S BUSINESS NEWS SOURCE FOR 31 YEARS

NOVEMBER 2016

\$4.50

TIME FOR SMART PHILANTHROPY

Today's generational transfer of hundreds of billions
magnifies benefits of using tax l , trusts, incentives

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LANE ONE-ON-ONE:

DR. MICHAEL KARP

Executive Vice President for Health Affairs
University of Kentucky



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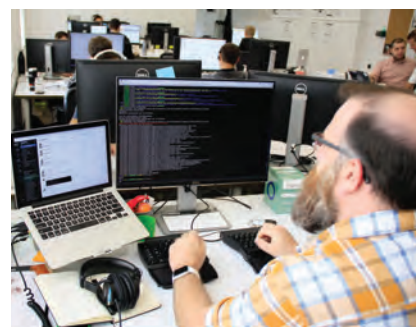
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On the Cover

The now retiring Baby Boomer generation is in the process of transferring an estimated \$700 billion in wealth to family members and charities of every stripe. Wise use of tax law and other financial strategies can significantly increase the impact of gifts, say philanthropy experts.

(Photo illustration by Paul Blodgett/PJB-Marketing)

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PERSPECTIVE

QUALITY IS A GOOD BUSINESS STRATEGY

Experience teaches: evolve
while staying true to principles

BY DICK KELLY

As another successful year winds down, *The Lane Report* is positioned to enhance its long held reputation as "Kentucky's premier business news publication." It is because we continue to evolve with intention rather than run by default.

The world is changing rapidly and how you consume information is being dramatically restructured. Technology is driving most of the change in communications. The internet, 24-hour news delivery and social media all contribute to a dizzying array information and data available on demand.

Therein lays the rub. With multitudes of sources and modes of delivery, there is increasingly a question of the source, accuracy and authenticity of the information. When it comes to business and economic news in Kentucky, however, *The Lane Report's* print and digital products continue to set what you tell us is the gold standard. This 31-year-old focus on quality is the key element of our successful business strategy.

We provide important Kentucky business news stories, trends and best practices, do it accurately, and write it intelligently and in an easy-to-read manner. It attracts a unique audience of the state's top decision makers, who value our information product.

As daily newspapers continue to experience declines in their print products, one of the early casualties was business news. Abandonment of business coverage by daily newspapers has been willingly scooped up by locally owned area business publications, like *The Lane Report*, which now provide the only sources of regional business news outside metropolitan cities.

Interestingly, *The Lane Report* began over 31 years ago as a business news and information fax from our founder, Ed Lane, to clients and prospects in the commercial real estate industry. Very high-tech in the 1980s! But the response was immediate and enthusiastic from readers, which gave Ed Lane the idea to produce a high-quality, well written quarterly magazine distributed in Central Kentucky. It was embraced by its influential readership and within a few years moved to statewide circulation.

Today, *The Lane Report's* primary and secondary print readership is estimated at over 100,000 and is comprised of what the demographers describe as "influencers" and "opinion leaders." As *The Lane Report's* reputation grew, so did an array of special publications like *Market Reviews* in Louisville, Lexington and Northern Kentucky; *Health Kentucky*; *NEXT – Your Future After High School in Kentucky* (currently converting to a digital product focusing on workforce development), *PREP Magazine*, *BG Magazine* and *Research Kentucky*.

In the digital space, lanereport.com was launched in 1998 and today appears on page one of any Google search for "Business in Kentucky." Recognizing the impact of e-blast business news, *Faster Lane* was first delivered daily to over 10,000 businessmen and professionals in 2011. Again, you our readers, responded to a product providing you with what you want, how you want it, with attention to quality in its preparation.

Ed Lane left us a template for success that we follow enthusiastically. We operate with conservative financial principles while being technologically progressive and bullish on Kentucky. Our website and e-blast audiences are growing, but Kentucky's influencers and opinion leaders retain high satisfaction with our magazine product – for many of the same reasons the biggest U.S. digital tech news source, C/NET, launched a print magazine last year after existing exclusively online for nearly two decades.

Like you our readers understand, magazines capitalize on the unchanged benefits of print media:

- Reading on print benefits from more focused attention.
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- More authentic, trustworthy and believable.
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- Print generates highest lift in brand favorability and purchase intent.
- Magazines show highest return on advertising spend (ROAS).

What that means to is *The Lane Report* magazine will be in your hands for a long time to come. ■



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

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STATE: SAYING ACA CAUSING 'FINANCIAL DEATH SPIRAL,' BAPTIST HEALTH PLAN EXITS KY'S INSURANCE MARKET



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BAPTIST Health Plan, Kentucky's fourth largest health insurance provider, informed the Kentucky Department of Insurance in October that it will withdraw entirely from the individual health insurance market for the 2017 plan year.

The announcement means that approximately 7,000 Kentuckians will have to find a new insurance provider.

In a letter to Insurance Commissioner Brian Maynard, Baptist Health Plan President James S.

Fritz indicated that Baptist enrolled more members in the individual market than anticipated in 2016, but said "the federal risk assessments placed upon the organization under the Affordable Care Act is unsustainable by a corporation the size of Baptist Health Plan."

In a statement announcing the withdrawal, the company said the Affordable Care Act (ACA), or Obamacare, has created tremendous stress and instability in Kentucky and across the nation in the individual insurance market. Baptist Health Plan is the latest in a string of insurers exiting the market due to what Baptist Health officials called "the growth of burdensome regulations and the financial death spiral created by Obamacare, which has caused insurance companies to lose hundreds of millions of dollars under extremely volatile markets with high risk."

The decision by Baptist Health came just a month after Aetna announced that it would pull out of the state exchange in 2017 for financial reasons.

Prior to the withdrawal, Baptist Health Plan had products available in 20 counties on the insurance exchange and 38 counties off the insurance exchange for the 2017 plan year. On the exchange, Kentucky will now have 59 counties with only one health insurance option in 2017. Off the exchange, most Kentucky counties will have only two options. The company said the diminishing competition in Kentucky's markets "further highlights the failure of Obamacare to make insurance more affordable and accessible."

Members impacted by the discontinuation will be allowed to continue coverage with Baptist through Dec. 31, 2016 (on exchange) and March 31, 2017 (off exchange).

LOUISVILLE: KY SUPREME COURT RULES THAT CITIES DO NOT HAVE AUTHORITY TO ESTABLISH MINIMUM WAGE

THE Kentucky Supreme Court, in a 6-1 ruling, has determined that **Louisville Metro Government** does not have the authority to raise the city's minimum wage. The law was originally upheld in Jefferson Circuit Court.

The Louisville ordinance was approved by the Louisville Metro Council and signed by Mayor Greg Fischer in December 2014. It took effect on July 1, 2015 with a minimum wage of \$7.75 per hour. The ordinance called for the rate to be raised again on July 1, 2017, to \$9 per hour.

The ordinance was challenged by the **Kentucky Restaurant Association, The Kentucky Retail Federation** and **Packaging Unlimited Inc.** After Jefferson Circuit Court ruled in favor of Louisville Metro Government, the case ultimately ended up in the hands of the Kentucky Supreme Court in September 2015.

In its ruling the Kentucky Supreme wrote:

"The law on this issue is clear. A local government's 'power or function is in conflict with a statute if it is expressly prohibited by a statute or there is a comprehensive scheme of legislation on the same general subject embodied in the Kentucky Revised Statutes . . . ' The Ordinance at issue here requires businesses to pay workers a higher wage than the statutory minimum. KRS 337.275(1). In other words, what the statute makes legal, the Ordinance makes illegal and, thus, prohibits what the statute expressly permits. This is precisely the type of 'conflict' that is forbidden under Section 156b of our Constitution and KRS 82.082(2)."

The Supreme Court ruling negates a similar move to raise the minimum wage in **Lexington**. Lexington's measure would have raised the minimum wage to \$10.10 per hour over three years.

STANFORD: HIGH-TECH AG OPERATION BRINGS 75 NEW JOBS TO LINCOLN COUNTY

A new high-tech greenhouse operation in Stanford is creating 75 new jobs for the Lincoln County area.

Kentucky Fresh Harvest broke ground in early October on a \$10.7 million facility that will produce cherry tomatoes. The initial phase will include a plant nursery to begin growing seedlings as builders move on to construct a larger grow house.

The company will begin hiring in early 2017 and expects to ship its first cherry tomatoes by May or June. Company own-

Publicdomainpictures.net photo



Kentucky Fresh Harvest's new Stanford greenhouse will produce up to 4 million pounds of cherry tomatoes annually.

ers expect the facility – anticipated to be fully operational within a year – to produce between 3 and 4 million pounds of cherry tomatoes annually. Of the 75 jobs, approximately 15 will require advanced degrees or training, including managerial roles, while the remaining positions will be greenhouse and packing house teams.

Founded in Lincoln County, Kentucky Fresh Harvest is majority owned by Kentucky Hi Tech Greenhouses LLC (KYHTG).

OAPI founder Haim Oz is partner and CEO of KYHTG and serves as Kentucky Fresh Harvest's CEO. OAPI will be Kentucky Fresh Harvest's exclusive operator and manager. Over the past 20 years, Oz Agribusiness Projects & Investments has developed high-tech greenhouses and other ag-related projects across five continents.

"With the expertise and experience of our international partners at Oz Agribusiness Projects & Investments Limited (OAPI) by our side, Kentucky Fresh Harvest will become the example of 21st-century Israeli agricultural methods and technology at work in the Bluegrass State," said Curt Meltzer, COO of Kentucky Fresh Harvest.



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BUSINESS BRIEFS

COLUMBIA

■ **Brown & Brown Inc.**, a diversified insurance broker, plans to add 25 jobs to staff a new call center for the company's national personal-lines sales and service. Brown & Brown serves business, public entity, individual, trade and professional association clients nationwide. In 2015, the company was ranked seventh on the Insurance Information Institute's list of top global insurance brokers, with \$1.657 billion in brokerage revenues.

EASTERN KENTUCKY

■ After emerging from bankruptcy in July, **Alpha Natural Resources Inc.** and its affiliate, **Enterprise Mining Corp.**, have completed the sale of its mining operations in Eastern Kentucky to **Kingdom Coal**, a subsidiary of Texas-based **Keystone-Kingdom Resources**. The sale includes the EMC #9A mine, which was idled in July, and the Roxana preparation plant in Knott/Letcher counties.



L'Oreal photo

FLORENCE

■ **L'Oreal USA** has announced a large-scale solar project at its 687,000-s.f. manufacturing facility in Florence, where the company produces hair care products under the **Garnier**, **L'Oreal Paris**, **Matrix** and **Redken** brands. Construction on the project is slated to begin before the end of the year and be complete by mid-2017. It will consist of approximately 5,000 solar panels, making it the largest commercial solar array in the state. The array is projected to cut CO2 emissions in Kentucky by approximately 1,195 metric tons per year, the equivalent of eliminating over 2.8 million miles traveled by passenger cars per year, according to EPA Greenhouse Gas Equivalencies. L'Oreal USA has been operating in Kentucky for more than 25 years and currently employs a staff of more than 400.

FRANKFORT

■ **Kentucky State University's** enrollment numbers are up this year for the time since the fall of 2013, with an increase of nearly 7 percent. The incoming class has shown growth in all areas: first-time freshmen (7.5 percent), transfer students (49.6 percent), graduate students (16 percent), dual-credit students (84.8 percent) and part-time students (41.2 percent).

HEBRON

■ **OneJet**, an airline that provides nonstop flights between small and mid-size markets, is now offering flights between the Cincinnati/**Northern Kentucky International Airport** and Pittsburgh. The flights will operate twice each day Monday through Friday, leaving from the main commercial terminal, and will feature TSA Pre access, expedited boarding and complimentary on-board amenities such as high-speed internet access.

■ **Hahn Automation Inc.** has completed a 21,000-s.f. expansion of its facility in Hebron, where it produces custom automation equipment for the automotive, household and pharmaceutical industries. The expansion brings the facility's total size to 46,000 s.f. and will help the company accommodate future growth. Hahn has been in operation in Hebron since 2001 and currently employs 75 full-time employees.

■ Airfares from the **Cincinnati/Northern Kentucky International Airport** (CVG) fell 13.5 percent year over year, based on the most recent Department of Transportation report for the second quarter of 2016. CVG CEO Candace McGraw said passengers are paying approximately \$150 less now than they were two years ago. Many of CVG's top destinations have seen significant passenger growth over the last year as a result of lower fares. **New York/LaGuardia** experienced a passenger increase of 46 percent with fares decreasing 30 percent during the second quarter. Orlando, Philadelphia, Houston, Denver, Tampa, Baltimore, New Orleans and Austin also experienced year-over-year increases in passenger traffic of more than 30 percent, with fares decreasing on average more than 20 percent.

NICHOLASVILLE: ALLTECH INVESTS \$10M IN NEW AG ACCELERATION PROGRAM

ALLTECH, a global animal health company headquartered in Nicholasville, is investing more than \$10 million in a new accelerator program aimed at providing market opportunities for entrepreneurs to develop fledgling agriculture, food and ag-tech plans.

The **Pearse Lyons Accelerator**, named for Alltech founder Pearse Lyons, will be an intensive, three-month boot camp for food and agribusiness innovators who have a proven technology ready for market.

Those selected to participate in the accelerator program will have the opportunity to present their innovations at ONE: The Alltech Ideas Conference, which is scheduled to take place in Lexington in May 2017. The conference is expected to draw more than 3,000 attendees from nearly 80 countries.

"Thirty-six years ago, I founded Alltech in my home with just \$10,000 in my pocket, and that investment has grown into an international business of over \$2 billion," said Lyons. "Alltech's roots are in entrepreneurial innovation, and it's an exciting time to be in agriculture. Some of the recent ag-tech applications on-farm today include automation, drones, soil sensors and big data. What next? Personally, I am looking forward to supporting and empowering rising entrepreneurs in making tomorrow's innovations a reality."

The accelerator program is set to run annually for five years.



Pearse Lyons, founder and president of global animal health company Alltech.

HENDERSON: \$10M GIBBS EXPANSION WILL CREATE 46 MORE ALUMINUM JOBS



GIBBS Die Casting, a supplier of aluminum die-cast components and assemblies, is investing \$10 million to expand its North American Manufacturing Complex in Henderson.

The expansion will capitalize on new market opportunities and advanced lean-manufacturing methods. The company operates two die-casting plants and a machining plant in Henderson; the expansion will reopen a die-cast plant and a machining facility, and will result in 46 new full-time jobs.

Founded in Henderson in 1965, Gibbs is a Tier 1 and Tier 2 supplier to the automotive industry. The company has grown into one of the world's largest die-casting businesses, with locations in Brazil, Hungary and China.

In 2013, the company announced a \$23 million investment project that would create some 160 new jobs. Since then, Gibbs has actually added 390 jobs, bringing its employee roster to 1,444, Gibbs President and CEO Steve Church told *The (Henderson) Gleaner*.



We want to know what's going on at your company! If you have news to share with Kentucky's business community, please forward your press releases and photos/logos/graphics to editorial@lanereport.com. In order to reproduce well, images must be large enough to publish in high resolution (300 dpi).



OWENSBORO: CASTLEN OPENS NEW MANUFACTURING SITE IN DAVIESS CO.

CASTLEN, a fabricator and designer of material-handling equipment and infrastructure, has opened a new \$4.4 million industrial site in Owensboro, only eight years after the husband-and-wife team of Matt and Laura Castlen began a welding operation out of their garage.

Among other services, Castlen offers on-site assembly and installation of industrial and agricultural infrastructure and equipment. It also provides industrial contracting, general plant maintenance, crane service, steel sales and smoke stack repair and servicing during outages or shut downs.

The expansion has added 30 new jobs to the existing 50-member workforce.

Among other products and services, Castlen engineers, fabricates and installs grain and fertilizer storage tanks, silos and storage buildings. Its new site, a 92-acre former steel mill on U.S. Highway 60, allows the company to add manufacturing operations for conveyors, hoppers, conditioners, towers and bucket elevators. Having revitalized a rail spur, Castlen employees can more easily receive bulk raw materials – including steel and aluminum – and ship completed tanks, catwalks, elevators and other products. Rail access will also allow Castlen to offer railcar repair.

Castlen also plans to build warehousing space and will likely add additional employees as it further develops the property. The new site's access to the Ohio River will help the company expand its sales and service territory. The company's existing headquarters in Maceo, Ky., will continue as offices and as a site for custom fabrication and welding repair.

BUSINESS BRIEFS

HEBRON

■ **Dermody Properties**, a Nevada-based national industrial real estate owner-operator, has commenced construction on its second industrial facility near the **Cincinnati/Northern Kentucky International Airport** in Hebron. The new e-commerce-compliant facility, known as **LogistiCenter at 275 #2**, is expected to be complete in May 2017. The 264,000-s.f. facility is the second phase of a two-phase project in the Northern Kentucky market for Dermody and its financial partner, **Hillwood**. Last year, the companies completed Phase 1, an 898,560-s.f. fulfillment center known as **LogistiCenter at 275**, for **Wayfair Inc.**, one of the world's largest online destinations for home furnishings and décor.

HOPKINSVILLE

■ **Where Opportunity**

Knox, a regional initiative to connect transitioning veterans and/or military spouses to jobs in the Greater Louisville region, is now holding office hours at Fort Campbell in addition to its work at Fort Knox. The initiative is not a job placement service but is designed to help veterans coming out of the military find the right civilian position in a community that has a diverse and robust economy with available jobs and careers.



