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KENTUCKY'S BUSINESS NEWS SOURCE FOR 31 YEARS

FEBRUARY 2016

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## Kentucky's Living Legend Distillers

Their decades of dedication to quality  
made Bourbon a \$3 billion industry

Page 26

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## 23 ELDER CARE INSURANCE MATURING

State's lawmakers bank on private long-term care policies to manage rising costs for elder care

## 26 COVER STORY KENTUCKY'S LIVING LEGEND DISTILLERS

Decades of dedication to quality make bourbon a \$3 billion industry

## 30 LEGAL PRACTICE MAKES PROFITS IN 2015

Firms that are keeping up with growing demand in a fast-changing economy expect a prosperous year

## 32 CPA'S COUNTING ON BEST YEAR IN A DECADE

Online sales benefit the logistics sector, while the construction, healthcare and bourbon industries continue to be strong

## 36 BOUTIQUE LAW MAINTAINS ITS APPEAL

Many attorneys find small specialty firm work offers satisfaction and control



### On the Cover

Bill Samuels Jr. (from left) of Maker's Mark, Harlan Wheatley of Buffalo Trace, Chris Morris of Woodford Reserve, Jimmy Russell of Wild Turkey, and Jim Rutledge of Four Roses all have played key roles in the past several decades in turning Kentucky bourbon into a \$3 billion (and growing) industry known around the world.

### Departments

4 Perspective

6 Fast Lane

14 Interstate Lane

15 Kentucky Intelligencer

16 Corporate Moves

17 On the Boards

18 Lane One-on-One:  
Philip Patterson  
Chief Executive Officer,  
Owensboro Health

22 Lane List

34 Emerging Lane

39 Spotlight on the Arts

40 Exploring Kentucky

42 Passing Lane

44 Kentucky People



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## PERSPECTIVE

### U.S. VOTERS TODAY FEEL BETRAYED

Fed up with broken promises,  
voters now looking to 'outsiders'

BY PAT FREIBERT

**M**EDIA heads and other self-styled election experts are puzzling over voter polls that consistently favor "outside the establishment" candidates. It is not all that difficult to assess. Simply put, voters right now do not trust their present Washington representatives to tell the truth, to keep their promises or to fight for what they believe is right. Perhaps the president's description of ISIS as a "JV team" more aptly describes the U.S. House of Representatives and U.S. Senate following their recent approval of the Omnibus Spending Bill.

The Consolidated Omnibus Spending Bill passed by Congress and signed by the president just before Christmas gives the president nearly everything he asked for and grants him inordinate power over the nation's spending for his final year in office. Contained in this \$1.1 trillion Consolidated Spending Bill of 2,009 pages are numerous provisions that many members of both the House and Senate previously vowed to oppose. That earlier opposition, and their support for competing spending priorities, were key elements in some landslide victories in the 2010 and 2014 elections, changing control of the U.S. Senate and solidifying existing control of the U.S. House.

Voters feel betrayed and seem to be adopting a "throw the bums out" attitude with a willingness to try another new team of "untainted outsiders." Hence, the popularity of "outside the establishment" presidential candidates in hopes of electing newcomers more responsive to voters and more willing to fight to keep their election promises. This phenomenon is decidedly apparent in the GOP presidential primary campaigns.

The Consolidated Omnibus Bill fails to stop the president's executive amnesty, which two federal courts have said is illegal; it quadruples the H-2 foreign guest worker program, which imports low-skilled foreign workers for blue-collar jobs that millions of Americans can do, despite new House Speaker Paul Ryan's promise not to consider more immigration legislation

until President Obama leaves office. (Remember the national scandals last year when Walt Disney Co. and Southern California Edison fired 250 and 400 employees respectively and both companies required their laid-off American workers to train those brought in from India?). The bill also fails to address multiple problems raised by Republican with Obamacare; it does nothing to limit federal subsidies to Sanctuary Cities that refuse to enforce laws against illegal immigration despite events like the murders of Kate Steinle and others by illegal immigrants who had previously been deported, and other items previously touted as important to the House majority. While Democrats and the President celebrated their victory in achieving spending even above what the President requested, the Republicans spoke only of "the process," not goals or priorities for spending.

This spending measure is predicated on the U.S. government borrowing the necessary money to fund it, just as it has been doing since the days of President Woodrow Wilson. It increases funds for the IRS despite the corruption uncovered there and falls short on any meaningful reform in care for our veterans. In spite of vocal support for more adequate funding for defense and security, that area did not prosper. The document reflects the priorities of President Obama and those Americans who demand "free stuff." If elected officials do not keep their campaign promises or at least fight for them, where can voters turn? And if political correctness and pandering to special interest groups provide the priorities for a nation, what is the remedy?

Thomas Jefferson had wise counsel for a remedy in a letter to James Madison in 1787: "I hold it, that a little rebellion, now and then, is a good thing, and as necessary in the political world as storms in the physical." Yes, a little rebellion – not with tanks and weapons but rather at the ballot box.

Voters will continue to more closely consider candidates not associated with "the elite establishment" until they find candidates who will be faithful to their campaign promises – candidates who will at least fight for their beliefs. The current House of Representatives' majority, its new Speaker and the Senate majority did not even fight. ■



Pat Freibert is a former Kentucky state representative from Lexington. She can be reached at [editorial@lanereport.com](mailto:editorial@lanereport.com).