JEFFERSONTOWN

■ **Statewide Mortgage** is building a \$3.4 million office in Jefferson-town that will consolidate the company's Louisville operations into one location and centralize loan processing and compliance teams. Founded in Louisville in 2002, Statewide currently has 54 full-time employees across four states and plans to hire another 30 employees for the new Jeffersontown office.

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BUSINESS BRIEFS

LEXINGTON

■ **Big Ass Solutions** has laid off 39 employees at its Lexington headquarters as part of a companywide restructuring. Chief Operating Officer Jon Bostock said the company has grown by double-digit percentages in both revenue and number of employees in recent years and hired 190 this year alone. “Unfortunately,” he said, “we found ourselves staffed incorrectly for our current and future needs.” Bostock said the cuts represent 3 percent of the company’s total workforce. In addition to its Lexington headquarters, the company has offices in Canada, Australia and Hong Kong, Malaysia and Singapore.

■ The **Lexington Center Corp.** is seeking proposals to qualify a developer for a mixed-use project in downtown Lexington. The 17.5-acre site is located directly across from the **Lexington Convention Center** and **Rupp Arena** and is currently utilized as a large parking lot. The project could be comprised of various uses such as offices, residential units, hotel/lodging, restaurant hospitality and other services. Details can be found at lexingtoncenter.com/rfq. Written responses must be received by Nov. 28, 2016 at 2 p.m.

LOUISVILLE

■ **Spalding University** has raised \$1 million to establish the **Center for Restorative Justice**, which will focus on the use of restorative methods as an alternative to incarceration for vulnerable youth. “Kentucky spends \$50 million annually incarcerating juveniles within the commonwealth,” said Spalding University President Toni Murden McClure. “Most of these incarcerated juveniles are non-violent, and Spalding University is leading a path for alternatives to incarceration by training psychologists, social workers, teachers and other service providers in restorative practices.” The university is partnering with **Restorative Justice Louisville (RJL)**, the state’s first nonprofit alternative for juvenile offenders within the existing criminal justice system.



■ **Papa John's International** has followed through on its promise made in June 2015 to remove 14 “unwanted” ingredients from its menu items. The Louisville-based pizza chain has reached that goal by fully removing five artificial colors and flavors, two preservatives, two sweeteners and four types of flavor enhancers, as well as maltodextrin, which is a thickener.

■ **Concord Hospitality Enterprises Co.** plans to open Kentucky’s first **AC Hotel by Marriott** in the trendy Nulu neighborhood in downtown Louisville. The new 152-room hotel, **AC Hotel Nulu**, is slated to break ground in the first quarter of 2017.

■ **CB&I**, a provider of technology and infrastructure for the energy industry, has opened a new polypropylene catalyst production plant in Louisville, developed and implemented in cooperation with **Clariant**. The new plant is the largest U.S. production hub for Clariant’s catalysts and will produce next-generation catalysts for CB&I’s Novolen technology licensees and the global polypropylene industry.



■ A team of researchers at the **University of Louisville** has been awarded a \$1.5 million grant from the **National Institutes of Health** for a seven-year, multicenter initiative that will investigate how exposure to a range of environmental factors in early development – from conception through early childhood – influences the health of children and adolescents. A critical component of the initiative will be to use the NIH-funded Institutional Development Awards program to build pediatric clinical research networks in rural and medically underserved areas so that children from these communities can participate in clinical trials.

■ Louisville advertising agency **Doe-Anderson** has opened a new office in Columbus, Ohio, the company’s first branch location in its 101-year history. The agency has also grown its Louisville presence, leasing an extra 4,000 s.f. at its downtown headquarters to accommodate the addition of more than a dozen new positions in the last six months, bringing its total workforce to over 110. The agency has not yet determined the number of team members it will have at its Columbus location.

LEXINGTON: NEW FACILITY PLANNED FOR DRONE RESEARCH, MANUFACTURING

A new nonprofit organization has announced plans to employ and educate Central and Eastern Kentucky residents in the growing field of robotics system training and advanced manufacturing of unmanned craft.

The **Advanced Robotics Consortium (ARC)** – a public-private partnership created by representatives from the unmanned aerial vehicle (drone) industry in Lexington, including the founders of **Unmanned Services Inc.** and **Mobile Recon Systems** – will develop a new advanced manufacturing and training facility in the Central Kentucky region that will research new technologies and produce platforms and equipment for drone production.

“Facilities like the one we have planned are going to be vital to meet the growing demand for qualified industry operators, research development and manufacturing of robotic technologies. When students finish the program, we’re going to be able to hire them full-time to continue building with us,” said ARC co-founder and Unmanned Services Inc. CEO Mickey Marotta. “We’ll be creating new, much-needed jobs in the area.”

If enough students come through the ARC program, Marotta envisions other aerospace manufacturers opening facilities in the region to take advantage of the educated workforce.

For example, Morehead has positioned itself in recent years to be a commercial aerospace hub. It holds an annual event called Idea Festival Aerospace and is home to the **Morehead State University Space Science Center**, an academic program that teaches students to develop, build and monitor small satellites. ARC is working with several offices of the Kentucky Innovative Network and will be a tenant at the **Innovation Launchpad** business incubator in Morehead.



publicdomainpictures.net photo

The Federal Aviation Authority predicts there will be over 7 million drones in the U.S. by 2020 – triple the current number.

PAINTSVILLE: HAAS PROGRAM WILL TRAIN WORKERS FOR HIGH-DEMAND CNC JOBS

HAAS Automation has announced plans for an advanced computer numeric control (CNC) training facility at the **eKentucky Advanced Manufacturing Institute (eKAMI)** in Paintsville.

CNC machining is used across numerous manufacturing industries, including two of Kentucky’s leading industries: aerospace and automotive. Haas, one of the largest manufacturers of CNS equipment in the country, created the program to address the challenges manufacturers are currently experiencing in finding qualified workers.

The 16-week program consists of 15 weeks of technical education and one week of soft-skills training.

Gov. Matt Bevin said the facility is a critical component to workforce readiness and recruitment of unemployed coal miners. CNC machining wages average around \$20 per hour with benefits, a level comparable to mining wages. According to a statement announcing the training program, there are approximately 200 positions available in CNC machining within commuting distance of Paintsville.

The facility is scheduled to open in the spring of 2017.



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BUSINESS BRIEFS

LOUISVILLE

■ **Kosair Children's Hospital** in downtown Louisville is now operating as **Norton Children's Hospital**. The change follows the settlement of a lawsuit between Kosair and Norton Healthcare Inc., in which Kosair sought more transparency regarding the money it contributed to the hospital.

■ **Spencerian College**, part of the **Sullivan University** system, is opening a new multimillion-dollar campus in the Dupont Circle medical complex on Louisville's east end. The move to the new location, which will encompass approximately 53,000 s.f. and provide capacity for more than 1,000 students, is expected to be complete by the middle of 2017.

OWENSBORO

■ **UniFirst Corp.**, one of North America's largest workwear and textile service companies, is adding up to 25 jobs to support a \$12 million expansion of its distribution center in Owensboro. The expansion will add 40,000 s.f. to the existing 360,000 s.f. of production, packing, office and shipping space and will enable the company to process a higher volume of goods with more accurate response times. The Massachusetts-based company has been in operation since 1998 and employs approximately 375 people in the Owensboro area.



■ **Marshall Ventures Fund**, a \$2 million fund located in Owensboro, has invested \$100,000 in **Liberate Medical**, a Louisville-based medical device company. Liberate Medical's first product, **VentFree**, is a non-invasive product that uses electrical muscle stimulation to lessen the breathing muscle weakness that occurs when a patient is on a ventilator for an extended period of time. Liberate expects VentFree to considerably reduce the amount of time a patient spends on mechanical ventilation, improve the patients' quality of life and reduce costs for the healthcare provider.



■ **Swedish Match**, a company that specializes in tobacco products, has opened a new \$3.5 million research and development center in Owensboro. The 10,000-s.f. facility features newly designed labs, a dedicated sensory test zone, controlled-environment chamber storage and a microbiological testing area in addition to office and meeting spaces. In addition, the new

space doubles the company's testing capability in the United States to better satisfy consumer and regulatory demands. Swedish Match already operates a manufacturing plant in Owensboro that produces chewing tobacco products and moist snuff products.

PADUCAH

■ The U.S. Department of Energy has selected **Mid-America Conversion Services**, a joint venture comprised of **Atkins Flour** and **Westinghouse**, to operate the depleted uranium hexfluoride (DUF6) conversion facilities at its **Paducah Gaseous Diffusion Plant**. The project includes the operation of DUF6 conversion facilities for the purpose of processing the DOE's inventory of stored DUF6, a co-product of the uranium enrichment process. The facility converts DUF6 to depleted uranium oxide for possible future reuse, storage or disposal. A co-product of the conversion process is hydrofluoric acid, which can be reused in industrial processes. Work will begin in the first quarter of 2017.

PIKEVILLE

■ **Pikeville Medical Center**, the area's largest employer, has added 930 jobs since the beginning of 2016, bringing the organization's total employment to 3,000 and adding more than \$48 million to the local economy. PMC's job growth is attributed to patients coming to the hospital in record numbers: The 300-bed facility is a Level II trauma center and is a regional referral center that offers major specialties as well as many subspecialties. Sixty physicians have joined PMC in 2016 alone and the hospital is seeking to fill approximately 50 physician vacancies in over 20 medical specialties.

DANVILLE: \$9.3M EXPANSION OF MEGGITT AIRCRAFT PARTS PLANT ADDS 66 JOBS

MEGGITT Aircraft Braking Systems has completed a \$9.3 million expansion project that is bringing 66 new jobs to the company's Danville facility.



A ribbon-cutting ceremony was held on Oct. 18 to celebrate Meggitt Aircraft Braking Systems' \$9.3 million expansion of its Danville facility. Pictured here (left to right) are Meggitt Site Director-Business Operations Andrew Frauenhoffer, Meggitt President Luke Durudogan, Kentucky Gov. Matt Bevin and Meggitt Human Resources Manager Mike Gay.

During the two-part project, MABS relocated and integrated its wheel-and-brake maintenance and repair operations facility from Akron, Ohio, to Danville. The company also expanded its carbon brake manufacturing capacity with three new production furnaces and related support machines. The expansion will help the company meet current and future demand from new clients, including providing components for the **Canadian Bombardier C-Series** aircraft and **Gulfstream 650 Business Jet**.

MABS initially located its carbon brake manufacturing facility in Danville in 2005. In 2011 it added an assembly and distribution operation, bringing its total Kentucky investment to approximately \$70 million. MABS currently employs about 185 people in Danville.

Aerospace products and parts remains Kentucky's largest export category by dollar amount. Last year, the state exported more than \$8.7 billion worth. As of July 2016 – the most recent monthly figures available – the commonwealth's aerospace companies exported in excess of \$6 billion in products and parts, putting the category nearly 22 percent ahead of the same time frame for 2015.

MAYSVILLE: MACA PLASTICS TO HIRE 156 FOR NEW MANUFACTURING PLANT

MACA Plastics, a company that supplies components to the automotive and medical industries, is investing nearly \$8 million to locate a manufacturing plant in Maysville that will create 156 new jobs.

Based in Winchester, Ohio, MACA spun off from aircraft component supplier **Aeroframe Corp.** in 1995 to design and manufacture automotive and medical devices. In the medical device field, the company specializes in oxygen delivery systems, drug dispensing, orthopedics, peristaltic pumps, flow valves and forensic engineering on low-cost microprocessor systems used in medical equipment.

In the automotive industry, the company produces parts that combine circuit-board electronics and molded plastic, such as engine ignition coils and door-mounted switches for windows. The company's clients include major automakers, including **Toyota**, **Honda**, **GM** and **Jeep**.

MACA plans to begin renovating a 122,600-s.f. facility in Maysville this month and expects to have the facility open by year-end. The plant will initially produce injection-molded and assembled automotive components.

PIKEVILLE: INDUSTRIAL PARK TO BE BUILT ON FORMER COAL MINE LAND

THE Office of Surface Mining and Reclamation Enforcement (OSMRE) has granted preliminary approval for \$5 million to help fund construction of an industrial park on former mine land in Pikeville.

The money would fund construction of a 50,000-s.f. spec building in what officials envision will become the **Marion Branch Industrial Park**, to be built on about 400 acres of reclaimed mine land in Pikeville. The Pikeville grant was part of \$30 million in federal grant money made available from the U.S. government's General Fund to the Kentucky Division of Abandoned Mine Lands (AML) in 2016 for pilot projects in Appalachian counties that have the potential to create long-term economic benefits.

The AML pilot program is part of \$90 million in funds that have been set aside for one-time grants to Kentucky, Pennsylvania and West Virginia to return coal sites to productive uses that will bring new jobs to replace the thousands lost due to the downturn of the coal industry.

OSMRE has also given preliminary approval for a \$2.5 million grant for an advanced manufacturing training project by eKentucky Advanced Manufacturing Institute Inc. Pikeville officials have said the Marion Branch Industrial Park development project will aid in growing the region's economy by attracting companies to the industrial park and capitalizing on a labor market that exceeds 146,000. With a labor market of 146,637, the area has an abundance of skilled workers and people willing to work.

As part of the AML grant, conduit will be installed for high-speed broadband through the KentuckyWired initiative that will provide 1-gigabyte service to the park.

BUSINESS BRIEFS

RICHMOND

■ **Eastern Kentucky University** reports that of the freshman who entered ECU in the fall of 2012, 29.5 percent graduated this year, compared to 15.7 percent of 2006 freshmen who graduated in four years. The five-year graduation rate has increased from 33.2 percent to 45.2 percent, and the six-year rate from 38.3 percent to approximately 45 percent.

SHELBY COUNTY

■ **Jeptha Creed Distillery**, the first distillery in Shelby County since the Prohibition, has become the newest and 32nd member of the **Kentucky Distillers Association**, a nonprofit trade group that leads the state's spirits industry. The 64-acre, family-owned property includes the distillery, farm, a visitor center and event space for rentals. The distillery's farm-to-bottle products will include three different bourbons made from their heirloom corn as well as a variety of flavored and unflavored vodkas and moonshines.



■ **Shelby Industries**, a family-owned manufacturing company that specializes in towing and trailering solutions, announced on Oct. 18 that it is closing its doors after 34 years, citing insurmountable challenges from foreign competition. Shelby Industry officials said that in recent years, the company had experienced significant market erosion as foreign competition provided equivalent products at 20 to 25 percent below material costs. Despite efforts to modernize Shelby's facility and diversify revenue streams through contract manufacturing services, the company has been unable to overcome the challenges. The closing will affect 30 workers at the plant, which at its peak employed more than 110 associates.

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INTERSTATE LANE

Business news from Indiana, Ohio, Tennessee and West Virginia

BUSINESS BRIEFS

INDIANA

■ **Rx Help Centers**, a prescription advocate service that helps patients save money on medications, plans to open a new operations center in Indianapolis that will create up to 230 new jobs by 2020. Founded in 2009, the company helps patients save money on prescription medications by working with pharmaceutical manufacturers, public and private foundations, and wholesale mail-order pharmacies. Since shifting its sales focus from individuals to employers last year, Rx Help Centers has experienced triple-digit revenue growth each quarter.

■ **Metaldyne Performance Group** is expanding its automotive supply operations in North Vernon, Ind., where it plans to add up to 126 new jobs to its existing 200-member North Vernon workforce. The Michigan-based company is investing more than \$30 million to lease and equip a 32,400-s.f. facility that will provide the space needed for increased production of the company's powder-forged connecting rods, which are used by automotive manufacturers to improve fuel efficiency in gas and diesel engines. Founded in 2014 from the merger of three metal-forming technology companies, MPG is now one of the world's largest suppliers of powder-forged connecting rods and employs more than 12,000 associates worldwide.



■ **FireKing Security Group**, a security and loss-protection company, is building a new distribution center in New Albany that will create up to 50 new jobs by 2020. The new 75,000-s.f. facility, which will be located less than three miles from the company's existing headquarters, will serve as distribution center for the company's growing line of office products, including fireproof file cabinets, storage cabinets and safes.

OHIO

■ **StarTek Inc.**, a Colorado-based company that specializes in business process outsourcing services, is hiring 460 full-time employees at its customer engagement center in Hamilton, Ohio, to support the company's telecommunications and global information services clients. StarTek plans to hire 100 certified nursing assistants by the end of January and will add 360 customer service positions by October 2017.

TENNESSEE

■ **HTS International Corp.** is investing \$21.4 million to establish its global headquarters and a new U.S. manufacturing facility in Knox County, Tenn., creating 200 jobs over the next four years. HTS provides engineered thermal management solutions for tooling components in the injection-molding and die-casting industries. In addition to its global and North American headquarters, HTS International plans to house an R&D lab, a metallurgical lab and industrial metal additive manufacturing equipment for production in the facility.

■ Online shoe retailer **Ebuys Inc.** is opening a new 600,000-s.f. distribution center in LaVergne, Tenn., that is expected to create approximately 160 new jobs. Driven by a need to expand Ebuys online fulfillment capabilities, the new facility is expected to be operational by February 2017. Ebuys, which operates as a subsidiary of **DSW Shoe Warehouse Inc.**, currently employs some 180 employees at an existing distribution facility in nearby Antioch, Tenn.

■ **LeMond Composites** is investing \$125 million to expand its campus in Oak Ridge, Tenn. The project will include construction of the company's first carbon fiber production line, which will produce a new carbon fiber for the transportation, renewable energy and infrastructure markets that has the mechanical properties of carbon fiber but costs significantly less. The company plans to add 242 jobs to staff the new line. Construction is slated to begin in January 2017 and the company hopes to have the first commercially available product ready by the first quarter of 2018.