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# FAST LANE

A compilation of economic news from across Kentucky

## LOUISVILLE: GENERAL ELECTRIC FORGES \$5.4 BILLION DEAL TO SELL ITS LOUISVILLE APPLIANCE DIVISION TO HAIER



GE produces French door refrigerators at its plant in Louisville, along with dishwashers, water heaters, and laundry appliance.

BARELY a month after terminating a \$3.3 billion deal to sell its Louisville-based appliance division to **Electrolux** amid regulatory concerns, **General Electric** announced on Jan. 15 that it has signed a definitive agreement to sell the business to **Qingdao Haier Co.** for \$5.4 billion.

Headquartered in China, Qingdao Haier was recently ranked by Euromonitor International as the No. 1 major appliance brand in the world based on market share. The company's major brands include Haier, **Casarte**, **Leader**, **Aqua** and **Fisher & Paykel**.

In announcing the new deal to GE Appliances employees, CEO Chip Blankenship said, "Haier is a large, contemporary company with \$32.6B in revenue, 72,000 people and operations in 100 countries. With that said, they have very limited presence in the U.S. There is minimal overlap of either resources or product sales, which means we anticipate a quick clearance through the regulatory process."

Louisville will continue to serve as headquarters for GE Appliances and Blankenship said Haier plans for the GE management team to remain in place as well.

GE currently has employs approximately 6,000 people at its plant in Louisville, where it produces dishwashers, refrigerators, water heaters, washing machines and dryers.

In addition to the sale of the appliance division, GE and Haier also announced a long-term partnership in which GE will help Haier enhance the efficiency of its manufacturing plants, while Haier will help implement GE's **Predix** platform. Both companies will work together on opportunities to develop and grow affordable consumer health initiatives in China.

## HEBRON: CVG FLYING HIGH AS PASSENGER AND CARGO FIGURES RISE, FARES FALL AND AIRLINES ADD ROUTES

AFTER years of high airfares and few choices among airlines, travelers are finding a plethora of change at the **Cincinnati/Northern Kentucky International Airport (CVG)**.

In 2015, airfares dropped nearly 17 percent from the previous year, primarily due to the airport's success in diversifying its carrier base with a mix of traditional and low-cost airlines. Furthermore, those carriers are continuing to add more routes and service.

**American** is now offering flight service to New York's **LaGuardia Airport**, one of the most in-demand markets for business travelers in the CVG market according to Kenton County Airport Board Chair J. Michael Schlotman, and **Allegiant Travel Co.** is expanding its offerings out of CVG with the addition of flights to Destin, Fla., and Washington, D.C. To support its expanded presence at CVG, Allegiant recently established a base of operations there and has hired more than 100 new local employees, including pilots, flight attendants and support staff. Meanwhile, **Frontier Airlines** is adding nonstop flights to Los Angeles, San Francisco, Houston and Philadelphia and is bringing back seasonal nonstop service to Atlanta, Phoenix and Dallas.

This builds on positive figures from 2015, which showed a 6.6 percent increase in passenger traffic over the previous year – the largest increase since 2005 – and an 11.3 increase in cargo traffic. Cargo volume at CVG has increased more than 50 percent since 2011 and CVG continues to be North America's fastest-growing cargo airport.

"Our new mission statement says, 'we want CVG to be the airport of choice to work for, fly from, and to do business with,' and these results clearly indicate we are moving in the right direction," said Schlotman.



Frontier Airlines is one of three carriers adding new routes at the Cincinnati/Northern Kentucky International Airport.

## STATE: VISITORS CONTINUE TO HIT KENTUCKY BOURBON TRAIL IN RECORD NUMBERS

WITH the number of distilleries across Kentucky continuing to grow, the popularity of the **Kentucky Bourbon Trail** and the **Kentucky Bourbon Trail Craft Tour** have grown as well, setting an all-time attendance record in 2015 with nearly 900,000 visitors.

That means the popular tourism attraction has more than doubled its attendance in just five short years, said Eric Gregory, president of the Kentucky Distillers' Association, which created the Bourbon Trail in 1999.

"What a phenomenal success story," Gregory said. "The growth and impact of the Kentucky Bourbon Trail is advancing Kentucky tourism beyond our wildest dreams. The entire commonwealth is seeing tremendous benefits from the increased investment and revenue."



The Kentucky Distillery Association created the souvenir Bourbon Trail passport program in 2007 to encourage visitors to complete tours of all the distilleries on the trail. Since then, nearly 90,000 people have finished the tour.

Bourbon tourists, on average, spend \$1,000 on their trip, according to an economic impact study conducted by the **University of Louisville**. More than 85 percent are from outside Kentucky, the study found. In addition, they also stay longer and come in larger groups than typical tourists.

To meet the growing global thirst for Kentucky's signature spirit, distilleries across the state are in the midst of a \$1.3 billion building boom that includes new tourism centers and expanded production facilities.

"The impact is real and significant," Gregory said. "We get calls every week from local leaders who want a Kentucky Bourbon Trail distillery in their area. They know it means jobs and tax dollars and positive publicity."



## LOUISVILLE: \$23.5M INDOOR ORGANIC FARM OPERATION TO GROW LOUISVILLE JOBS



*FarmedHere works closely with local vendors to get produce from harvest to store within 48 hours, and to ensure distribution remains within 200 miles of the operation.*

**F**ARMEDHERE, a company that specializes in indoor organic vertical farming, is investing \$23.5 million to locate a year-round indoor farm and food processing facility in west Louisville, creating 40 new jobs.

The company plans to lease 60,000-s.f. feet in the **West Louisville Food-Port**, a 24-acre campus being developed to house food-related businesses. FarmedHere is one of several businesses to commit to operating at the Food-Port. Other businesses include **The Weekly Juicery**, **Piazza Produce**

and **Just One Organics**. Construction is expected to begin in August and businesses will begin their operations approximately 14 months later.

FarmedHere expects to work with traditional farmers rather than compete with them by growing produce in seasons when traditional farmers cannot, and by offering produce not supported by the Kentucky climate. By growing entirely indoors with complete control of all variables, FarmedHere eliminates many of the obstacles traditional agriculture faces, including bugs, diseases, pesticides and weather.

FarmedHere opened its first vertical farm in Chicago in 2010 and currently sells to many large grocery stores in the Greater Chicago area, including **Whole Foods** and **Mariano's**, a division of **Kroger**.

## PIKEVILLE: UPIKE STUDENT TEAMS WINS INTERNATIONAL BIZ PLAN COMPETITION

**A** team of five **University of Pikeville** graduate students won their fifth consecutive business plan competition on Jan. 23 at the IBK Capital – Ivey Business Plan Competition in London, Ontario, Canada, defeating several top-ranked teams during the elite, graduate-level competition.

Team Rhizofeed, a group that includes Molly Frank of Greensburg, Erica Newsome, Matthew Thacker and Justin Prater of Pikeville and Wesley Barnett of Cynthiana, has developed an organic feed additive for the poultry industry made from blood-root grown in Eastern Kentucky. Their all-natural, patented product was created to replace antibiotic use in the poultry industry and enable farmers to raise healthier, larger chickens while also reducing feed costs.



*The University of Pikeville's Team Rhizofeed includes (left to right) Erica Newsome, Matthew Thacker, Justin Prater, David Snow, Wesley Barnett and Molly Frank. The team won first place and a check for \$20,000 at the IBK Capital competition.*

## BUSINESS BRIEFS

### BOONE COUNTY

■ **FedEx Ground Package System Inc.** has confirmed plans for a \$150 million expansion of its operations in Northern Kentucky. The expansion will create 62 new full-time jobs.

### CALVERT CITY

■ **Westlake Chemical Co.** is investing \$130 million to expand the ethylene capacity at its integrated vinyls facility in Calvert City, where the company currently has nearly 400 employees as well 150 full-time contractors. Westlake's products are used to make a variety of construction materials, including pipe, windows, fencing, decking and film. The latest project comes on the heels of \$550 million invested in the Calvert City plant over the past five years. The company hopes to begin the expansion project by the end of the year.



### CORBIN

■ Louisville-based **Air Hydro Power Inc.** has acquired **The Hose House**, a Corbin company that has served the hydraulic and industrial hose industry for more than 34 years. The Hose House is currently a **Parker Fluid Connector**, **Parker Industrial Hose** and **Parker Mining Hose** distributor. AHP has specialized in hydraulics, pneumatics, electrical automation, and hose and fittings for more than 50 years, serving the Kentucky, Southern Indiana and Alabama markets. The company has more than 160 employees in 10 locations. The acquisition will provide AHP with its seventh Kentucky location.

### EDGEWOOD

■ **Grafcor Inc.**, a large-format printing company, is moving its Edgewood, Ky., screen printing presses and equipment to Richmond, Ind., where the company currently operates lithographic printing presses. The company, a subsidiary of Ohio-based **Innomark Communications**, said the consolidation will expand its range of capabilities and streamline printing services. The move to Richmond, where the company currently has approximately 20 employees, will affect 23 Kentucky jobs. Innomark Senior Vice President/General Manager Steve Zick said the company's existing Indiana facility, a low cost of living and "proactive state and local support" were determining factors in the decision to move.

### ERLANGER

■ **SSK Communities**, an Erlanger-based manufactured housing company, has acquired 1,110 home sites in two Evansville, Ind., developments. The acquisitions represent the sixth and seventh manufactured housing developments the company owns in Indiana and the first in the Evansville area. The company, which just celebrated its 20th anniversary in 2015, now owns and operates 31 communities throughout Indiana, Kentucky and Ohio.

### HEBRON

■ **SKF USA Inc.** has announced plans to move its North American automotive vehicle service market distribution and packaging operations from Hebron to its distribution and packaging facility in Crossville, Tenn. The Hebron facility packages, warehouses and distributes bearings, hub bearing units, seals and U-joints for the automotive and heavy-duty aftermarkets, as well as specialized product kitting to complement its offering to both markets and the original equipment market. The closure of the Hebron facility will affect 145 jobs.

### LEXINGTON

■ **Corrisoft**, a Lexington-based technology company that serves the corrections industry, has acquired **Paperless Business Solutions** for an undisclosed price. The Rochester, Ind., software company provides case management solutions to corrections agencies, drug courts and rehabilitative programs. Corrisoft said the acquisition "paves the way for the development of a single platform solution that enables multiple agencies to share, process, and manage the case files of individual offenders." Last year, Corrisoft was awarded the **Kentucky Department of Corrections** contract to provide tracking devices for home incarceration and electronic monitoring services for the Division of Probation and Parole.

## BUSINESS BRIEFS



### LEXINGTON

■ Louisville-based heavy equipment dealer **Whayne Supply Co.** is building a new 89,000-s.f. facility in Lexington to accommodate the company's growth in the region. The new facility, which is expected to be complete by the end of the year,

will feature an expanded product line in agri-business, earthmoving and power systems and will allow the company to expand its ability to offer body and paint services to on-highway trucks, buses and earthmoving customers in the area.