TENNESSEE: GM TO ADD 3RD SHIFT, 650 JOBS AT SPRING HILL MANUFACTURING



Cadillac's XT5 crossover, built at GM's Spring Hill Manufacturing plant in Tennessee, has seen double-digit sales increases for four consecutive months.

GENERAL Motors has announced plans to add a third shift and 650 jobs at its Spring Hill Manufacturing plant to increase output of the recently launched Cadillac XT5 and the GMC Acadia.

The new shift is expected to begin in January 2017.

The XT5 model has become the biggest contributor to Cadillac's global growth, registering double-digit sales increases globally for four consecutive months. In its first six months on the market, the XT5 has become the brand's best-selling model, with more than 22,000 sales in the U.S.

The all-new 2017 Acadia is also selling quickly. According to GM sales data, the Acadia models are staying on dealer lots for an average of 19 days before being sold. The industry average is 73 days, according to Edmunds.com.

The Spring Hill Manufacturing facility currently employs some 3,300 employees and has seen rapid growth in recent years, with the company investing more than \$2 billion in its operations since 2010. Expansion projects have included a \$148 million investment announced in February 2016 to repurpose flexible machining and assembly equipment to build small block 6.2L V-8 engines for trucks. The plant recently broke ground for the expansion of its engine plant, part of a \$789 million investment announced in April.

OHIO: GERMAN MANUFACTURER TO HIRE 250 FOR NEW MASON LOGISTICS PLANT

FESTO, a German manufacturer of pneumatic and electric automation technology, has opened a new \$70 million logistics and assembly plant in Mason, Ohio, just north of Cincinnati.

The new 200,200-s.f. distribution and manufacturing center will enable Festo to triple its capacity, allowing for more flexibility, improved service and space for future growth.

The facility also allows for customized product manufacturing. With sales parts stored or delivered at the Mason site, employees are able to immediately respond to specific customer requests and have the ordered products assembled and ready for quick shipment. Mason's centralized location puts 70 percent of Festo's North America customers within a 10-hour truck drive.

The company currently has approximately 170 employees and plans to reach its full employment of 250 by the end of 2018.

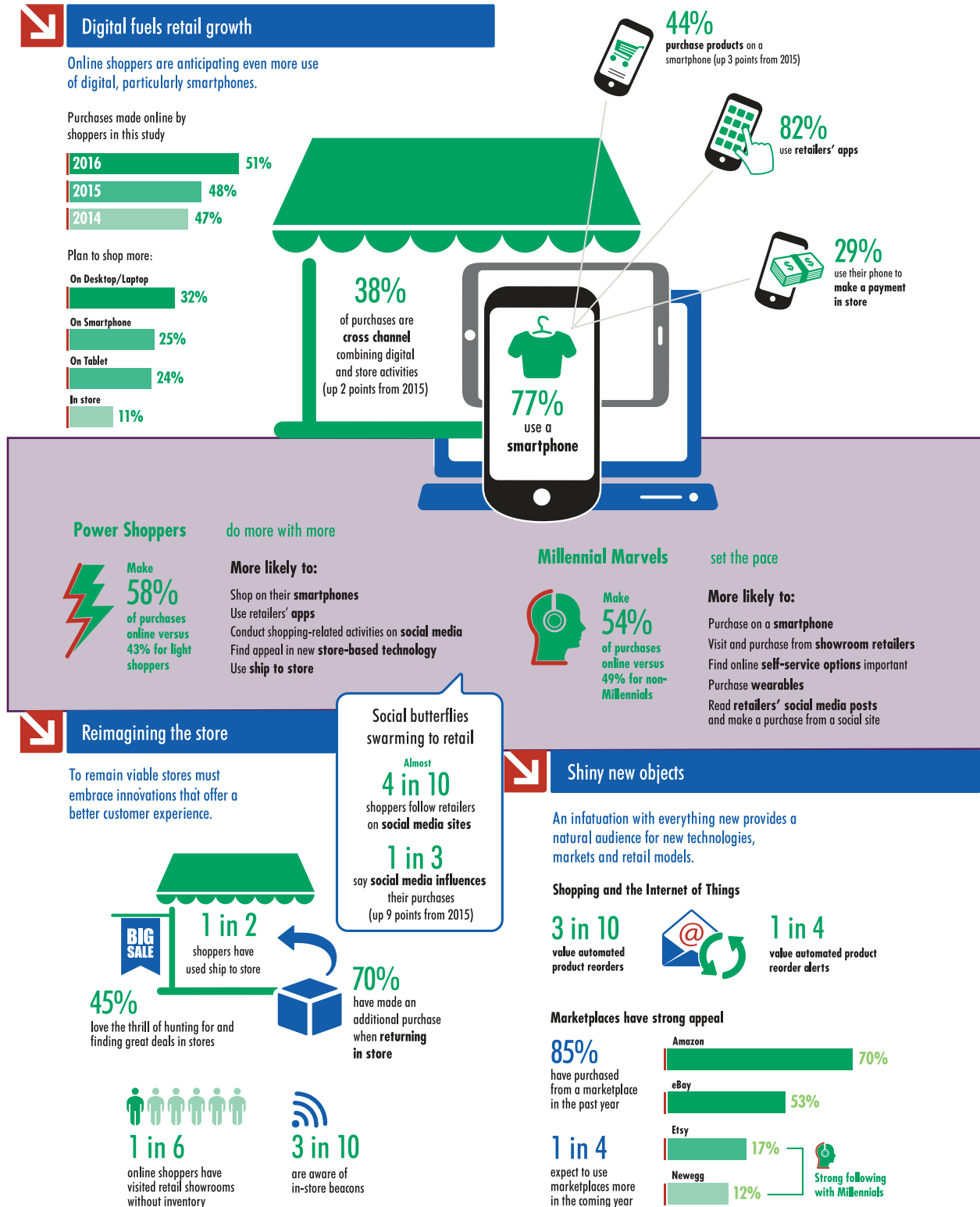
The Mason facility also houses Festo's training and apprenticeship program, Festo Didactic. The program, which just launched in August 2016, combines community college instruction, training at the Mason facility and workplace experience.



Festo's new Mason logistics and assembly facility in Mason, Ohio, also houses the company's training and apprenticeship program, in which apprentices learn in a classroom and maintain a steady job.

HOW TECH-SAVVY SHOPPERS ARE TRANSFORMING RETAIL

With Black Friday and the kick-off of the 2016 holiday shopping season fast approaching, retailers are more aware than ever of the challenges they face in terms of constantly changing technology and customers' behaviors and expectations. Online shopping continues to increase, as the data and graphic from a recent UPS/comScore study demonstrates:



Source: UPS/comScore Inc.

CORPORATE MOVES

New leadership for Kentucky businesses

ACCOUNTING

■ **Rebecca Hughes** and **Michael Cook** have been named directors of the Louisville accounting firm of DMLO.

ADVERTISING

■ **Amy McNatt** has been promoted to vice president and director of strategic planning for Louisville-based Doe-Anderson. **David Finch** has been promoted to director of content for the agency.

ARCHITECTURE/ENGINEERING

■ **Brad Montgomery** has been named president of GRW, a Lexington engineering, architecture and geospatial consulting firm. Montgomery succeeds **Ron Gilkerson**, who has stepped down as president but will remain with the company on the board of directors.



Brad Montgomery



Ron Gilkerson

■ **Aric M. Andrew** has been named president of Louisville-based Luckett and Farley. Andrew succeeds **Ed Jerdonek**, who will retire at the end of the year.

ARTS

■ **Nick Covault** has been appointed director of the Governor's School for the Arts program.



Nick Covault

■ **Scott Watkins** has been appointed as the new executive director and director of operations for Orchestra Kentucky. Watkins comes to the position from Arkansas, where he was executive director of the South Arkansas Symphony Orchestra. He succeeds **Darrell G. Edwards**, who has resigned after serving in the position for more than 12 years.

BANKING

■ **Erin Fulkerson Hall** has joined community Trust and Investment Co.'s wealth and trust management team as vice president, relationship officer for private wealth services.



Erin Fulkerson Hall

ECONOMIC DEVELOPMENT

■ **Anthony (Tony) Iriti** has been named president and chief executive officer for Kyndle, the economic development organization for Henderson, McLean, Union and Webster counties.

EDUCATION

■ **Joanne Berryman** has been named provost of Spalding University.



Joanne Berryman

■ **Mick Peterson** has been named director of the University of Kentucky's Ag Equine Programs.

■ **R. Kiplin Guy** has been named dean of the University of Kentucky's College of Pharmacy.

■ **Ian McClure** has been appointed director of the University of Kentucky Office of Technology Commercialization (formerly known as the UK Intellectual Property and Technology Transfer Office).



Ian McClure



Ron Zimmer

■ **Ron Zimmer** has been named director of the Martin School of Public Policy and Administration at the University of Kentucky.

FINANCE

■ **Kristy Maggard** has been named director of marketing for Dupree Financial Group in Lexington.

FOOD/SPIRITS/HOSPITALITY

■ **Sandy Heydt** has been appointed chief marketing officer for the Al J. Schneider Co. in Louisville.

■ **Nick Briner** has been named general manager of the Galt House Hotel in Louisville.

■ **Pamela Heilmann** has been appointed master distiller at Michter's Distillery in Louisville. Heilmann succeeds **Willie Pratt**, who will be transitioning to master distiller emeritus. Michter Vice President **Andrea Wilson** will add the position of master of maturation to her duties.

GOVERNMENT

■ **M. Blaine Hedges** has been named commissioner of the State Council for Kentucky's Military Interstate Children's Compact Commission.

■ **Scott Herrmann** has joined Louisville Metro Government as director of economic development.

HEALTHCARE

■ Cincinnati Children's and UK HealthCare have named Dr. **James Quintessenza** as chief of pediatric cardiothoracic surgery at Kentucky Children's Hospital effective Dec. 1, 2016. His primary appointment will be at Cincinnati Children's, but he will be based in Lexington.

INFORMATION TECHNOLOGY

■ **Chris Henry** has been named executive vice president of Lexington-based SIS' new analytics practice.

MEDIA

■ **Jayne Hancock** has been named chief executive officer of Lexington-based Post Time Studios.

■ **Michael Skoler** has been named president and general manager of Louisville Public Media. He succeeds **Donovan Reynolds**, who retired Sept. 30.

DEPARTURES

■ **Keith R. Kappes** has retired as publisher of the *Morehead News*, *Grayson Journal-Enquirer* and the *Olive Hill Times*.

■ **Margaret Ridley** has announced plans to step down as vice president of business support for the Kentucky Network for Development, Leadership and Education (Kyndle), the chamber of commerce for Henderson and Henderson County and the lead economic development organization for Henderson, McLean, Union and Webster counties. Ridley has relocated to pursue a new career opportunity.

■ **Neil Budde** has resigned as executive editor of *The (Louisville) Courier-Journal* newspaper.

NONPROFIT

■ **Amy Silvert** has been named executive director of the Green River Area Community Foundation.

SPORTS

■ **Jesse Scaglion** has been named director of corporate sales for the Lexington Legends baseball team. **Jillian Waitkus** has been named executive assistant to the Legends president/CEO.



Jesse Scaglion

OTHER

■ **Ilona N. Burdette** has been named director of the Kentucky Virtual Library, a program of the Council on Postsecondary Education.



Ilona Burdette

■ **Leah Stark** has been named senior vice president and chief human resources officer of Highland Heights-based General Cable Corp.

■ **Jon Rousseau** has been named president and chief executive officer of ResCare Inc., a Louisville-based company that provides services to people with disabilities. Rousseau succeeds **Ralph Gronefeld Jr.**, who is retiring.



Jon Rousseau

■ **Brian Duffy**, of Louisville, has been named commander-in-chief for the Veterans of Foreign Wars, the nation's oldest and largest war veterans' organization.

■ **John Rittenberry** has been named president and chief executive officer of the Kentucky State Fair Board.

■ **Jennifer Tuvlin** has been promoted to life and legacy coordinator for the Jewish Federation of Louisville.

ON THE BOARDS

Kentuckians named to organizational leadership roles

BIG BROTHERS BIG SISTERS OF KENTUCKIANA

■ The following individuals have been named to the 2016-2017 board of directors for Big Brothers Big Sisters of Kentuckiana: **Phil Milliner**, CaféPress; **Nathaniel J. Simon**, United Tote Co.; **Mary Stoddard**, Stoddard & Associates PLLC; **Andrea Strange**, Harding, Shymanki & Co.; **Thomas Johnson**, Norton Healthcare; and **Diane Seaman**, Anthem Blue Cross and Blue Shield (retired).



*Phil
Milliner*



*Nathaniel
Simon*



*Mary
Stoddard*



*Andrea
Strange*



*Thomas
Johnson*



*Diane
Seaman*

CHRISTIAN APPALACHIAN PROJECT

■ Christian Appalachian Project has announced the appointment of its 2016-2017 board of directors: Chair – **Kevin Doyle**, Congleton-Hacker Co., Lexington; Vice Chair – **Shanna Elliott**, community volunteer, Lexington; **Guy Adams**, Christian Appalachian Project, Lexington; **Katheryn “Kaye” Baird**, community volunteer, Pikeville; **Nancy Horn Barker**, pharmacist, Winchester; **Mark Barrens**, Halmar Corp., Louisville; **Jackie Collier**, Berea College, Berea; **Joyce Taylor Cummins**, First Southern National Bank, Stanford; **Bob Gound**, Walmart, Prestonsburg; **Bob M. Hutchison**, McDonald’s Restaurant, Staffordsville; **Holly James**, Georgetown College, Georgetown; **Rob Lawson**, Thrivent Financial, Lexington; **Jon Lett**, Griffith DeLaney Hillman & Co., Ashland; **Haley McCoy**, Kentucky Energy & Environment Cabinet, Richmond; **Marty Preston**, BENCHMARK, Ark-La-Tex Financial Services, LLC, Lexington; **Chris Tackett**, Unisign Corp., Ivel; and **Judge B. Wilson II**, Berea College, Berea.

JEWISH HOSPITAL & ST. MARY’S FOUNDATION

■ **Neville Blakemore** and **Elizabeth McKune** have been appointed to serve on the board of directors of Jewish Hospital & St. Mary’s Foundation, part of KentuckyOne Health. Blakemore is president and chief executive officer of Louisville-based Great Northern Building Products. McKune is the director of behavioral health for Passport Health Plan. Additional members of the Jewish Hospital & St. Mary’s Foundation include **Robert Waterman** (chair), **Alan Rosenberg** (vice chair), **Marc Abrams**, **Ron Abrams**, **Madeline Abramson**, **John Applegate**, **Betsy Rudd Bennett**, **Shannon Benovitz**, **Shellie Benovitz**, **Carolle Jones Clay**, **Evan Comer**, **Mark Eliason**, **Abbie Gilbert**, **Joseph Gilene**,

Dr. Jeffrey Graves, **Ryan Hall**, **Tom Hirsch**, Sister **Rose Howard**, **Jim Lyons** (ex-officio), **Guy Montgomery**, **Dr. Valerie Briones-Pryor**, **Vidya Ravichandran**, **Hunt Schuster**, **Judy Shapira**, **Leslie Buddeke Smart** (ex-officio), **Edward Weinberg**, **Rebecca Weis**, **Ann Wells**, **Shirley Jennings Wheeler** and **Elizabeth Post Zalkind**.

KENTUCKY BOARD OF HAIRDRESSERS AND COSMETOLOGISTS

■ **Margaret W. Meredith**, of Harrodsburg, has

been named to the Kentucky Board of Hairdressers and Cosmetologists.

KENTUCKY BOARD OF LICENSURE FOR OCCUPATIONAL THERAPY

■ **Joshua K. Ramsey**, of Summer Shade, has been appointed to the Kentucky board of Licensure for Occupational Therapy.

WESTERN KENTUCKY UNIVERSITY

■ **Julie A. Hinson**, of Prospect, and **Jason McKinney**, of Scottsville, have been appointed to the Western Kentucky University board of regents.

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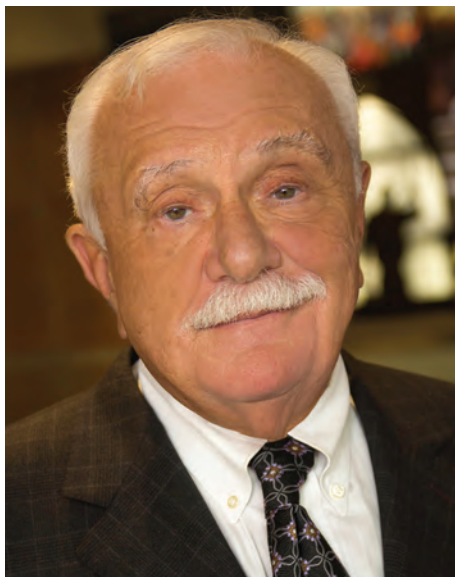
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LANE ONE-ON-ONE

Kentucky's leaders express their opinions



Dr. Michael Karpf

Michael Karpf, MD, became executive vice president for health affairs at the University of Kentucky in October 2003, having been recruited to integrate clinical services at UK HealthCare's two hospitals, various ambulatory practices, the UK College of Medicine and five health profession colleges. He is departing the EVP position next year. Karpf has undergraduate and medical degrees from the University of Pennsylvania. He started a Division of General Internal Medicine at Miami (Fla.) VA Hospital. He developed a Division of General Medicine at University of Pittsburgh and was vice chair of medicine. Karpf was senior vice president for clinical affairs at Allegheny Health Systems, then UCLA vice provost for hospital systems where he integrated the UCLA Medical Center, the Santa Monica/UCLA Medical Center and the Neuropsychiatric Hospital into one corporate entity.