■ **KentuckyOne Health** has expanded its wellness programs with the opening of a new **Healthy Lifestyle Center** at Lexington's **St. Joseph Hospital**. With a focus on prevention and wellness, the Healthy Lifestyle Centers provide medically supervised exercise, nutrition counseling and stress management. The centers offer three distinct services: lifestyle medicine, a fitness membership program available to anyone who can benefit from exercise and education coordinated by nurses and exercise physiologists; cardiac rehab, a service covered by insurance for those with a qualifying heart condition; and the Ornish Reversal Program, an intensive cardiac rehab that focuses on lifestyle changes to slow, stop or reverse coronary artery disease. KentuckyOne launched its first Healthy Lifestyle Centers in Louisville in 2014.

■ **Allegiant** is expanding its presence at Lexington's **Blue Grass Airport** with the addition of flights to Washington, D.C. and Savannah, Ga. The Las Vegas-based carrier, which focuses on low-cost leisure travel, will begin flying the new routes in June.

■ **Keeneland's** five-day **January Horses of All Ages Sale** ended on Jan. 15 with gross sales of \$35,463,000, up slightly from the \$35,305,500 recorded during last year's four-day sale. This year's sale saw 1,040 horses sold versus 948 last year, with an average price of \$35,099, down 8.44 percent from \$37,242 in 2015. "The sales continue to bear two positive signs: market stability, despite a currently volatile economic climate, and the willingness of buyers to stretch their budgets for the exceptional horses," Keeneland President and CEO Bill Thomason said.

■ **Boxcar**, a public relations agency headquartered in Louisville, has opened a new office to serve the Lexington area. The agency was founded in 2011 and offers a variety of services, including public relations, public affairs, crisis communications, social media management and creative services.

■ Lexington-based **Tempur-Pedic** has introduced a new line of mattresses designed to help "hot sleepers" get a better night's sleep. A survey conducted by Tempur-Pedic polled consumers who owned all different types of major mattress brands and found that 46 percent described themselves as "hot sleepers." The company's new **Tempur-Breeze** line leverages proprietary technologies that promote a cooler, more restful sleep for those whose sleep is affected by being overheated.



### LOUISA

■ **Sullivan University** is expanding into Eastern Kentucky with plans to begin offering classes in Louisa later this year. The university, which has its main campus in Louisville as well as locations in Lexington and Fort Knox, has reached an agreement with the **Lawrence County Fiscal Court** to house a computer lab and classroom in an annex building adjacent to the Lawrence County courthouse. Sullivan will initially offer one physical class in Louisa, along with the school's full array of online courses, then add more classes and opportunities as enrollment grows.

## STATE: 10 KY HEALTHCARE SYSTEMS FORM STATEWIDE COLLABORATIVE

TEN healthcare systems across the commonwealth have formed the **Kentucky Health Collaborative** with a goal of raising the standard of care across the state, addressing Kentucky's poor health statistics, and reducing the cost of care through greater operational efficiencies.

Charter members of the collaborative include the following healthcare systems. (Parentheses designate the location of the organization's headquarters):

- **Appalachian Regional Healthcare** (Lexington, Ky.)
- **Baptist Health** (Louisville, Ky.)
- **Ephraim McDowell Health** (Danville, Ky.)
- **LifePoint Health** (Brentwood, Tenn.)
- **Norton Healthcare** (Louisville, Ky.)
- **Owensboro Health** (Owensboro, Ky.)
- **St. Claire Regional Medical Center** (Morehead, Ky.)
- **St. Elizabeth Healthcare** (Edgewood, Ky.)
- **The Medical Center** (Bowling Green, Ky.)
- **UK HealthCare** (Lexington, Ky.)

William L. Shepley has been named as the organization's executive director. Shepley, who has more than 25 years of experience as a healthcare executive at organizations such as the **Southern Atlantic Healthcare Alliance** and the **Coastal Carolinas Healthcare Alliance**, has devoted his career to developing and managing multi-facility alliances and networks to guide organizations through changes in the healthcare delivery system.

## LOUISVILLE: CAREER CENTER OPENS TO HELP FILL RISE IN HEALTHCARE JOBS

KENTUCKIANWORKS, an organization that works to help build the Louisville-area's workforce by assisting employers with their human resource needs, has opened a new one-stop jobs center that focuses on connecting people with the rising number of healthcare jobs in the region.

The **Kentucky Health Career Center** provides training, career advice and other services for job seekers as well as screening and talent-search assistance for local healthcare providers to help them meet the growing demand for nurses, technicians and other skilled positions in hospitals, long-term care and other facilities.

Healthcare jobs and wages are both rising in the region according to recent data released by the city. There were more than 3,700 jobs posted in the Louisville area in the third quarter of 2015, including nearly 2,000 positions open for registered nurses, jobs that have a starting pay of about \$50,000 a year.

This is the second career center created by Kentuckiana-Works to focus on a specific industry sector. The first, the **Kentucky Manufacturing Career Center**, opened in 2013. Healthcare and advanced manufacturing are two of the industry growth sectors identified as key to the Louisville area's economy by Mayor Greg Fischer and Louisville Forward, the city's economic development office.

The two specialized career centers are part of a regional network of career centers where job seekers in all industries can find jobs and education/training opportunities and employers can post openings for healthcare jobs.