UK HEALTHCARE GREW JOBS, REVENUE BY SUCCESSFULLY CARING KY'S SICKEST

EVP Dr. Michael Karpf says improving care, partnering with region's hospitals, fueled ongoing growth that's led to billions in investment

BY MARK GREEN

Mark Green: You have overseen unprecedented physical and revenue growth, expansion of services and realignment of strategic relationships, and done so with a great deal of success. UK Healthcare is solidly profitable coming out of a period of industry disruption that left other major provider systems less financially healthy. Have you considered what the reasons are for your successful administration?

Michael Karpf: We spent a lot of time thinking about what we needed to do. How do we serve Kentucky? What is our role? How do we improve healthcare in Kentucky? As the president has said, we originally decided that what we needed to do on campus was really build the subspecialty services. Folks had not seen what a major academic medical center can do for healthcare prior to 13 years ago. We also understood that we needed to develop relationships with other providers. We needed to focus in on quality, safety and efficiency.

So we built up these programs that just weren't available in Kentucky, and we built these relationships to help other hospitals. Because of that, when they had troubles, they sent patients to us. So between new programs and between relationships, we've essentially doubled the discharges from 19,000 to

38,000; we've gone from a \$300 million budget in the hospital to a \$1.5 billion budget in the hospital. More importantly, in 2003 we had 1,000 transfers from other hospitals of patients they couldn't take care of and in 2016 we had 18,000 transfers.

What we've been able to do is develop the programs that were missing, that are the underpinning of the healthcare system, and taking care of the most complex patients in the state while helping local facilities become stronger; enhancing the transplant program, enhancing the cancer programs, making pediatrics stronger, enhancing neurosciences and building relationships so that other hospitals use us as their support system. That's fueling that growth.

MG: Where did the vision to do this originate? Did your previous experience in multiple markets and regions give you a strategic administrative advantage as you came here to Kentucky?

MK: I've been very lucky. I've been at excellent institutions. I've learned from every job I've had. Two things coalesced for me that contribute to our success. One, I've spent my entire career in major academic medical centers, so I know what they do; they do the things that other places can't do. If you look at where hos-

pitals are going, many hospitals are going to be essentially intensive care units and step-down units. Chandler, in 2003, didn't project the image nor did it do the services that major academic medical centers need to do. A lot of academic medical centers are built on a subspecialty; that's part of their coordination.

What was a little different is my desire and willingness to partner with other institutions to help them in their communities – like Norton (Healthcare system in Louisville), like ARH (Appalachia Regional Healthcare, which operates 11 hospitals), like St. Claire (Regional Medical Center in Morehead), like (The Medical Center at) Bowling Green – help them become better providers and keep more of their patients local. Therefore, they felt comfortable that when they need to send somebody for a higher level of care, they can send them to us. We weren't competing with them; we were helping them. It was a win-win partnership.

A lot of academic medical centers are now focusing in on those kind of partnerships. When we started 13 years ago it wasn't unique, but it was different than most academic medical centers; a lot of them were competing with the community. I didn't come in here to compete with Central Baptist (now Baptist Health Lexington) or St. Joe's (two Lexington hospitals, now part of the 20-hospital KentuckyOne Health system) or any other place. I said, I'm going to do something different and special, and if I can help you, I'll help you; we're going to start developing win-win partnerships.

MG: Since 2004, outpatient visits are up 65 percent (from 665,000 to 1.1 million) and annual hospital patient discharges are up 88 percent (from under 20,000 to nearly 40,000). How does that translate into revenue dollars?

MK: Our operating budget in 2003 was at \$300 million, and our projected operating budget for FY2017 is in excess of \$1.5 billion. So our operating budget and revenues have had a fivefold increase. Part of that is increased complex cases, because revenues on those cases are much more substantial than routine cases, and part of that is rate increases. But that growth in operating budget has been fundamental in developing resources to continue to fund our transformation and fund our growth.

MG: UK Healthcare has remained financially sound as it invested about \$2 billion since 2003 in program development, faculty recruitment, technology acquisition, and bricks and mortar. What advice do you have for others who would aim to duplicate this success?



Henry C. T. (Tip) Richmond, III
Lexington Office

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- And Much More...

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MK: It is fundamentally important that you understand what role you're going to play, that you understand what capabilities you have to generate resources, and to understand if the role that you want to play, you actually can play. Hospitals, whether they're academic medical centers or not, can't try to be something that they can't be, that they shouldn't be. We were fortunate enough that we set a plan, and the environment was such that we were able to realize the benefits. Had we not grown, we couldn't have done all of this stuff. The reason we could grow was, Kentucky was underserved in certain areas and in certain kinds of programs.

We've now gone back to do some quantitative analyses of what it will take for us to sustain our growth and continue to improve in our programs. A major academic medical center such as ours, with all these highly complex cases, needs a catchment area of 6 to 8 million people. So we have to extend even beyond Kentucky. When we looked at the competition, it was (medical centers at) Vanderbilt (University in Nashville); Wash(ington) U(niversity in St. Louis); Indiana (University in Bloomington); Ohio State (University in Columbus); UPMC in Pittsburgh; and the University of Virginia (in Charlottesville). If you draw a line connecting those, there's 9 million people in there, so there was a place for us. But there are multiple academic medical centers, so it was very important for us to get that head start.

We knew what we wanted to do. We knew it would take a lot of resources, knew we'd have to grow, and very carefully tried to understand our clinical space to make sure we had the geographic reach and the population reach to accomplish that. To try to accomplish what we've done in a very different environment isn't going to work without the growth. Without the potential of the growth, you're not going to make it.

MG: As you proceed through this large transformation, how do you get people to invest and believe in your plans and vision?

MK: It's an interesting process. When we decided we were going to focus on subspecialty care, the next question was, will our facilities support the kind of patients we're planning on bringing in? It was pretty clear that the old Chandler wouldn't do that. And that's when we started planning (the new hospital's) Pavilion A. We planned Pavilion A in an incremental fashion. The first plan we floated was for \$450 million, and as we were developing that

plan, we started seeing growth very quickly. That original (building) plan was for a platform with one tower in it, and the tower had six stories. When we saw the growth, we said, uh-oh, we'd better plan for the future! So the next plan was for \$530 million, and that was two towers with six stories. And then at the last minute, because we built into the planning the ability to add two additional stories, we continued to see growth so we did the platform and two eight-story towers.

We signed off on \$543 million, and we knew we'd be building a garage and building 1.2 million s.f., but fitting out 600,000 s.f. We knew we were only doing half a project. If anyone had asked what would it cost at the end, I would have told them probably close to \$1 billion. But we set it up so we could do it in stages. I originally assumed it would take us 15-20 years to fill out the rest of the building, but because we continued to grow as quickly as we did, we've been finishing it out much faster.

What got people comfortable (with the overall plan) was, when we started out talking about the smaller plan they saw very substantial growth right in the beginning and saw us needing (to obtain) Good Samaritan Hospital. We very quickly went from a plan for 489 beds to, when we acquired Samaritan in 2007, having 825 beds, and then a couple years ago we obtained state authorization for 945 beds. It was that incremental approach that people were willing to gamble on, because they saw substantial growth right at the beginning.

MG: How many employees does UK Healthcare have today compared to 2003?

MK: UK Healthcare includes the hospital and the College of Medicine and the practice labs because they're financially and strategically interlinked. We had something like 5,500 employees in 2003. We have over 11,000 employees now. Our personnel salaries and benefits in 2003 was roughly \$340 million; our number budgeted for FY2017 is close to \$1.1 billion, and it will exceed that. We have doubled our employees, and we have threefold increased the salary and benefits number. We have been a major economic boon to this community.

MG: City budget officials must like you.

MK: They know how much we pay in (occupational, income and other) taxes, as do folks in Frankfort. We didn't do it for economic development; it just happened because of this massive growth. To do great clinical care, you've got to have strong science to support

folks who want to extend care. To have strong science, you have to have good clinicians whom the scientists can collaborate with. In indirect ways, as we develop our research profile, that's going to have financial spinoffs in terms of startup companies, patents and stuff like that.

MG: You have very high levels of responsibility: thousands of employees, more than a billion dollars in budget and, of course, literally the life and death of tens of thousands of patients. How do you organize your time? Do you delegate this to an executive assistant, use digital tools or technology, have any rules of thumb?

MK: I was fortunate that when I got here I inherited some very strong people and recruited some very strong people. I've been able to, as they've retired, keep a very strong team beneath me. I'm a pretty good delegator. But the way I try to function is, I'm not a CEO who's "at 30,000 feet" all the time, looking to see where the world's going; I spend some time there. I have a lot of flights in airplanes, and that's when I write papers: That gives me the opportunity to review what I've done, and do I feel good about where we're going? Do we need to change direction? I spend a little time at 30,000 feet, but I spend a lot of my time "hovering above the mud." I don't try to be a micromanager, although if it becomes necessary I will do that. I like to sort of hover above the mud but be able to get into the mud when I need to.

I'm not somebody who can sit in an office 10 to 12 hours a day. I generate my own energy by being in the hospital. Every day that I'm in Lexington – I don't travel much – I'm at this hospital, whether it's Saturday, Sunday or a holiday. I start my day in the emergency room. I can walk around the ER and in 5 minutes understand how busy the hospital is, where the stress points are. I visit patients every day. I also get feedback on how we're doing because thousands of people in this town have my cell phone number. They don't abuse it, but in the early days that was important to send a message of access. It's also a way of doing quality control and understanding how we're doing because I get feedback from people directly.

My direct reports may describe me a little differently; they may say I'm more impatient than I think, and they may say I am more directive than I think I am. But I have a lot of respect for my direct reports, and I give them a fair amount of latitude, and they're not uncomfortable giving me feedback. So it's not an individual effort; it's a team effort.

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MG: Is starting the day in the ER something that you came up with? Did another administrator say that was a good way to start the day?

MK: I'm a doctor first and foremost. I started out as a hematologist/oncologist. From 1979 to 1996 at the University of Pittsburgh, I was an academician and I saw a lot of patients; I left 2,000 patients behind in Pittsburgh, and there are still probably 50 people in Pittsburgh who won't have anything done without checking with me. First and foremost, I'm a doc – who's interested in trying to figure out how the medical system of the future is going to work and particularly how academic medical centers are going to survive because I think they're critically important to healthcare. When I don't see patients or get phone calls about patients, my wife wonders what's wrong with me! That's where I get my energy. I'm used to roving the halls of a hospital.

MG: What advice are you providing, or expecting to provide, to those involved in the process of selecting your successor? What do you see as the keys to success for a UK EVP for Health Affairs?

MK: President Capilouto understands it's an important recruit. He's trying to get as much information as he can from various constituencies. I'll give him whatever advice or help he wants, or I'll stay out of the process if that's what's most appropriate. And when a new person arrives, some want help from the old person, and some say I'd rather do it on my own; that's going to be their choice. The position is going to need someone who understands how to partner with other organizations and how partnering may take on different forms in the future – it may be virtual; it may be even more real partnering.

The real issue is: We will practice healthcare differently in the future. We have to. Healthcare has to continue to focus on value, outcomes and costs – costs have to come out of the system. The organization is going to need somebody who has an engagement on how healthcare has to evolve, has a philosophy where they want to take the place, who thinks about public policy issues and how it's going to affect the evolution of healthcare, and how they're going to work with our faculty to change their mindset. We've made a lot of cultural changes, but there will be very substantial cultural changes that have to occur over the next five to 10 years, so maybe (they need) somebody who's different than me. Dr. Capilouto tends to cast the net pretty widely, and

he is working very hard to come up with a vision of what kind of skill set and what kind of person he wants to recruit.

MG: There has been tremendous change in healthcare technology in recent years. How important is it to have tools such as Chandler's hybrid operating room, which provides real-time scanning images to surgeons, plus live remote viewing?

MK: For what we do, technology is fundamental. For what UK Healthcare wants to do, we need to be at the leading edge of technology. That's the only way we can recruit outstanding individuals who are going to *change* the standard of care rather than *practice* the standard of care. In certain places, we want to be at the bleeding edge; we want to be innovative. And in other areas, we want to make sure we don't get ahead of ourselves. There are some technologies that are very expensive that we're just not going to get involved in – (such as) Proton Beam (radiation treatment). But when look across the spectrum of what we do, given the complexity of our patients, we have to be among the most technologically advanced facilities in the country. That costs a lot of money.

It's all about tradeoffs. Our plan moving forward requires us to generate \$200 million of cash flow to continue to reinvest every year for the next five years. I'm certain my successor will also have a plan that's going to require at least \$200 million a year. So staying in this business of being in a research-intensive, pro-academic medical center, and changing the standard of care, is very resource-intensive. That's why not everybody can do it. A lot of folks think that they want to get involved in it but don't understand the entry price. We couldn't have done it without the growth.

MG: To what degree does a facility's or a system's ranking in "case complexity" equate with profitability or financial stability?

MK: We measure case complexity through the case mix index. CMI is a Medicare measure. We have one of the highest CMIs of any academic medical center in the country. Now if you take a look at our financial performance, about 7 percent of our cases – the most complex cases – drive our bottom line. So with a CMI of five, which is a very high CMI, our average reimbursement would be between \$80,000 and \$100,000 for that case. With a CMI of less than one, our reimbursement will be \$3,000. So about 7 percent of our cases are quite profitable for us. Those are the

most complicated cases that we are particularly good at taking care of. The less complicated cases, we don't get paid very well. We lose money on those. And for the vast majority, it's a wash. Our function is to take care of really sick patients. When we do that well, we get paid and we're profitable. That's what drives our financial performance and what's made it possible for us to reinvest to continue our transformation.

MG: What are the key new elements from the 2014 updated strategy for the system: Rationalizing Health Care in Kentucky: 2015-2020 Strategic Plan?

MK: We've had three strategic plans. And they've all been maturations of the original strategic plan. In 2004 we said: complex care on campus, relationships with other providers, and focusing in on quality, safety and patient satisfaction. In 2010 we said, we're going to get even stronger in subspecialty care, get even stronger in our relationships with other providers, and focus on efficiency, quality and safety.

In the 2015 plan, again: We have to continue to make our subspecialties stronger. We need to strengthen the relationships – launching the Kentucky Health Collaborative was that major initiative – and we need to figure out what more it's going to take in the next five to 10 years to coalesce those relationships so they are strong enough that they'll withstand whatever economic pressures come along.

The other thing that came out of the 2015 plan is our focus on medical management, our understanding that we'll be practicing differently tomorrow than we're practicing today. That means getting data about what we do, turning that data into information and then using that information to change the practice patterns of our physicians. We're going to be moving away from fee-for-service medicine, where you get rewarded for how much you do, to getting rewarded for doing the right thing. That's a whole different mindset. If we can have that strong subspecialty hub, if we can have these relationships that span and go beyond the state, and if we can change how we practice medicine so it focuses on outcomes and efficiencies, then we'll go a long way in developing a rational system of care for Kentucky. And Kentucky will need a rational system of care; that I can promise you. ■



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



Time for Smart Philanthropy

Impending transfer of hundreds of billions magnify benefits of using tax law, trusts and incentives

BY ROBIN ROENKER

OVER the next 50 years, Kentuckians will likely transfer more than \$707 billion in wealth to the next generation, according to a 2010 study commissioned by the Kentucky Philanthropy Initiative.

While some of those funds will undoubtedly pass to immediate heirs, a significant portion will go to philanthropy – helping fuel Kentucky’s nonprofits, higher education, the arts, community development initiatives and more.

Both the University of Louisville and the University of Kentucky have seen a marked rise in private donations in recent years.

“Two years ago, the University of Louisville was raising about \$65 million a year. Last year, we



*Keith Inman,
Vice President
for University
Advancement,
University
of Louisville*

were able to raise about \$242 million. We’ve seen a steady increase,” said Keith Inman, UofL’s vice president for university advancement.

“We now have 50,000 donors at all levels and process almost 100,000 gifts annually,” said Michael Richey, University of Kentucky vice president for philanthropy. “In the last couple of years, we’ve grown dramatically. In fiscal year 2016, we raised over \$208 million in new commitments” – more than double the \$97.4 million in gifts, pledges, and expectancies UK raised in 2011.

Part of the uptick can be linked to the retiring baby boomer generation that includes an estimated 5 million retired or soon-to-retire households



*Michael
Richey, Vice
President for
Philanthropy,
University of
Kentucky*

with net worths of \$1 million or more, according to a Wall Street Journal post earlier this year.

“Since Congress passed the law that anyone over age 70½ or older can transfer up to \$100,000 per year tax-free from an IRA to a qualifying charity, we see folks, the baby boomer generation, who have income coming in from their retirement accounts that, in a lot of cases, is excess income,” said Jason Gresham, vice president of wealth management and trust services at Kentucky Bank in Lexington. “And that can be fully taxable as ordinary income if they elect to take it, versus making donations to a charity. So, [opting for philanthropy] can become something that they can get some benefit from, versus just taking an income they don’t actually need.”



*Jason
Gresham,
Vice President
of Wealth
Management
and Trust
Services,
Kentucky Bank*

Financial incentives to giving

Giving to charity doesn’t have to be difficult, said Vicki Buster, CPA, JD and partner with MCM CPAs and Advisors in

“One of the first things I do is talk with my clients to identify whether they have a cause that they feel strongly about that they want to help fund,” said Gresham. “Secondly, we sit down and talk about what’s the most important asset to give, something that, from a tax standpoint, they have a lot of appreciation (in value) in. It could be land, maybe artwork, stocks or bonds, or even retirement accounts. We look at what asset is going to be the most impactful for their estate and for the charity.”



Even the consideration of whether to establish your own private family foundation or instead contribute to an already existing community foundation can have various tax implications. For example, with a private foundation, for gifts of cash, an income tax deduction of up to 30 percent of the donor's adjusted gross income is allowed, while a deduction of up to 50 percent of AGI is allowed for gifts of cash or other non-appreciated property to a community



For the first five years of the program, the available tax credit was only \$500,000 annually – a pool routinely exhausted within 10 days of the July 1 start of the fiscal year. For the current fiscal year, the credit baseline was raised to \$1 million,



and at press time roughly \$120,000 remained, according to Clabes. He anticipates those funds to quickly be allocated as end-of-year contributions come in.

The way it works is: If you're a high-wealth donor in the 39.6 percent tax bracket who contributes \$50,000 to a community foundation, you would receive \$10,000 directly off your Kentucky state tax bill. "So then it feels like a \$40,000 gift," said Clabes. "You also get \$3,000 from your standard charitable deduction off your state tax bill, and you'd also get your federal deduction. So that \$50,000 gift, when it goes through the books, would actually feel more like a \$17,000 donation. But you had a choice of where that \$33,000 has gone, rather than to taxes."

Universities' endowment efforts evolving

At UK, the impact of philanthropy is visible. The recent \$65 million overhaul of the Gatton College of Business and Economics building – financed entirely through philanthropy – is just one example of the ways private dollars are helping advance the university's reach and mission.



In fact, the effects of philanthropy on UK's campus are everywhere, Richey said. Private gifts are playing a key role in the development of a huge new student center, set to open in 2018. In September, UK renamed its new academic science building the Don and Cathy Jacobs Science building, thanks to the Lexington family's \$10 million gift. The new Lewis Honors College, set to open its doors in fall 2017, was funded by a \$23.5 million commitment by UK alum Thomas Lewis. And in April, UK announced its first named department within a college: the F. Joseph Halcomb III M.D. Department of Biomedical Engineering.

Richey's Office of Philanthropy – which changed its name from the Office of Development last year to better reflect its mission and priorities – continues to explore opportunities for additional UK departments and colleges, as well as faculty positions and scholarships, to be endowed with future gifts.

"Our endowment sits at a little over \$1.2 billion now. And the next step of our fund-



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COVER STORY

A \$112 million academic science building that opened this fall on the University of Kentucky campus was named the Don and Cathy Jacobs Science Building in September after the successful Lexington car dealership owner and his wife made a gift of \$8 million toward its construction cost and \$2 million toward future academic and research initiatives. Total gifts by the Jacobs to UK total \$20 million.

raising will be to work to develop a stronger scholarship endowment and scholarship program at UK. That will be a priority. We need to grow our endowment by at least \$250 million for scholarships,” said Richey. “We’re considering a campaign launch in the fall of 2017.”

“UK’s philanthropy program is evolving as a major voice of philanthropy for the university,” said UK President Dr. Eli Capilouto. Rebranding as the ‘Office of Philanthropy’ “allows the university to create and encourage a new culture of private investment in our mission. Philanthropy unifies us as a community of scholars as we embrace our commonwealth and its dreams, needs, challenges and opportunities.”

At UofL, philanthropy has also been a tangible driver of research and academics, said Inman, from support of the university’s research in spinal-cord injuries and heart health to its Henry Vogt Scholarship program, which provides full in-state tuition at UofL to students with a 31 ACT score or above.

Both universities have successfully leveraged the importance of private funds for higher education – not only to their alumni but to a broader audience of donors.

“We finished a \$1 billion capital campaign in just 7½ years,” UofL’s Inman said. “We had 34,000 alumni donors in that campaign and 38,000 non-alumni donors.”

As legislative funding for higher education becomes increasingly strained, philanthropy plays an increasing role in



Dr. Eli Capilouto, President, University of Kentucky

securing the future of Kentucky’s colleges and universities.

“Theoretically, philanthropy is infinite, whereas state budgets are very finite,” Inman said.

Supporting Kentucky communities

Another ambition of the Kentucky Philanthropy Initiative is to ensure every county in Kentucky is represented by a designated, dedicated fund at one of the state’s community foundations, a goal it’s close to meeting, said Clabes.

“Community foundations are kind of like a nonprofit financial investor for mission-oriented, legacy-oriented people,” he said.

Increasingly, donors want to share their charitable dollars with a specific place – their home communities – and, as a result, community foundations have seen an increase in the number of contributions designated for a specific countywide fund, said Lisa Adkins, president and CEO of Blue Grass Community Foundation. She alluded to BGCF’s Clark County Community Fund and Woodford County Community Fund as prime examples of this trend.

“They’re basically building unrestricted funds to make their community the best community it can be,” Adkins said. “In Clark County, they have

changed the trajectory for oral health in their community, by underwriting access to dental care through the public schools. Woodford County provided laptops to middle schoolers this year.”

The ultimate goal of such community foundations is to make giving easy.

“We really try to ensure that giving is simple, effective and rewarding,” Adkins said. “We want to help build a charitable culture, so that all the communities we serve can be the most generous and engaged places they can be.”

BGCF awarded roughly \$6.5 million in grants last fiscal year to hundreds of nonprofits across Central and Eastern Kentucky representing causes from animal welfare and human services to the arts and environment.

“We support and can find matches for all of the individualized passions of our donors,” Adkins said.

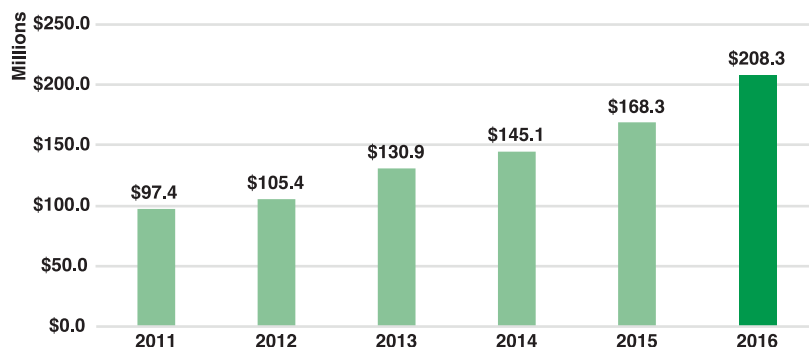
BGCF’s Good Giving Challenge (BGives.org), coming into its sixth year, will run from Tuesday, Nov. 29 through Dec. 31, with more than 120 local charities participating. The annual online fundraiser began as means of allowing area nonprofits to tap into the momentum in online giving nationally, Adkins said. “Year after year, our nonprofit participants report that they get contributions from new donors they’ve never connected with before.”

The Challenge has raised more than \$5 million for Bluegrass-area charities to date – some via large donations, but also many that are \$50 or less. “We work with donors of all sizes,” Adkins said. “We want to create this rich giving culture. We believe great things happen in giving communities.” ■



Lisa Adkins, President/CEO, Blue Grass Community Foundation

University of Kentucky New Commitments (Gifts, New Pledges, New Expectancies)



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



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Service Area Surveys Steer Hospital Projects

Nonprofits say ACA requirement for Community Health Needs Assessments is making them better

BY JOSH SHEPHERD

IT may be a modest exaggeration to credit seven paragraphs in the Affordable Care Act (ACA) for a hospital system breaking ground on a \$40 million behavioral health hospital. It certainly wasn't the sole reason a Paducah hospital opened medical clinics in the public schools or started a Congregational Care program in partnership with area churches. And there were plenty of other factors that prompted KentuckyOne Health to launch a Health Connections program that has garnered considerable national attention.

Nevertheless, several administrators and leaders from Kentucky hospitals and health systems do credit the Community Health Needs Assessment (CHNA) provision in the ACA as a key motivator for those projects and others

ongoing throughout the commonwealth. It is also credited with stimulating innovations in health education and public outreach, and – most importantly – to have promoted even stronger collaborative relationships among hospitals, public health organizations and the communities they each serve.

What is a CHNA?

The ACA requires hospitals with not-for-profit tax status to complete a Community Health Needs Assessment every three years. Given the political rhetoric regarding the ACA as a whole, a natural assumption might be that there is a level of resentment toward the CHNA requirement. But general attitudes actually are quite favorable toward CHNAs if the sentiments expressed by Annabelle Pike, man-

ager of healthy communities with the KentuckyOne Health system, and Dr. Alison Davis, executive director of the Community and Economic Development Initiative of Kentucky (CEDIK), are any indicator. In fact, Tim Marcum, regional director of planning for Baptist Health Kentucky, said the CHNA provision is easily his “favorite aspect of the ACA.”

The goal of a CHNA is relatively simple.

To maintain not-for-profit tax status with the Internal Revenue Service, a local hospital must take the lead in assembling a community steering committee to conduct a comprehensive survey identifying the most pressing issues affecting overall health in the primary service area. The committee develops a report outlining the area's unmet health needs, ranks them by priority, then proposes an implementation strategy of possible solutions.

Simple.

Importantly, the hospital does not produce a CHNA alone. It is expected to lead the effort, but the law requires that the steering committee include:

- Representatives from local public health agencies.
- Leaders in local government, education or civic organizations.
- Members of the general public. (In particular, CHNAs must include feedback from families who are part of the medically underserved population.)

The first rounds of CHNAs were complete by the end of 2013. Near the end of 2016, most hospitals have completed their second round. The second includes reports on the progress made on implementation strategies from the first. All CHNAs and implementation strategies are available to the public through hospitals' websites.

It is an easier process to describe than to carry out.

Time consuming, but well worth it

It took one of KentuckyOne Health's Louisville hospitals about 18 months to complete its first CHNA and implementation strategy, said Annabelle Pike, but this is about normal considering the area's population and the extensive list of health needs that crop up in a diverse population.

“It's important to make sure we get a reliable representative sample of the population, particularly of those in underserved areas, if the data is going to be valuable,” Pike said.

The time commitment is less for smaller hospitals, but not by that much,



Annabelle Pike, Healthy Communities Manager, KentuckyOne Health



Kentucky's Top Health Needs

Several common health issues readily emerge from the Community Health Needs Assessment reports from a sampling of Kentucky hospitals, including members of Appalachian Regional Healthcare, Baptist Health, KentuckyOne Health, Owensboro Health, Pikeville Medical Center and The Medical Center – Bowling Green.

The following issues are ranked by how many times there were cited among the top three needs reported in the hospitals' most recent CHNAs:

ISSUE	TIMES CITED
Obesity & access to exercise	20
Alcohol/drug use	17
Tobacco use	13
Cardiovascular/heart disease	11
Community safety	10
Diabetes	9

said Dr. Alison Davis. The CEDIK program, based at the University of Kentucky, provided CHNA coordination for over 33 rural hospitals in 2012-13. CEDIK has assisted about 22 hospitals, which includes the Appalachian Regional Healthcare (ARH) system, with their second round of assessments so far, Davis added.

Rural hospitals lack the staffing to dedicate themselves wholly to the CHNA process.

"We recognized that CEDIK had the experience to provide coordination on behalf of small hospitals," she said. "We provided cost-effective assistance in organizing the steering committee, scheduling community forums, and compiling the information. Being a part of UK, we are also in a position to follow up in the implementation strategies and develop measures of their effectiveness."

When administrators knew CEDIK could walk them through the process, it allowed them to see beyond the work process to the value of needs assessments, especially to a hospital struggling to keep their doors open, Davis said.

"A persistent concern for small hospitals is why residents choose to drive past them to get services in Lexington and Louisville," she said. "This (CHN) assessment provided some answers. ... And it certainly made the process more palatable to hospital CEOs."

It is legitimate to regard CHNAs as a rudimentary marketing tool, she added.

For most regional and community hospitals, the process takes about nine months, according to Davis. Though it takes time to get public feedback, working with public health providers makes the task of reaching medically underserved populations much easier.

"For most communities, the relationship between hospitals and public health can be tenuous. One of the positive consequences of these two rounds of assessments is closing that gap," Davis said.

The CHNA effort enhanced relationships with public health providers for Baptist Health, a statewide provider with seven hospitals, Marcum said.

"The communication helped us find ways to work together," Marcum said. "A result of my participation was helping some organizations complete their Mobilizing for Action through Planning and Partnerships (MAPPS) surveys."

One of the primary goals of the ACA is to demonstrate that healthcare providers do more than just care for people after they get sick. The CHNA implementation



Dr. Alison Davis,
Executive Director, Community and Economic Development Initiative of Kentucky

strategy, which Marcum regards as the core of the process, "demonstrates how Baptist's partnership activities help improve community health."

Implementation separates a CHNA from marketing strategy and it's a significant distinction, he said.

"It's important to remember that the hospitals and their administrators do not make these lists of community needs, nor do they prioritize those needs," Marcum said. "That's a task done by the steering committee."

Whether the participating hospital has 40 beds or 400, the implementation challenge posed by CHNAs is whether hospitals, health departments and the community can work collaboratively to improve overall health.

The most time-consuming aspect of the whole process, by far, is prioritizing the list of health needs. Prioritizing and then collaborating on ideas to address those needs is a challenge, Pike said.

"I'm very proud that KentuckyOne Health's hospitals used their respective CHNAs as an opportunity to study how social issues impact community health and what we can do proactively to address those issues," Pike said.

Shared findings on safety, substance abuse

One of the principle guides KentuckyOne Health used in producing its assessments was the Robert Wood Johnson Foundation's criteria to calculate county health rankings, which factors in health behaviors, clinical care, social and economic factors, and the physical environment.

"Community safety was an issue that bubbled to the top of many of our community assessments," Pike said. Traditionally, community safety is not something



Tim Marcum,
Regional Director of Planning, Baptist Health



most consider a direct health need except, perhaps, those in the ER where trauma teams care for victims of violent crime.

However, a closer look finds that when people feel safe in their community and environment, they are more likely to pursue outside activities – walk neighborhood streets, play in parks, get exercise.

“A sense of security can also relieve stress, which connects to a reduction in a trigger for heart disease,” Pike said.

Though assessments have focused on needs in specific communities, common issues have bubbled to the surface. Prominent on nearly every CHNA was substance abuse. Even in areas where the number one problem was a shortage of mental health specialists, the need for substance abuse treatment was strongly implied. Not far behind was heart disease and diabetes, which are associated with poor nutrition and sedentary lifestyle; and cancer, associated in part with tobacco use, substance abuse and even poor living environments.

But aside from some of the expected issues, many committees placed overuse of emergency rooms as a priority, said Davis. People in remote areas of the state also cited a lack of access to transportation.

“Some families said if it took over two hours to get access to a specialist, they often choose to go without it,” Davis said. Among the most interesting of some CHNA findings for individual hospitals was an acknowledgment from community members that such aspects of everyday living affect overall health.

Marcum reflected a similar sentiment with regard to the priorities identified at Baptist Health hospitals.

“The challenge posed by the CHNA provision is for all three stakeholders – the hospital, public health organization, and community – to work collaboratively to address those needs. Everyone is expected to do their part,” he said.

Implementing plans improves partnerships

Initiatives developed in the implementation strategies are often mundane, non-headline grabbing, Davis said. For example, local physicians experimented with altered office hours to reduce reliance on the emergency room; hospitals got permission to open critical access clinics.

Baptist Health Paducah took that idea one step further, Marcum said. It got permission to place nurse practitioners at school clinics in the Paducah and McCracken County. They provide health services to children, families, teachers and staff. It is also an excellent way to disseminate health education information.

Another Baptist Health Paducah initiative is a “congregational care” program. Professional healthcare staff train volunteers from area churches to follow up on patients with chronic



Read CHNA results in their entirety

Where to find CHNA results and implementation plans for the major Kentucky Healthcare systems and hospitals.

St. Elizabeth HealthCare

stelizabeth.com/CommunityBenefits.aspx

Pikeville Medical Center

pikevillehospital.org/2016-2019-community-health-needs-assessment/

Baptist Health

baptisthealth.com/pages/news/community-health-needs-assessment.aspx

KentuckyOne Health

kentuckyonehealth.org/community-health-needs-assessment

Norton Healthcare

nortonhealthcare.com/Pages/communityneeds.aspx

Appalachian Regional Healthcare

arh.org/patients_visitors/community_health_needs_assessment.aspx

Owensboro Health

owensborohealth.org/health-resources/health-needs-assessment/

The Medical Center at Bowling Green

mcbg.org/about_us/documents/BowlingGreen.pdf

UK HealthCare Strategic Plan 2015-2020

[ukhealthcare.uky.edu/uploadedFiles/about/leadership/strategic-plan\(1\)/home/2015-2020-strategic-plan.pdf](http://ukhealthcare.uky.edu/uploadedFiles/about/leadership/strategic-plan(1)/home/2015-2020-strategic-plan.pdf)

health conditions. Some recently released from the hospital simply need visits and attention such as reminders of doctors’ advice, while others are patients with recurring conditions that require monitoring. They also educate church-goers on ways to assist elderly populations and shut-ins who have health issues.

“They check on medications, look in on them weekly, find out how to get assistive devices for activities of daily living, and alert caregivers if there are signs of deteriorating health conditions,” Marcum said.

Another bonus from this program: Allied health personnel provide free health screenings to congregations after morning worship services at approximately 40 Paducah-area churches, Marcum said. A similar program is being launched by Baptist Health Corbin.

KentuckyOne Health, in collaboration with public health partners, launched Health Connections to focus on patients who habitually overuse ER services. These “super-utilizers” were invited to participate

in a program that paired patients with a care provider and social worker.

In one instance, the team discovered a diabetic patient who frequently suffered from “sugar spikes” did not own a refrigerator to keep their prescribed insulin cold. Buying that patient a refrigerator for their medication avoided thousands of dollars in ER visits, Pike said, and such fixes are a no-brainer.