*The Louisville area had nearly 2,000 open positions for registered nurses in the third quarter of 2015.*





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## BUSINESS BRIEFS

### LOUISVILLE

■ The **Neil Huffman Automotive Group** has expanded its **Honda** business into the Frankfort and Lexington markets through a trade deal with Cincinnati-based **Jeff Wyler Automotive Family**. As part of the transaction, which closed Dec. 1, Huffman sold its **Nissan** franchise on Shelbyville Road in Louisville for Wyler's Honda of Frankfort store. Along with the Clarksville (Ind.) and now Frankfort Honda locations, Huffman Auto Group will now run five dealership locations in Indiana and Kentucky and owns five franchises, including **Acura**, **Volkswagen**, **Subaru** and **Mazda**.

■ Louisville-based **Brown-Forman Corp.** has announced that it is selling its **Southern Comfort** and **Tuaca** trademarks to **Sazerac** for \$543.5 million. Brown-Forman CEO Paul Varga said the decision to sell the brands reflects the company's evolving portfolio strategy and a continuation of its efforts to focus resources on its highest strategic priorities. Other company brands include **Jack Daniel's** and **Woodford Reserve**, which have seen significant growth in recent years. Brown-Forman has marketed Southern Comfort since acquiring the brand in 1979. The company completed its acquisition of Tuaca in 2002. The Sazerac transaction is expected to close by March 1.



■ The **Kentucky Association of Electric Cooperatives**, a statewide association that provides services for the 24 consumer-owned electric distribution utilities in the state, is closing its transformer manufacturing operation in Louisville as it shifts to a distribution-only business model that it says will ultimately provide more value and stability for its members. The assets of the transformer plant are being sold for an undisclosed amount to Tennessee-based **Electric Research and Manufacturing Cooperative Inc.** (ERMCO). As part of the agreement, KAEC affiliate **United Utility Supply** will become a distributor of ERMCO transformers. The closure of the Louisville transformer plant will result in 94 jobs being lost, according to information filed with the state.

■ **Thorntons**, a convenience chain retailer headquartered in Louisville, has broken ground on a \$27.8 million corporate store-support center in eastern Jefferson County. The new 92,500-s.f. facility will provide twice the space of the company's existing 46,000-s.f. facility. Thorntons was established in 1971 and remains a family-owned, privately held company. The expansion will add 110 new jobs.



■ With the bourbon and tourism industries in Kentucky continuing to grow, Louisville-based **Mint Julep Tours** is expanding to meet increased demand for its services. The company, which offers a variety of tour options ranging from bourbon distillery and horse farm tours to city and culinary tours, is relocating to

a larger property east of downtown Louisville. The new property currently has a 7,700-s.f. building on site and plans call for the construction of an additional 7,500-s.f. structure to serve as a vehicle garage. The company anticipates doubling the size of its 10-vehicle fleet over the next few years and staffing – which presently includes 10 full-time employees and 23 contract employees – is expected to increase by 15 percent or more per year moving forward.

### MERCER COUNTY

■ **Louisville Gas and Electric Co.** and **Kentucky Utilities Co.** say plans are on track to open their new utility-scale solar facility in Mercer County by late spring. Construction of the new 10-megawatt facility will begin this month and will consist of more than 45,000 solar panels on a fixed-tilt rack system that will be positioned to optimize the available sunlight for producing energy. Considering all available hours of sunlight, the panels are projected to produce 19,000 megawatt hours of energy, enough to provide energy to 1,500 homes based on a usage of 1,000 kilowatt hours per month.

## LEXINGTON: BIG ASS SOLUTIONS GETS BIGGER AS HOME DIVISION ADDS JOBS

**B**IG Ass Solutions, the parent company of **Big Ass Fans** and **Big Ass Light**, is adding 100 jobs to support the expansion of its residential division, **Haiku Home**.

As part of the expansion, Haiku Home will add a new model to its residential ceiling fan line and introduce two new products: a ceiling-mounted LED light fixture and a wireless wall control. The company also plans to introduce an advanced high-efficient HVAC system next year.

The new products will feature built-in temperature, humidity, ambient light and occupancy sensors for automatic fan speed and light-level adjustments as room conditions change. They can also be controlled through a smartphone app and connected to other smart home devices, such as the **Nest Learning Thermostat**.

Founded in 1999, Big Ass Solutions continues to experience revenue growth of 30 percent annually. Its workforce has more than doubled in recent years, from 300 full-time employees in 2012 to more than 800 now. The company was recently named to **Forbes'** Best Small Companies list, recognizing 25 American companies "that have chosen to be great instead of big."



*Lexington-based Big Ass Fans introduced its Haiku ceiling fan in 2012. It has since won more than 50 design and technology awards.*

## LOUISVILLE: ALMOST FAMILY CONTINUING STRATEGY OF GROWING BY ACQUISITION

**L**OUISVILLE-based home health provider **Almost Family** began the new year by remaining on the same course that it charted in 2015: expansion through acquisition.

On Jan. 5, the company announced that it had acquired Massachusetts-based **Long Term Solutions Inc.** in a \$20 million deal. Founded in 1999, LTS is one of the largest providers of

in-home nursing assessments for the long-term care insurance industry and through its network of thousands of assessment service partners, provides assessments in all 50 states and a number of foreign countries.

The LTS acquisition follows a year that saw Almost Family invest approximately \$150 million in six acquisition transactions. Those acquisitions gave the company its first entry into New York and significantly expanded the company's presence in Ohio and New Jersey.

LTS will be part of Almost Family's HealthCare Innovations segment, which the company created two years ago to house and separately report on its development activities outside the traditional home health business platform, such as technology, information, population health management, risk-sharing, assessments, and care coordination and transitions. In addition to LTS, the HCI segment includes: **Imperium Health Management**, an accountable care organization enablement company; an investment in **NavHealth**, a population-health analytics company; and **Ingenious Health**, a nurse practitioner-oriented and mobile technology-enabled health risk assessment company that primarily serves managed care organizations.

Founded in 1976, Almost Family now has more than 250 locations in 15 states. The company said it plans to continue its strategy of growth by acquisition.





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## BUSINESS BRIEFS



### NICHOLASVILLE

■ **LaRosa's**, a family-owned business that has been a fixture in the Cincinnati/Northern Kentucky restaurant scene for more than 60 years, has announced plans to open its first central Kentucky restaurant in Nicholasville. The Cincinnati-based company has signed a franchise agreement with Terry Seaborn and Charbel Joseph, who said they hope to open

additional locations in the Lexington area in the future, according to a report by *The Cincinnati Enquirer*. LaRosa's recently expanded to Columbus, Ohio, and Knoxville, Tenn., and currently operates 66 locations in Ohio, Indiana, Kentucky and Tennessee.

### NORTHERN KENTUCKY

■ Northern Kentucky saw 27 companies expand, locate or invest in the Boone, Campbell and Kenton County region in 2015, bringing a projected 2,435 new jobs and nearly \$460 million in capital investment, according to statistics released by the **Northern Kentucky Tri-County Economic Development Corp.** Boone County Judge Executive Gary Moore, board chair of the Northern Kentucky Tri-ED, said the manufacturing, aviation and office sectors led the investments and new jobs in the region, with capital investments announced in 2015 double that of the previous year.

### OWENSBORO

■ **Marshall Ventures**, an Owensboro private investment firm, has partnered with **Transworld Business Advisors** of Western Kentucky to add business brokering and mergers and acquisitions to its service offerings. Transworld is one of the nation's largest brokering companies, with more than \$1 billion in business sales. The relationship provides Marshall Ventures with a network of more than 300 brokers nationwide and the ability to sell and market well-known national franchises. Marshall Ventures, which also manages a \$2 million venture fund, will focus its listing efforts on the six-county area of Daviess, Henderson, Ohio, McLean, Webster and Muhlenberg counties.



### RICHMOND

■ **Eastern Kentucky University's** \$3.5 million expansion of the Ashland Inc. Fire and Safety Laboratory has been completed, doubling the size of the facility to meet the needs of a rapidly growing student population. Since the facility first opened in 1995, ECU's College of Justice and Safety has seen the number of students in the fire sciences program quadruple. In addition to providing better learning opportunities for online and on-campus students, the expansion will provide the necessary facilities to host seminars for professional associations and companies, offer labs to outside organizations like insurance companies and other agencies, and provide the latest technology and instruction to improve and support education for fire-related fields.

### RUSSELLVILLE

■ A 16-acre tract in Russellville has been designated as a certified "build-ready" site, offering companies a streamlined process to rapidly locate, build and begin operations. The "build-ready" designation indicates that a site already includes a pad of 50,000 s.f. or greater (expandable to 100,000 s.f. or more), utilities are extended to the edge of the site, and the necessary permits and studies are in place, including water, building, phase-1 environmental, archeological, historical and geotechnical. The Logan County site, located in the Shelton Industrial Park, is Kentucky's seventh build-ready site and more than a half-dozen other sites across the state are in the process of obtaining certification.

### WALTON

■ **Messier-Bugatti USA** is planning to invest \$150 million to expand its Walton facility, where it produces aircraft landing and braking systems. The project will create 84 new full-time jobs and is the company's seventh expansion since opening in 1999. The Walton facility supports leading North American aircraft programs such as **Boeing 787, 737, 767, 777** and the **Airbus A320** family.

## FLORENCE: ATLAS AIR BUYS KY-BASED SOUTHERN AIR HOLDINGS FOR \$110M

**F**LORENCE-based **Southern Air Holdings**, a global provider of air cargo charters, announced in January that it has entered into a definitive agreement to be acquired by **Atlas Air Worldwide Holdings Inc.** in a transaction valued at approximately \$110 million.



*One of Southern Air's primary customers is logistics giant DHL Express.*

Atlas Air, a New York-based company that provides outsourced aircraft and aviation operating services, is the parent company of **Atlas Air** and **Titan Aviation Holdings Inc.**, and is the majority shareholder of **Polar Air Cargo Worldwide**. Through Atlas and Polar, Atlas Air Worldwide operates the world's largest fleet of Boeing 747 freighter aircraft.

Southern will continue to operate in Northern Kentucky, where it has been headquartered since moving from Connecticut in 2013 and seen steady growth since then. One of the carrier's primary customers is logistics giant **DHL Express**, which also has a hub at the **Cincinnati/Northern Kentucky International Airport**. Southern currently operates five **Boeing 777s** and five **737s** under agreements with DHL.

Atlas President and CEO William J. Flynn noted that Southern's 777 and 737s complement Atlas' existing operations, creating a more diversified and profitable company that will offer customers a wide range of modern and efficient aircraft, a broader mix of services and a global footprint.