“Instead of always looking to hospitals for answers to chronic clinical problems, we are addressing health issues as a matter of public policy and advocacy,” Pike said. “We believe education and public policy can have a powerful impact on preventing illness and building healthier communities.”

Davis presented a similar view. “Hospitals cannot be the end provider of the sole answer to the issues these CHNAs identify,” he said. “The solutions must have participation from every stakeholder with an interest in improving their community’s health.” ■

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THE LANE LIST

KENTUCKY'S LARGEST HOSPITALS

Ranked by number of certified beds

FACILITY (FORMER NAME)	COUNTY	ACUTE BEDS	GENERAL PSYCHIATRIC	PHYSICAL REHABILITATION
Norton Hospital/Kosair Children's /Norton Healthcare Pavilion)	Jefferson	758	46	na
University of Kentucky Hospital	Fayette	654	na	na
St. Elizabeth Edgewood (St. Elizabeth Medical Center South)	Kenton	510	52	na
Western State Hospital	Christian	na	495	na
Baptist Health Louisville (Baptist East)	Jefferson	456	22	29
Jewish Hospital & St. Mary's Healthcare	Jefferson	442	20	na
St. Joseph Hospital	Fayette	433	na	na
Norton Audubon (Humana Audubon)	Jefferson	432	na	na
Owensboro Health Regional Hospital	Daviess	399	12	12
Our Lady of Peace (Caritas Peace Center)	Jefferson	396	na	na
King's Daughters Medical Center	Boyd	388	27	27
Norton Women's & Kosair Children's Hospital (Norton Suburban; Humana Suburban)	Jefferson	373	na	na
University of Louisville Hospital	Jefferson	356	20	na
Baptist Health Lexington (Central Baptist)	Fayette	351	na	na
Baptist Health Madisonville (Regional Medical Ctr of Hopkins Co.)	Hopkins	339	22	20
Kindred Hospital-Louisville (Vencor Hospital of Louisville, St. Anthony Medical Ctr.)	Jefferson	337	na	na
The Medical Center at Bowling Green	Warren	337	24	na
Baptist Health Paducah (Western Baptist)	McCracken	335	na	na
Eastern State	Fayette	na	323	na
Sts Mary & Elizabeth (Caritas Medical Center)	Jefferson	298	na	na
St. Elizabeth Ft. Thomas (St. Luke East)	Campbell	284	na	na
Lourdes Hospital	McCracken	282	45	28

Source: Kentucky Cabinet for Health and Family Services

PASSPORT



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When I told her what happened to my daughter, my case manager got busy. She called around to find someone who could provide my daughter with physical therapy in our home. I'd never heard of a health insurance plan going above and beyond like that. Thanks to her, my little girl has a chance to walk again.

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passporthealthplan.com/together

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Digital Spec Development Arrives

EKPC's PowerVision to showcase rural industrial sites remotely through mobile technology

BY CHRIS CLAIR

EAST Kentucky Power Cooperative is releasing a dramatic new digital site presentation tool it thinks could change the economic development game in its rural service territory, and maybe for the state. It enables a prospect in Germany or New Jersey to see a Kentucky site in three dimensions, its pertinent infrastructure both existing or as it could be installed, and include renderings of the facility they want to build.

The PowerVision web site and associated app for mobile devices combines high-definition aerial drone video of industrial sites with digital topographic mapping and detailed engineering information to create three-dimensional surface models. That's then merged with data from StateBook, which aggregates community demographic, tax, utility cost, incentive and quality of life information.

The new technology expands on EKPC's existing PowerMap, a mobile app that combines GPS functionality and StateBook data to provide users with detailed information about communities in EKPC's 87-county service territory.

The resulting geographic and engineering information can be imported into computer-aided design and drafting software, giving engineers working for potential site users the ability to model site profiles, cross sections and drainage analyses without having to visit the site.

Electric utilities regularly play active supporting roles in economic development for communities or states because industrial projects represent large customers whose steady power demands increased revenue while easing overall grid management.

Tony Campbell, president/CEO of EKPC, said PowerVision will give the

The new PowerVision website and app created by East Kentucky Power Cooperative combines existing data with drone images and engineering renderings to allow prospects to preliminarily assess Kentucky development sites without physically visiting remote properties.

utility the ability to virtually transport site selectors to industrial sites in its service area, which he hopes could give communities a boost when it comes to attracting industrial jobs.

"The rural nature of the areas we serve – away from large cities and airports – makes it particularly challenging to get site selectors to pay a visit," Campbell said. PowerVision helps "demonstrate that we've already done a lot of the preliminary work necessary to ensure it's a developable site."

EKPC officially unveiled PowerVision Nov. 10 at the Kentucky Association for Economic Development fall conference in Lexington. When it rolls out, PowerVision will have full drone video and digital mapping workups for 16 industrial sites in EKPC's territory. By spring the utility hopes to add four more, and still more after that.

EKPC worked with engineering and site development firm Qk4 Inc. for the aerial video footage and digital site topography aspects, and technology firm Interapt on the mobile platform for PowerVision.



Tony Campbell, President/CEO, East Kentucky Power Cooperative

The PowerVision digital platform gives engineers and designers the capability to show clients how a completed project and its supportive infrastructure might be developed on a site, incorporating all its specific physical characteristics.

Big opportunity for remote properties

Site selectors and the industrial clients they represent tend to be familiar with Louisville, Lexington and Northern Kentucky, said Brad Thomas, economic development associate manager at EKPC. They are less aware that there may be sites that suit them in Kentucky's more rural locations.

"When you look at PowerMap and what we've done with StateBook, we had part of the equation there," Thomas said. "But the missing piece was being able to showcase industrial sites in a way that can be viewed anywhere at any time and to provide that to our communities for free in that cooperative spirit, so to speak.

"Most economic development starts now with internet research," Thomas said, "and if you can take a virtual tour of an industrial park, that helps us in selling our state and our communities."

Industrial clients often hire site selectors to find the best fit in terms of location, workforce skills, utility costs, taxes and tax incentives. PowerVision is designed to showcase sites professional site selectors may not have considered visiting. EKPC hopes the level of detail and flexibility of the data is such that sites will become finalists that previously wouldn't have even been on site selectors' radar.

Qk4 works with industrial site developers, real estate brokers and end users. Clients from all over the world are looking at industrial sites in Kentucky, said Qk4 President Taylor Kelly, but not all of them can come here to see the sites in person. Thus, EKPC and Qk4 wanted to develop a package that could be used anywhere.

PowerVision builds off the PowerMap app's use of StateBook data for EKPC communities. The key wrinkle comes from the use of two types of aerial drones, Kelly said. Drones have changed the aerial surveying game by cutting costs and making it easier to survey more remote areas, he said.

Manned mapping too costly for many

"A lot of times if you have an isolated project – say a little bridge replacement in a rural county in Kentucky – and there's no mapping available, it's cost prohibitive to get an airplane up in the air and fly it from an airport with all the mapping equip-



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



ment," Kelly said. "A conventional survey – lots of points and lots of gathering of information – again, that's a very labor-intensive task if you're going to get ground elevation information on lots of points in an isolated spot."

The dawn of the aerial drone – and from Qk4's business perspective the survey drone in particular – changed all that.

The first drone Qk4 uses takes HD images of industrial sites. The second, called an eBee, looks a little like a Styrofoam glider. It's a survey drone that uses an on-board digital camera to collect data points from georeferenced aerial images, a process called photogrammetry.

By combining that data with real-life elevations, Kelly said, the software creates highly accurate three-dimensional images (to within 0.6 inches per pixel) of industrial sites onto which drainage data, utility services, roads, even building renderings made to scale can be overlaid.

Imagining what a 1 million-s.f. facility might look like on a 500-acre grass field isn't easy, he said, but in post-processing PowerVision can integrate a building rendering to a high-quality digital image of the site, taking into account hills, drainage issues and access points.

"It really is creating a visualization that we can take anywhere in the world," Kelly said.

This capability can free industrial site owners from having to spend money "pre-developing" the site with roads and other infrastructure in order to showcase it.

"Historically what you would do is lay out the industrial park and start building roads and infrastructure," Kelly said. "A park may build a 100,000-s.f. spec building and hope that clients would come in and say, 'That's exactly what we need.' There's lots of dollars to invest in that initial infrastructure."

Industrial site owners also had to make their best guess at what tract sizes, road layouts and utility locations prospective clients might want. If they guessed wrong, the costs and logistics of moving or removing that infrastructure could eliminate a site from consideration.

"Now what we're able to do is pivot and (give industrial park owners) a lot more

flexibility with these sites," Kelly said. "If you need 1,000 acres, we've got that, and we don't necessarily have to invest early in the infrastructure. We can show you exactly what you may need and tailor the sites to the client as opposed to hoping that the clients tailor themselves to the site."

PowerVision could free site owners from having to do much in the way of building roads or spec buildings.

Free information, no hidden costs

The benefits to others in the development process truly distinguish PowerVision, Thomas said.

"The cutting-edge technology that takes this further is having information that would be necessary for an industrial site selector to be able to figure out if this is the right location for their project," Thomas said. "We're appealing to not only site selectors but also the engineers for the development company that are trying to figure out the cost to develop the land. By providing those CAD files in an easy-to-use format, and for free, it makes our sites a lot more attractive based on the fact that there's not any hidden issues with the site because we're providing as much information as we possibly can."

Joe Lilly, director of the Office of Research and Public Affairs for the Kentucky Cabinet for Economic Development, said he sees great potential in PowerVision, and will be linking to the community videos produced through the technology via its SelectKentucky interactive web site.

"The concept of PowerVision is amazing," Lilly said. "Imagine having the capability to go to a site selector with all of this information accessible in his or her office – to be able to see how a building would fit on a property, how much land is available, what the topography is, etc. That is an incredible marketing asset that simply is not available in most areas in the country." ■



Taylor Kelly,
President, Qk4



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

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

EMERGING LANE

Kentucky's young professionals and creatives



Nick and Brittney Adams held their October 2014 wedding at what is now a highly sought-after wedding venue for dozens of other couples. Warrenwood Manor is a historic house and barn in Danville.

‘Fear of Failure is a Great Motivator’

Danville couple launches new event venue in historic home

NICK and Brittney Adams, both 31, were just newlyweds when they decided to go into business together.

“What’s the worst thing that could happen?” wondered Brittney when the couple decided to take the leap into entrepreneurship. Her new husband lovingly pointed out, “Well, we could lose everything and go bankrupt, but at least we have each other, and that’s all we need!”

Thankfully, the couple’s Warrenwood Manor business has not only survived after its second year, it has thrived. The journey to put together a successful event center and working farm has not been easy.

The Adams’ bought the Warrenwood property from her parents, who had purchased the Danville space during what Brittney called her “I’m never moving back home” phase.

“At the time, I simply saw it as the money pit it can be and didn’t fully appreciate it’s true value,” she recalled. “After Nick and I moved home to Danville, I became more interested in the property, and when we were engaged in May of 2014 I became very interested in the property.

“After a few months of searching for a wedding venue, I was frustrated and even told Nick that I either wanted to go to the courthouse to get married or start our own wedding venue. Nick was the one who encouraged me to just go for it, so we did! We closed on Warrenwood the day before our wedding on Oct. 10, 2014, and I’m pretty sure we were both like, ‘What the heck have we just done?’”

She said the couple was terrified and remains cautiously optimistic.

“Any time you take a leap of faith it’s scary, and I think that’s good,” Adams said. “Fear of failure is a great motivator.”

Completed in 1856, the event mansion is accompanied by some outbuildings and a stately barn estimated to have been built in the late 1800s or early 1900s.

“Warrenwood’s past is all about Southern charm and unparalleled attention to detail,” said Adams. “We hope to continue that legacy by focusing on service to others and improvements to the property that honor the past while celebrating the future. Our next major improvement is going to be a major addition to the barn in an

effort to add additional amenities for our wedding guests. Thinking about the future and all of the possibilities is so exciting.”

The couple feels that its personalized customer service sets Warrenwood apart from other similar wedding and event venues.

“Many have said that’s what sets us apart, but I also think it has a lot to do with the wonderful house and barn that those who came before us envisioned,” Adams said. “Without the (original builders) Warren brothers’ appreciation for the property’s beauty, dedication to detail and others maintaining it, we’d have nothing to work with.”

Respecting the previous property owners and building a successful future is no small feat.

“I’m not going to sugarcoat it, running businesses together is hard, but experiencing those highs and lows of entrepreneurship is what makes it so rewarding,” said Adams, adding that Warrenwood has more than 20 weddings booked for 2017. “We recognize our individual strengths and weaknesses when it comes to managing a business, so we try to work within our strengths. Nick really focuses on the farm and finances because he’s great with details like cattle nutrition, bloodlines, spreadsheets and so much more. I, on the other hand, am more of the people person who thinks everything is sunshine and rainbows, so it’s good to have a partner who helps me understand that I can’t have everything right now. He’s really taught me the value of dreaming of something, working for it and then celebrating the accomplishment no matter how big or small.”

Brittney, who previously worked in marketing, and Nick, who currently works for LG&E/KU, also run cattle on the Warrenwood Manor farm. Plans are in the works to continue to expand and “reinvent” the facility’s capabilities.

While their business model may see adjustments over time, the Adams’ ultimately would love nothing more than for Warrenwood Manor to continue to be a family-owned business passed down for generations to come.

—Abby Laub

Bringing More Professionals to Northern Kentucky

FORT Thomas, Ky., native Seth Cutter's interest in politics and public service led him to Washington, D.C., for college at American University. He went on to the University of North Carolina-Chapel Hill for a master's of public administration, but Kentucky called him back in 2012. Cutter went to work with Northern Kentucky communications and public relations firm Strategic Advisers, but soon had to try his own entrepreneurial hand for two years with Cutter Solutions consulting firm. Today, the 28-year-old is an economic development officer for Campbell County Fiscal Court. We asked him a few questions about his path and what he's doing in Campbell County.

TLR: What made you decide to take the job in Campbell County?

SC: Part of my passion is to help create a community in which businesses thrive, where citizens have economic opportunity and mobility, and that helps transform Northern Kentucky into the type of place where young professionals want to choose to live and work. There's a clear demand in the work of economic development to be entrepreneurial, so this job is the marrying of many of my passions.

TLR: Why is Campbell County a good place for young professionals?

SC: It is a truly unique place to live, work, raise a family and enjoy life. Within minutes of being in the middle of downtown Cincinnati, you can enjoy Northern Kentucky's urban core, be on campus at Northern Kentucky University and our growing suburbs, or find yourself tucked away in rolling hills, surrounded by farms and wineries.

TLR: What specific programs encourage economic activity among young people?

SC: Some of things we have been part of include an urban living tour that spans all our Northern Kentucky river cities (the Catalytic Fund's Beyond the Curb tour), the Backroads Farm Tour that our Conservation District puts on each July to showcase the dozens of great agribusiness and agritourism destinations, and the work we and our partners are doing to create a community filled with the amenities millennials are demanding. That work includes Riverfront Commons, an 11-mile pedestrian pathway that stretches across the Ohio River's southern bank. Our friends at Southbank Partners have been working on this project for years, and we know that economic growth in all sectors is, in part, a result of the strength of how livable our community is.

TLR: How do you see millennials contributing to Northern Kentucky?

SC: In addition to the fact that we will be called upon soon to be more active leaders in our communities and businesses, the attitude and energy we bring with us to work, I believe, is a great asset for employers. Especially here in our county where I know how much the value of hard work was emphasized growing up, millennials have been forced to be comfortable with, and to embrace, change. Part of this was how quickly technology was evolving when we were growing up.

TLR: How does Campbell County attract job seekers?

SC: One of the ways Judge Executive Steve Pendery and our team feel Campbell County can be really competitive in this area is through our greatest economic growth driver: Northern Kentucky University. We've got students coming from all over to pursue careers in cybersecurity and health informatics. The \$97 million Health Innovations Center on campus is being built as we speak. The College of Informatics is now in its 10th year.

The university has grown tremendously in its academic program, scope and reach. Now, can we, the community, close the argument to keep graduates around?

TLR: Personally, what are your career goals? And what advice would you give people who want to pursue a career like yours?

SC: I never quite knew what it was I wanted to "do" – I always say that for those with a lot of interests it's OK to be confused or unsure. I knew, however, that I enjoyed the public sector for the good things the community can and must do together. My time in D.C. proved that politics takes a special appetite. I much prefer this role where I am able to work for our county but still spend time on all the things I love: business and entrepreneurship; strategic planning; communication and marketing; research; real estate; finance and incentives; and so much more. To those (around the state) who have a lot of varied interests, I would suggest they try an internship at GLI (Greater Louisville Inc.) or the Neighborhood and Community Services Department of the City of Bowling Green or at Northern Kentucky Tri-ED. —*Abby Laub*



Seth Cutter



Great Flood Brewing Expands

After opening two-and-a-half years ago in Louisville's Highlands neighborhood with a tiny, two-barrel brewing system, Great Flood Brewing Co. is expanding and will begin brewing in its new production facility in December.

Recent college graduates Vince Cain, Matt Fuller and Zach Barnes founded the brewery, which has been such a hit that expansion was a no-brainer. The new facility features a 15-barrel brew system with a canning line and plenty of room for expansion. The new brewery is located in the less-traveled neighborhood of Shelby Park, and the owners hope to make the brewery a destination.

"We want to be a positive change agent in this neighborhood," Cain told *Insider Louisville*. "We want it to be a safe place for families, the community, and community events."