Southern CEO Dan McHugh said joining the Atlas family of companies provides Southern with "a strong and viable parent" that will enable continued growth.

## LEXINGTON: MASSIVE FIRE COMPLETELY DESTROYS BLUE GRASS STOCKYARDS

**A** massive fire on that broke out on Jan. 30 has completely destroyed the **Blue Grass Stockyards**, a 10-acre operation near downtown Lexington that has been doing business there for 70 years.

The fire required a crew of 120 firefighters and produced a tower of smoke so huge that it could reportedly be seen from as far away as Louisville. High winds that day further amplified the problem, causing the fire to spread to several adjacent businesses.

Though 20 cattle died inside the stockyards' main structure, all six people working there that day were able to escape uninjured. Stockyard officials said had the fire broken out on a Monday or Tuesday, there would have been dozens of more people on site and as many as 1,200 animals. The Lexington location employs 56 workers.

"Blue Grass Stockyards is one of the leading cattle sales facilities in the eastern United States," said Kentucky Department of Agriculture Commissioner Ryan Quarles, "and KDA will work with ownership and management to assure that our producers continue to have access to markets in the midst of this tragedy. It is important that we do all we can to keep the chain of commerce running smoothly."

In addition to its Lexington location, the **Blue Grass Livestock Marketing Group** operates sale barns in Albany, Campbellsville, Maysville, Mt. Sterling, Richmond and Stanford.



## FLORENCE: GATEWAY CREATES 16-WEEK ENHANCED OPERATOR SKILL PROGRAM



Angie Praisewater, a manufacturing engineering technology instructor at Gateway Community and Technical College, instructs some of the 28 students enrolled in Gateway's new Enhanced Operator program.

A partnership between Northern Kentucky industry leaders and Gateway Community and Technical College has resulted in a new Enhanced Operator program designed to meet the region's workforce needs equipping students with the skills for those jobs.

Industry partners including Safran MBD, Mubea, Zumbiel, Linamar Eagle, Bosch, Zotefoams, Mazak and Armour USA have collaborated with Gateway to create a 16-week course that includes instruction in needed skills, provided in a flexible format that considers the work schedules of the students. The partnership has streamlined the curriculum from what would have been 25 credit hours to a focused curriculum based on the job profile for the Enhanced Operator. Students can now complete the program in half the time of traditional curriculum, for half the cost.

Rhonda Whitaker, co-chair of the Advance Manufacturing Workforce Development Coalition, said the program "represents the out-of-the box thinking that will strengthen our workforce pool for continued growth and expansion in this critical sector."

## BUSINESS BRIEFS

### STATE

■ The Kentucky Association of Manufacturers has established a partnership with EESI Global LLC to offer customized technology solutions that will help Kentucky manufacturers mitigate rising utility costs. Through EESI's leveraged energy analysis program (LEAP), companies will be able to identify utility cost recovery and cost-avoidance opportunities and implement financial solutions to optimize their electricity, natural gas, propane, fuel oil and water/sewer usage.

■ Baptist Health has joined a research network that will provide its patients with increased access to leading-edge cancer therapies close



BAPTIST HEALTH

to home. Guardian Research Network is a national consortium of health-care organizations that uses a sophisticated data collection system to search and rapidly identify patients who are eligible for clinical trials, significantly reducing the time involved to enroll a patient and begin a treatment specifically targeted to his/her cancer.

■ Kentucky is now requiring healthcare providers to obtain national criminal background checks on new employees and other individuals who provide direct one-on-one care to elderly residents or patients in order to obtain or renew the facility's license to operate. Effective Jan. 1, approximately 1,300 providers – a list that includes nursing homes, intermediate care facilities; adult day healthcare programs; assisted living communities; home health agencies; hospice; personal services agencies; providers of home and community-based services; personal care homes; and staffing agencies – are now required to obtain national background checks for all new employees. Previously, state law required only name-based, Kentucky-specific background checks, creating a loophole that allowed applicants seeking employment hide criminal actions committed in other states.

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# INTERSTATE LANE

Business news from Indiana, Ohio, Tennessee and West Virginia

## BUSINESS BRIEFS

### INDIANA

■ Indiana-based technology company **boice.net** has announced plans to merge with Michigan-based **Data Strategy** in a deal that will create one of the Midwest's largest datacenter consulting organizations. The new organization will be headquartered in Grand Rapids, Mich., and will have advanced technology consulting services in Troy, Mich.; Indianapolis, Ind.; Louisville and Lexington, Ky.; and Cincinnati, Ohio.

■ The **Port of Indiana-Mount Vernon** near Evansville set a new annual shipping record in 2015, handling more than 6.6 million tons. The figure represents a 36 percent increase over 2014 and is 30 percent higher than the previous record set in 1994. Shipments of coal, agricultural products and steel helped drive the significant increase in cargo volume.

### OHIO

■ **Cooper Tire & Rubber Co.** has purchased a majority interest in **Qingdao Ge Rui Da Rubber Co.**, a company in northeast China that currently employs approximately 600 workers. Cooper, headquartered in Findlay, Ohio, is investing \$93 million and will own 65 percent of the entity, which has been renamed **Cooper Qingdao Tire Co. CQT** is expected to serve as a global source of truck and bus radial tire production for Cooper.



■ **GE Aviation's** Evendale, Ohio, facility will lose 238 engineering jobs as part of the company's decision to cut 307 jobs across the United States. Company officials said the decision is tied to the fact that work on many of GE's new jet engines has been completed. GE Aviation is one of Greater Cincinnati's largest employers, with more than 7,000 workers, including 3,000-plus engineers.