New Thanksgiving Weekend Race in Lex

Overachievers and couch potatoes alike who want to burn off Thanksgiving turkey and support a good cause can get behind a set of inaugural running events at Lexington's Kentucky Horse Park on Saturday, Nov. 26.

The Gobbler Half Marathon, 10K and 5K will wind through scenic horse country and benefit GleanKY. GleanKY gathers and redistributes excess fruits and vegetables to nourish Kentucky's hungry.

Walkers are welcomed for the 5K & 10K races, so make it a family event over the holiday weekend.

For more information, visit racerise.com. RaceRise is a Lexington-based organization that hosts race events to benefit local nonprofits.

Louisvillian Launches Publishing Company

Louisvillian Andrew Toy was tired of his book manuscript being rejected by agents and publishers, so he decided to launch his own publishing company, Endeavor Publishing Studios.

The first Endeavor releases came out in October, and include Toy's oft-rejected book, "These Great Effects," along with "A Deadly Compromise," written by Coral Rivera. So far, Toy has signed on seven authors to Endeavor, and he has a schedule of book releases through 2017.

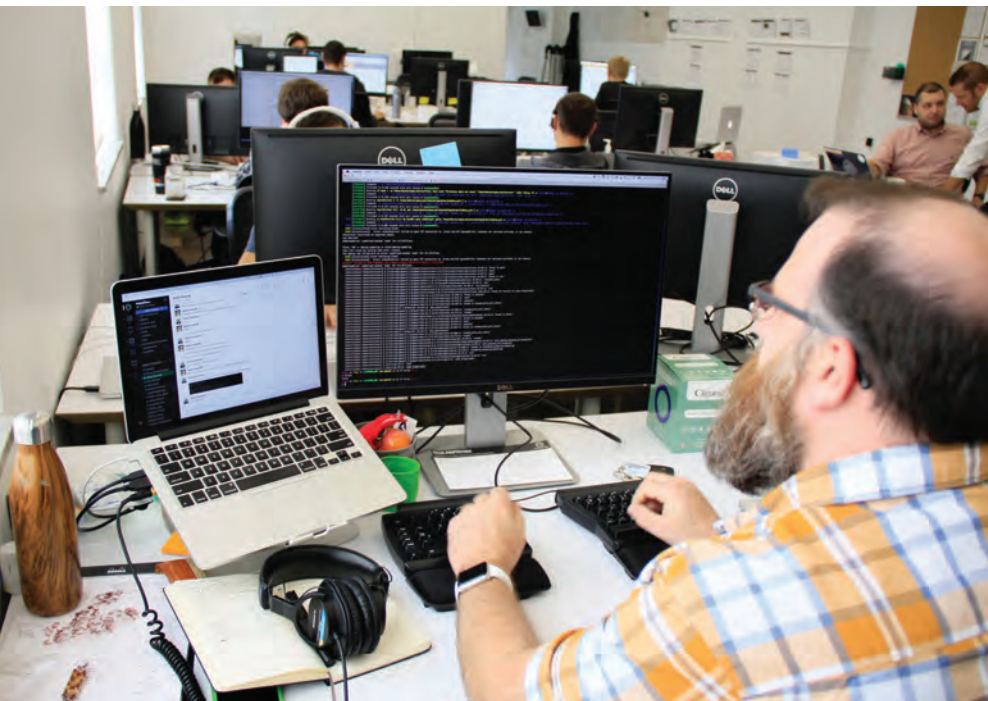
Inspired by film production company Pixar, Toy describes the publishing company as a "collective" in which authors will edit each other's work and cross-promote in their respective markets to help the company move forward.

"The spirit of Endeavor," Toy told *Insider Louisville*, "is we keep pushing forward."



Andrew Toy





Chase Southard, vice president of engineering, works on website coding at MakeTime's Lexington headquarters for the on-demand manufacturing platform that connects buyers of small-batch jobs with idle machine shop capacity. The company had more than 600 suppliers and 700 purchasers on its platform as of mid-October. There are more than 40 employees in Lexington and 12 in the Ukraine.

MakeTime Restructures Manufacturing RFQs

Lexington startup successfully building an automated market for machine shops and customers

BY MICHAEL AGIN

LEXINGTON-based digital startup MakeTime is getting real-world traction taking on “one of the world’s greatest problems” – one that bogs down industrial innovation itself – by successfully tapping its roots in the rural economy of Henderson, Ky., where hard work and a “bootstrap” mentality is how families survive.

“The economic cycle was up and down. It was always successful, but never easy,” said CEO Drura Parrish, now 40 with a wife and two young daughters. “I always joked that living in this kind of world, you grow up in a Cadillac one week and barefoot the next. It just never sat right with me. In Henderson, if you laid off



Drura Parrish, Founder/CEO, MakeTime

one person, it was like 50 percent of the population. It was hard watching things change, particularly in the 1980s.”

From the 1970s until he left in 1994 as one of the first college-bound members of his family, Parrish observed his grandfather – “a bootstrap guy” – and his father build a substantial Henderson manufacturing company from the ground up. The result, Scott Industries LLC, does custom fabricating of fiberglass and foam insulation products.

Additionally, he observed how machine shops in the area struggled to fill the time on their machines.

In 2014, those experiences sprouted into MakeTime, an on-demand manufacturing platform that may help propel a U.S. industrial revolution and “reshoring” of millions of jobs. MakeTime qualifies and connects buyers of small-batch machining jobs, such as a com-

pany developing a product, with idle machine shop capacity.

“It always stuck in my mind that there were tons of things that needed to be made in the world,” Parrish said, “but where I grew up there were so many machine shops ... that were kind of quiet.”

Years of experience after leaving Henderson reinforced what he had seen in Kentucky. He attended DePaul University in Chicago for a psychology degree, then the world-renowned Savannah (Ga.) College of Art and Design. In Los Angeles, while earning a second master’s degree in architecture at the Southern California Institute of Architecture (SCI-Arc), Parrish worked in business development for a 3D printing company. He saw a variety of shops using computer numerically controlled (CNC) machines to make urethane-casting molds or various parts going into automobile or aerospace vehicles.

Yet, even on the vibrant West Coast, the shops did not have enough work – their machines were running only at 70 percent of their capacity. Owners had invested hundreds of thousands of dollars for computerized, robotic machining devices such as mills, lathes, lasers, waterjets and Swiss lathes, but they were turned off 30 percent of the time.

Meanwhile, Parrish regularly encountered innovators and designers of new industrial and mechanical devices who needed machining. Typically they had “very little connection to machine shops to make these things,” he said. “It struck me as odd, and it struck the very same chord from where I grew up.”

After accepting an opportunity to teach at SCI-Arc, Parrish learned more about design-based entrepreneurship and how one person’s ideas equal jobs. And this led him to begin focusing his academic and work time on The Problem:

“There are a lot of people wanting to make things, and then there are a lot of people who make things, and the two people don’t know how to get together. It’s a problem I’m obsessed with still.”

Have you heard of the internet?

He also began testing his solution: Convince machine shop owners to let him buy the idle time on their CNC machines at a fair price and finding customers who had something they needed made. Parrish earned a middleman cut when a match was made.

Initially, customers often were artists who needed metal cut and shaped or plastic molded into parts for artworks. Others, though, were innovators needing small-batch production of a prototype part for new products. Parrish was building a network of suppliers and purchasers.

Around 2006, Parrish returned to the commonwealth to become an instructor for the College of Design at the University of Kentucky, and “to carry on with solving The Problem.” He continued to buy idle machine time, selling to anyone needing parts built, and incorporated as Parrish Production. He also co-founded Land of Tomorrow, which exhibited and sold goods produced by Parrish Production for artists and designers.

Around 2013, Parrish recalls, the chairman of one company he was working with jokingly “...asked had I ever heard of the internet?”

“I was, like, ‘Got it!’ ” said Parrish, who had been executing the machine-time middleman role manually. “It totally clicked. I set out to put this on the web.”

MakeTime emerged as a startup business plan for an online marketplace to pitch to investors. The initial funding of about \$1.25 million soon came from private sources and from Kentucky Science and Technology Corp.

In June 2015, KSTC invested further, along with Palo Alto, Calif.-based Almaz Capital, for a total of \$2.65 million. Then in May 2016, an additional \$8 million came through the Boulder, Colo.-based Foundry Group with follow-on participation from Almaz Capital and KSTC.

“A couple of funding rounds and 55 people later, we are solving one of the world’s greatest problems, which is the speed of innovation, right here in Kentucky.”

MakeTime today

An operational MakeTime is completing its second year. After achieving key business goals, such as proof of concept, revenues and developing the web-based marketplace, the firm is working to “scale” and building a larger market. Its office in a simple building on High Street in Lexington has 43 employees. Another 12 software developers are based in the Ukraine.

Locating operations in Kentucky was a strategic decision because 30 percent of U.S. manufacturing is within a four-hour radius of the city. Major automotive and aerospace manufacturers are near, although MakeTime has clients nationwide. Its two-sided online platform at maketime.io is free to join.



Since its launch in 2014, MakeTime has attracted more than \$10 million in investment funding for its online business that connect buyers of parts and products fabricated by computer numerically controlled (CNC) machines with shops all over the United States that have idle capacity.

One side is the “Suppliers” – machine shops and factories – who post available production hours to make parts on CNC machines. Suppliers go through a rigorous qualification from MakeTime.

The other side are “Purchasers” – manufacturers and designers of parts – who upload the specifications for parts they need. MakeTime examines the parts to ensure they meet specifications of Design for Manufacturing (DFM) standards. MakeTime’s engineers also look for possible cost savings in the design.

As of late October, about 600 suppliers and 700 purchasers were signed up.

The web screens clients view to upload their data and see the process of selling their machine time or ordering

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Sources: NPR Digital Attitude Survey, NPR Listeners Panel, July 2012; Lightspeed Research, NPR Sponsorship Survey, November 2014. Percentages based on respondents who agreed with each statement, where “agree” = 7-10 on a 0-10 point scale.

Within 24 hours the algorithms of MakeTime's software platform automatically assess the design of a requested product for potential improvement, suggest a fair market price using 130 economic indicators, and offer the work to CNC machine shops able to fulfill the request.

the part look very much like shopping views offered by Amazon.com.

"We are trying to make ordering CNC parts as easy as going online and ordering a pair of socks," said Todd Pritts, chief product officer.

It is a major change from the traditional, time-consuming Request for Quote (RFQ) process, used by Purchasers to get bids from Suppliers and set a final price.

According to Pritts, another revolutionary change in the process is pricing. MakeTime offers a fair market price to both sides within 24 hours.

"Our platform essentially kills the RFQ," Pritts said. "We use data to produce fair market pricing."

MakeTime has thousands of machines on its platform now, he said, and its data science team analyzes how shops operate their machines, what costs they pay for operating the different types of machines, and what they charge for using them. The same data analysis is going on for the manufacturers. MakeTime has developed a complex pricing algorithm.

The company has identified about 130 economic indicators that affect prices: everything from changing gasoline prices to fluctuating metals costs to a hurricane shutting down East Coast ports.

Another major MakeTime benefit, said Director of Marketing Kasey Hall-Murphy, is eliminating the weeks involved in the clunky RFP process. According to MakeTime, its unique fulfillment process cuts production time up to 75 percent compared to traditional supply chain management.

"We are looking at doing production in a matter of days versus a matter of months," Hall-Murphy said.

The number of machine hours offered by Suppliers varies every day, but on one late October day, 180,000 machine hours were for sale. Suppliers range from mom-and-pop shops with one to three types of devices, to major oil and gas machine-shop operations with 20 or more CNC technologies.

Purchasers, 60 percent of whom are repeat customers, have uploaded thousands of parts into their "libraries." Sign-ups grew 45 percent last quarter, said Hall-Murphy.



Todd Pritts,
Chief Product
Officer,
MakeTime



Purchasers include VEGA Americas Inc. of Cincinnati, which is a global manufacturer of process instrumentation with products that include sensors for measurement of level, point level and pressure.

VEGA is an "exciting story for us," Hall-Murphy said. "Within 10 days of signing up in our platform, we were able to place 27 different prototype parts, which is insane, even for us."

When MakeTime achieves a "match" between the two parties, it earns a 15-20 percent commission. The average transaction is about \$5,000 in revenue. The company earned about \$2 million in gross transactions in its first year, and is on pace to surpass that amount in 2016.

Beyond price setting, MakeTime's platform offers other services such as:

- Distributing a parts order to one or more suppliers.
- Monitoring the part's production and taking quick steps to keep on-time delivery.
- Guaranteeing quality (every order is backed by a surety bond to ensure quality).
- Showing online to all parties what the progress is on each order.
- Delivering the parts.
- Making re-ordering of parts simple.

Growing a startup in the Bluegrass

MakeTime has proven the concept and the product market fit, Parrish said; the next challenge is "how to build a technology company in the Bluegrass." It was a very involved process to recruit the core team to Kentucky, and building its team continues to be a challenge.

In the Midwest and the South, in general, "the term startup is a very suspicious term," Parrish said. "The risk and reward is not as clear as it is on the Coast." It is a different proposition than going to work for a Fortune 100 company.



Kasey Hall-Murphy,
Director of
Marketing,
MakeTime

"We've been unbelievably fortunate in the team that we built," Parrish said. "You get a type of workforce that is scrappier, more amenable to moving with the market, and less dogmatic — people who, like my parents and grandparents, were entrepreneurial, meaning farmers or some kind of trade, so they understand what it means to make a dollar. Funding, taking venture capital, is not taken for granted. It's seen as essential to grow exponentially and to maintain capital efficiency. So it has been a wonderful, unique experience."

But the MakeTime team believes they are enabling an industrial revolution.

"This is the thing that I really pride our company on," Parrish said. "We are tackling, literally, the largest chunk of our GDP (gross domestic product) in the United States, which is durable goods. You're not going to solve that problem with an ice pick or a safety pin; you're going to solve that with some heavy-duty equipment in terms of thinking. That requires a flexible, amazing kind of mind, which is the type of people we have hired."

They are creating a robust software tool that eliminates the menial work of getting a part into production, freeing up the industrial product manufacturer to "spend more time thinking about the next gear that is going to revolutionize battery-powered forklifts, or whatever it is. It is all about speed."

"We don't want to just be a successful company. We want to change an industry that has needed to be changed for quite some time," Pritts said.

U.S. manufacturing is not declining but getting smarter, he said, and MakeTime is helping to replace "outdated ways in which we do the work. As this starts to shift, and we start to share more resources across a larger environment, we are going to see some big numbers. We are going to see some turnarounds very quickly." ■

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

SPOTLIGHT ON THE ARTS

Cutting-Edge Creativity

Upcoming Creative Industry Summit will spotlight video game development

WHEN people think of Kentucky, bourbon, Thoroughbreds and basketball probably come to mind first. There is, however, an emerging industry that many Kentuckians would not immediately think of when touting the Bluegrass State's products – video-game development.

Yet that industry is gaining a foothold in Kentucky, according to George Landon, an assistant professor of computer science and director of Eastern Kentucky University's Gaming Institute. Landon said there are now about 10 studios in Kentucky focused on game development, and several smaller teams scattered throughout the commonwealth working on various game projects.

The video game industry's emerging role in Kentucky will be just one of the topics at the Kentucky Arts Council's third annual Creative Industry Summit, which will be held Nov. 30 at the Lexington Convention Center. Registration for the event is \$15, and can be completed online at artscouncil.ky.gov.

Landon will be one of several presenters scheduled to conduct workshops and participate in panel discussions on the state's creative industry, including how that industry can be harnessed to positively affect community and economic development at the local level.

Landon, who has been teaching game design-related courses at EKU for more than a decade, said that although the video gaming industry is most closely associated with the technology industry, the connections to the creative industry are

obvious if one steps back and examines the entire gaming experience.

"The industry needs people with visual-arts training – 2D art, animation, digital sculpting, 3D art," he said. "It also needs people who are creative writers, music composers, designers and performers for voice acting. It touches the entire array of the arts."



Students in the Eastern Kentucky University Gaming Institute interact in groups to program new video games.

The summit will also include training tracks for individual artists to learn more about the day-to-day housekeeping side of their creative business. Sessions will focus on branding, marketing, social-media strategies, contracts, copyright and tax tips.

For those who are interested in growing their local arts scene, there is a community arts track with sessions on how to plan and execute public art projects. It will also examine the variety of resources available through the arts

council to aid in cultural documentation and taking inventory of a community's creative assets. These sessions are ideal for community-elected officials, tourism personnel, Main Street directors, chamber of commerce staff and members, and others who work in community and economic development.

Among the presenters at this year's summit is Beth Flowers, director of AIR Institute of Berea College. One of the AIR Institute's goals is to merge the creativity of the arts with the innovation of business.

"I am so inspired by the wealth of authentic, creative voices in Kentucky," said Flowers, who is a transplant from Colorado. "Making and creating is so much a part of every community that I've encountered in the last year. There is such a deep history and commitment to craft and expression that is not as nationally recognized as it should be."

Flowers' presentation, entitled "Arts Builds Business Builds Arts," will lead attendees through small group exercises designed to establish the common ground between businesses, the community and artists. It's a way to inspire new ways of thinking about those relationships.

"I think our challenge is to expand our own local value of our artists and creatives, and truly make creativity a part of the fabric of everyday life so that art and creativity are seen as essential to the economic vitality of our communities," Flowers said.

For more information on the summit, contact Emily B. Moses at emilyb.moses@ky.gov or (502) 892-3109. ■



Lori Meadows is executive director of the Kentucky Arts Council.

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Christmas Play-Time

Theater companies across the Bluegrass add to holiday merriment

BY KATHERINE TANDY BROWN

IT'S that hurried holiday time of year already. In the midst of shopping for and hiding the perfect gifts, hauling the kids to practice for this or that, baking holiday goodies, volunteering to help the needy, and maybe even stuffing a pillow under your shirt to play Santa, wouldn't you like to just take an afternoon or evening off, sit back and be entertained, without even having to pick up the remote?

To borrow a line from Shakespeare, "The play's the thing." And fortunately, that is indeed the case across Kentucky. All you have to do is pick one, grab a ticket and show up.

'The Best Christmas Pageant Ever'

Bowling Green, Dec. 1-4 and 8-11

pykby.org
(270) 781-6233

If you haven't yet seen "The Best Christmas Pageant Ever," the Public Theatre of Kentucky's musical adaptation of this hilarious, touching play is sure to tickle your funny bone. The worst kids in the history of the world crash Sunday school and – even though they've never heard the age-old Bible story – demand parts in the Christmas pageant. Biting and cigar-smoking ensue. But the show must indeed go on, and it's up to the director and reverend to make that happen.

The actors of Hardin County Playhouse, who last year presented the classic "A Christmas Carol" by Charles Dickens, this season will perform "The Game's Afoot" at Plum Alley Theater in the State Theater Historic Complex in downtown Elizabethtown.

A take-home bonus...you'll realize that even full of sugar, your kids aren't that bad after all!

A Dickens' Christmas Carol

Lexington, Dec. 2-4 and 9-11

parks.ky.gov/parks/historicsites/waveland/events.aspx
(859) 272-3611

Talk about a perfect setting for A Dickens' Christmas Carol. Waveland State Historic Site is presenting scenes from this perennial holiday favorite and it turns out that Dickens was actually writing his literary classic (1843) during the same time the stately brick Antebellum home was being built (1844 to 1848). Bring the kids an hour early for a reading and photos with

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Santa in the barn, then follow the ghostly action room-to-room as the drama plays out in front of you.

An Evening of One-Act Plays

Frankfort, Dec. 1-4
grandtheatrefrankfort.org
 (502) 352-7469

Celebrating Christmas is the theme of the Bluegrass Theatre Guild's An Evening of One-Act Plays. The first is based on O. Henry's poignant short story, "Gift of the Magi," about a young couple who deal with the challenge of gift giving without much money. The second, "The Silent Bells," is the tale of a little girl who hopes to break the mysterious silence that has kept the bells of her church from ringing for 200 years. First, however, the right gift must be given to the church's Christ in the crèche, one that will make the babe smile and the bells ring.

The venue itself is worth a visit. Opened after an extensive renovation in 2009, the Grand Theatre in the state's capital of Frankfort is a \$5-million, 248-seat, state-of-the-art performing and visual arts theater once home to vaudeville shows, silent movies and finally, "talkies" and plays.

'A Charlie Brown Christmas'

Pikeville,
 Dec. 1, 2 (a JWT fundraiser auction and dinner theater)
 Dec. 6 (\$10 Tuesday)
 Dec. 8-10, 13, and 15-18
jwttheatre.com
 (606) 886-9274

Ensnconced in its wintertime home, the Jenny Wylie Theatre (JWT) presents the "aww-inspiring" play "A Charlie Brown Christmas," starring late cartoonist Charles Schultz's beloved characters. Smile along with Charlie Brown, Lucy, Linus, Snoopy and the gang as they learn the true meaning of Christmas as they practice and produce the school Christmas pageant.



It's hard to top the Waveland State Historic Site just south of Lexington as a setting for "A Dickens Christmas Carol." The mansion was being built at the same time the British writer was creating his 1843 classic.

If the theater company's name sounds familiar, it should, since the troupe began with a rendition of "South Pacific" in the outdoor summer theater at Jenny Wiley State Resort Park in 1964. You may have attended a JWT favorite once featured every few years, "The Legend of Jenny Wylie," the poignant story of the park's namesake, a pioneer woman who in the late 1700s escaped from Native American captors who had slain her family.

"A Charlie Brown Christmas" is but one of JWT's 2016 offerings.

'The Game's Afoot'

Elizabethtown, Dec. 9-11, 15-18
hardincountyplayhouse.com
 (270) 351-0577

Another company with history under its belt, the Hardin County Playhouse presents "The Game's Afoot" at Elizabethtown's Plum Alley Theater in the State Theater Historic Complex. Now in its 46th season, the troupe is community theater at

its best and promises to deliver hilarity along with fun-filled audience participation in this uproarious Christmas farcical whodunit. The time is December 1936 and Broadway star William Gillette, world-renown for his leading role in the play "Sherlock Holmes," has invited his fellow cast members to his Connecticut castle for a weekend of revelry. But when a guest is stabbed to death, the festivities turn dangerous in this isolated house of tricks and mirrors. It's up to Gillette himself, as he assumes the persona of his beloved Holmes, to track down the killer before another victim appears.

'Doctor! Doctor'

Carrollton, Dec. 31
parks.ky.gov/parks/resortparks/general-butler/
 (502) 732-4384

It's no mystery that a night out to ring in a brand new year can be the ticket for post-holiday fun, especially if you can park your car, celebrate and spend the night. Thanks to Kentucky State Parks, you have options at several properties. One of those is a New Year's Eve Dinner, Play and Dance at General Butler State Resort Park. As at every park, supper is a treat, and the menu could include catfish, a Kentucky Hot Brown and good old Kentucky country ham. Next comes the play "Doctor! Doctor!," your prescription for laughter. A small town goes into a tizzy when their long-time physician decides to retire. Expect zany characters, delightful tunes and small-town charm. Bring your dancing shoes, for afterwards, a live band will lure you onto the dance floor. Check the website for budget-friendly packages that include overnights in the park's hilltop lodge overlooking the Ohio River. ■

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



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GE Takes Manufacturing into the Classroom

IN case you missed it, Oct. 7 was “Manufacturing Day” in the United States, designated to celebrate modern manufacturing and educate and inspire the next generation of manufacturers. Louisville-based GE Appliances seized the opportunity to showcase its high-tech, fast-paced manufacturing facility to 4,500 Jefferson County students and highlight the career opportunities that today’s manufacturing industry provides – even though the company generally doesn’t allow anyone under 17 or 18 in the plant.

GE engineered a virtual field trip for the students that demonstrated its 3D printing in action in one of the state’s largest rapid prototyping centers, and took them through the company’s production facility for bottom-freezer refrigerators and the state-of-the-art training facility that are all located on GE’s 900-acre Appliance Park campus in Louisville.

“Seeing is believing,” said Bill Good, vice president of manufacturing for GE Appliances. “To get students excited about manufacturing, they need to see how we manufacture today. With the virtual field trip, we can expose more students than ever before to how manufacturing is more than just a job, it is a career where team members collaborate to solve problems, skills are constantly refined and those wanting to advance can receive training to continue to excel. Typically, students can’t come into Appliance Park until they are 17 or 18 years old, but we know that to interest students in manufacturing as a career option, they must see it and experience it at an earlier age ... that’s why we’re doing this and other things to bring manufacturing to them.”

According to the Bluegrass Economic Advancement Movement (BEAM) and the Kentucky Cabinet for Economic Development, the Louisville area’s manufacturing sector is an \$11 billion industry, representing 17 percent of the region’s economic activity and 13 percent of regional employment. But Greater Louisville manufacturers are not finding enough qualified candidates to sustain and grow their businesses. According to the Louisville Labor Market Report for 1Q 2016, there were nearly 2,000 advanced manufacturing skilled job openings, which demonstrates not only the demand for these jobs but the opportunity for those who choose a career path in the skilled trades.



GE photo

GE is conducting virtual tours of its Appliance Park plant in Louisville to Jefferson County students to help them learn about the types of careers modern manufacturing offers.

“In the same way colleges scout middle-school athletes, we need to be recruiting the next generation of manufacturers at an early age so they and their parents can select an educational path that prepares them,” said Louisville Mayor Greg Fischer. “Manufacturing is a huge driver of Louisville’s economic engine. To sustain and grow that important industry, we must create a robust pipeline of skilled trades and entry-level, work-ready manufacturing employees.”

Appalachian Hack-A-Thon Produces Solutions to Health Challenges

IN an effort to find creative solutions to the problems facing Eastern Kentucky, SOAR (Shaping Our Appalachian Region) held its first Appalachian Health Hack-a-thon Oct. 6-8 at The Center for Rural Development in Somerset.

A team from the Massachusetts Institute of Technology (MIT) facilitated the hack-a-thon, which convened 160 people with different backgrounds and expertise to form teams and collaborate within a limited timeframe. The goal was to bring together diverse minds to provide multiple perspectives regarding specific problems – and come up with innovative, disruptive ideas and solutions.

Hack-a-thon participants included students from Pikeville, Paintsville and Letcher County – who participated in the event virtually – working with their teachers, Kentucky Valley Educational Cooperative staff, local subject-matter experts and

software developers from Pivotal, a technology company based in New York.

Nineteen teams, including six student teams, focused their efforts on obesity/diabetes and substance abuse and presented their solutions to a panel of judges. Prizes for the most innovative solutions included up to \$1,500 in cash and the potential to work with business incubators and accelerators.

Among the winning ideas in the obesity/diabetes category were a “5-5-5 app,” which would encourage healthier lifestyles by drinking five glasses of water per day, eating five servings of fruits and vegetables and walking for five minutes five times per day; an online wellness site to help address lack of access to out-of-clinic preventative care; and an app rewards system for students in grades 3-12 that would encourage more activity.

In the substance abuse category, the

winning ideas included a mail-in needle exchange program to combat the spread of hepatitis C and HIV; creation of an app to connect providers and volunteers to help people experiencing a drug overdose; and development of a box that would send a signal via an NOAA satellite when opened to notify emergency personnel of a potential overdose.

“I didn’t know what to expect, but I was floored by the quality of presentations,” said Jack Kirn, a judge for the event who is a lecturer at the University of Kentucky as well as an entrepreneur who has managed both large and small privately held companies. “One of the best solutions came from a set of high school boys. I hope this builds momentum to jump start moving forward. These are great ideas to build upon. When you add on and add on, that’s when you get big ideas.”

Make Your Nominations for 2017 Ky. Small Business Awards

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Administration is seeking nominations for the 2017 Kentucky Small Business Person of the Year and other small-business awards.

The following categories will be open for submissions and judged at the Kentucky District SBA Office:

- Small Business Person of the Year
- Small Business Exporter of the Year
- Kentucky Financial Services Advocate of the Year



- 8(a) Graduate of the Year
- Kentucky Home-Based Business of the Year
- Kentucky Minority-Owned Small Business Person of the Year
- Kentucky Small Business Advocate of the Year
- Kentucky Small Business Media Advocate of the Year
- Kentucky Veteran-Owned Small Business Person of the Year
- Kentucky Woman-Owned Small Business Person of the Year
- Kentucky Young Entrepreneur of the Year

For a full description of the awards and instructions on how to apply, visit sba.gov/ky.

All Kentucky nominations should be mailed or hand-delivered to: SBA Kentucky District Office, Attention: Small Business Week Awards Committee, 600 Dr. M. L. King Jr. Place, Room 188, Louisville, KY 40202.

Nomination packages must be received by 3:00 p.m. EST, Jan. 10, 2017.

For questions, contact Michael Ashcraft at michael.ashcraft@sba.gov or (502) 582-5971, extension 225.

Protecting Your Business from Account Fraud

IT seems barely a week passes without a report of a company being a victim of cybercrime of some variety and cybercriminals are now targeting small businesses with increasingly sophisticated attacks. Criminals use spoofed emails, malicious software spread through infected attachments and online social networks to obtain login credentials to business accounts. They then transfer funds from the accounts and steal private information, a fraud referred to as "corporate account takeover."

"Small businesses are popular targets of cybercrime," said Mark A. Gooch, president and CEO of Pikeville-based Community Trust Bank. "Business owners are encouraged to minimize their exposure to online threats by educating their front-line employees and staying alert of any account or network activity that appears suspicious."

Combating account takeover is a shared responsibility between businesses and financial institutions. The following steps can help ensure that your company is taking the necessary precautions to avoid account takeover:

- Educate your employees. Your employees are the first line of defense against corporate account takeover. A strong security program paired with employee education about the warning signs, safe practices and responses to a suspected takeover are essential to protecting your company and customers.
- Protect your online environment. It is important to protect your cyber environment just as you would your cash and physical location. Do not use unprotected internet connections. Encrypt sensitive data and keep updated virus protections on your computer. Use complex passwords and change them periodically.
- Partner with your bank to prevent unauthorized transactions. Talk to your banker about programs that safeguard you from unauthorized transactions. Positive Pay and other services offer callbacks, device authentication, multi-person approval processes and batch limits help protect you from fraud.
- Pay attention to suspicious activity and react quickly. Look out for unexplained account or network activity, pop ups and suspicious emails. If detected, immediately stop all online activity and remove any systems that may have been compromised. Keep records of what happened.

Understand your responsibilities and liabilities. The account agreement with your bank will detail what commercially reasonable security measures are required in your business. It is critical that you understand and implement the security safeguards in the agreement. If you don't, you could be liable for losses resulting from account takeover.



GoKy Website Replaces 511 for Ky. Highway Info

JUST in time for the holiday travel season, Kentucky has unveiled a new online traffic and road-information portal to replace the traditional 511 travel and weather phone system.

GoKy.ky.gov provides access to up-to-date information on traffic conditions, construction activity and the Kentucky Transportation Cabinet's response to weather-related events, as well as updates from Waze, a real-time traffic reporting application based on crowd-sourced information.

To provide travelers with a mobile option, KYTC encourages motorists to download the free Waze application. Since 2014, the Cabinet has participated in a public-private partnership with Waze CCP (Connected Citizens Program). Both entities provide a free exchange of real-time data every two minutes, giving drivers a clearer understanding of roadway events. The app provides turn-by-turn navigation as well as traffic reporting.

To request Safety Assistance for Free-way Emergencies (SAFE) Patrol in cases of a vehicle breakdown or to report incidents, motorists will be directed to call 877-FOR-KYTC. In addition, the former 511 smart phone application will no longer be offered or operational. The text and email alert feature has also been discontinued.

According to the Transportation Cabinet, call volume to 511 has dropped by nearly 40 percent over the last two years. They ultimately determined that phasing out the phone system will save taxpayers up to \$750,000 annually.

KENTUCKY PEOPLE

GEORGETOWN: RADEKE HONORED WITH AWARD FOR EXTRAORDINARY NURSING



Tanya Radeke, a registered nurse who works in the bariatric and ICU units at Georgetown Community Hospital, was recently recognized with The DAISY Foundation's Award for Extraordinary Nurses. Headquartered in California, The DAISY Foundation is a not-for-profit organization that supports and recognizes the extraordinary contributions nurses make to their patients and their profession. Pictured here, left to right, are: Stephane McDonald, Georgetown Community Hospital DAISY Award coordinator; award recipient Tanya Radeke; and Donna Davis, Georgetown Community Hospital chief nursing officer.

IRVINE: COLUMBIA GAS GRANT HELPS PROVIDE ACCESS TO 3D MAMMOGRAPHY



Columbia Gas of Kentucky has awarded a \$10,000 grant to the Marcum & Wallace Memorial Hospital in Irvine that will be used to help provide access to 3D mammograms for women in Estill County and the surrounding communities. 3D mammography is able to detect breast cancer at its earliest possible stage. According to MWMH officials, a large percentage of women in the hospital's four-county service area report foregoing regular breast cancer screenings; consequently, the breast cancer mortality rates for the area exceed state and national averages. Pictured here at the check presentation are (left to right) MWMH Foundation Board Chair Penny West; MWMH Director of Development Arielle Estes; Columbia Gas of Kentucky President Herbert A. Miller, Jr.; MWMH Director of Radiology Sharon Whitaker; and MWMH President and CEO Susan Starling.

LEXINGTON: LEGENDS CEO SHEA MAKES WINNING PLAY IN DIABETES FUNDRAISER



Andy Shea (left), president and CEO of the Lexington Legends minor-league baseball team, was the winner of the American Diabetes Association's "Kiss a Pig" fundraising campaign, raising more than \$45,000 for the organization. Shea, shown here with Kristina Green, was one of 10 local celebrities in whose names donations could be made. As the winner, Shea had the honor of kissing a pig – who has subsequently been named "Pig L" in reference to the Legends' mascot, Big L. Pig L is now part of the Shea household and is expected to occasionally visit Whitaker Bank Ballpark for some of the Legends' games next season.

LOUISVILLE: DOCTORS' BALL CELEBRATES INNOVATIVE PHYSICIANS AND LEADERS



The 21st annual Doctors' Ball, hosted by the Jewish Hospital & St. Mary's Foundation (part of KentuckyOne Health), was held on Oct. 15 at the Marriott Louisville Downtown, recognizing some of the area's most innovative and caring doctors and community leaders.

Proceeds from the black-tie event will benefit Frazier Rehab Institute's Pulmonary Rehab Center, which is currently planning an \$825,000 expansion and renovation project. Pictured above are (left to right) Martin Steltenpohl, Morgan Mottley, Fayme Hayes, Anuj Rastogi, Su Kang, Michael Frazier, Marcy Bates and Christopher Bates. Pictured in the smaller photo is Doctors' Ball MC Jean West (left) with Maura Temes.



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A young man with short brown hair is smiling broadly at the camera. He is wearing a blue zip-up jacket with a white 'UK' logo on the left chest over a light blue t-shirt. He is standing in front of a dark wooden bookshelf filled with books. His right hand is raised, touching the spines of books on a higher shelf. The text 'Make your impact on the Commonwealth' is overlaid in white in the top right corner.

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