■ Cincinnati-based **Belcan**, a global supplier of engineering consulting and technical staffing services, has expanded its footprint with the acquisition of **Tandel Systems** and **East Kilbride Engineering Systems**. Florida-based Tandel has more than 215 employees in offices across the U.S. that provide technical services and support to customers in the aerospace and defense sectors. EKES, which is headquartered in Great Britain, has more than 300 engineers at its offices in the U.K., Germany and Poland.

### OHIO/TENNESSEE

■ **Toledo Molding & Die Inc.** is investing \$20 million to build a 126,000-s.f. manufacturing facility in Fayetteville, Tenn., that will create 250 new jobs. TMD, headquartered in Toledo, Ohio, is a full-service supplier of interior and air and fluid management systems for the automotive industry. The company expects the facility to be operational by the fourth quarter of this year.

### TENNESSEE

■ **Acadia Healthcare Co.**, a Franklin, Tenn., company that provides inpatient psychiatric and chemical dependency health services, has announced plans to acquire United Kingdom-based **Priory Group** for \$1.89 billion. Priory is a leading behavioral healthcare provider in the United Kingdom that operates more than 300 facilities. Acadia currently operates a network of 258 facilities in 39 states, the U.K. and Puerto Rico.

■ **Advance Auto Parts Inc.** is investing \$24.5 million to locate a 450,000-s.f. distribution center in La Vergne, Tenn. The facility is expected to be operational by mid-2017 and will create more than 200 new jobs.



■ **Google** has acquired the former **Hemlock Semiconductor** site in Clarksville, Tenn., with plans to convert the facility into a data center. The company plans to invest \$600 million in the project – its eighth in the United States and 15th globally – and create 70 new jobs. The 1,300-acre site will be entirely powered by renewable energy thanks to an arrangement with the **Tennessee Valley Authority (TVA)**. Through the agreement, Google will be able to scout new renewable energy projects and work with TVA to bring the power onto the electrical grid.

## INDIANA/OHIO: NEW PLASTICS-TO-FUEL OPERATION TO BE BUILT IN NE INDIANA

**RES Polyflow**, an Ohio-based renewable energy solutions company, has announced plans to locate a new \$182 million Midwest production hub in Ashley, Ind., creating up to 136 new jobs by 2019.

Founded in 2012, RES Polyflow produces energy products from difficult-to-recycle plastic and rubber waste. With 90 percent of the nation's plastic and rubber waste directed to landfills annually, the company purchases municipal, commercial, industrial and agricultural solid waste and will use its patented process to transform the plastics into petroleum blendstocks such as ultra-low sulfur diesel. The Indiana facility will be the company's first operation utilizing its plastics-to-fuel conversion technology and will act as a hub for additional RES Polyflow plants planned throughout the Midwest.

The plant will initially convert 100,000 tons of scrap plastic into 17 million gallons of ultra-low-sulfur diesel and gasoline blendstocks a year for the petroleum market, and plans to more than double production once fully operational in 2021.

Company officials said the northeast Indiana town's location near Interstate 69 offered a logistical advantage, putting the plant close to both suppliers and customers.

The first phase of construction is slated to begin this spring.



*RES Polyflow specializes in recycling hard-to-handle categories of plastic and rubber waste.*

## OHIO: MACY'S TO CLOSE 40 STORES FOLLOWING SLUGGISH 2015 SALES



*Macy's is closing 40 of its 770 stores after a poor 2015 sales performance.*

**C**ITING a "disappointing 2015 sales and earnings performance," **Macy's Inc.** officials have announced a series of cost-efficiency measures that include store closings, layoffs and voluntary separation offers to senior executives.

The Cincinnati-based retail giant plans to close 40 of its 770 stores by the end of 2016, with most of the closings taking place by early spring. Staffing at the remaining stores will be adjusted to better align with current sales volume, with an average of three to four positions being affected at each of those locations. Company officials said that roughly 50 percent of those impacted would be placed in other positions.

In addition, the company's call center in St. Louis will also be closed, with operations being divided among existing credit and customer service centers in Arizona, Florida and Ohio.

To further reduce costs, approximately 165 senior executives in Macy's and **Bloomingdale's** central stores, office and support functions will be offered a voluntary separation opportunity; approximately 35 percent of those executive positions will not be replaced.

The implementation of cost reductions is estimated to generate annual savings of approximately \$400 million, beginning this year.



# KENTUCKY INTELLIGENCER®

A sampling of business and economic data

## SUCCESSFUL STARTUPS

America was built on the foundation of entrepreneurial spirit and polls show that Americans continue to have a positive view of self-starters.

### America Loves Small Business!

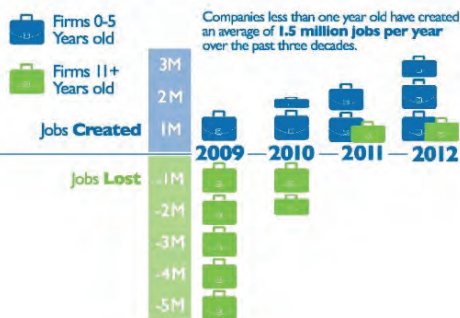


### Small Business Can Be Risky...

Closings Have Exceeded Startups Since 2008



### New Businesses Create The Most Jobs...



### ...And Innovations!

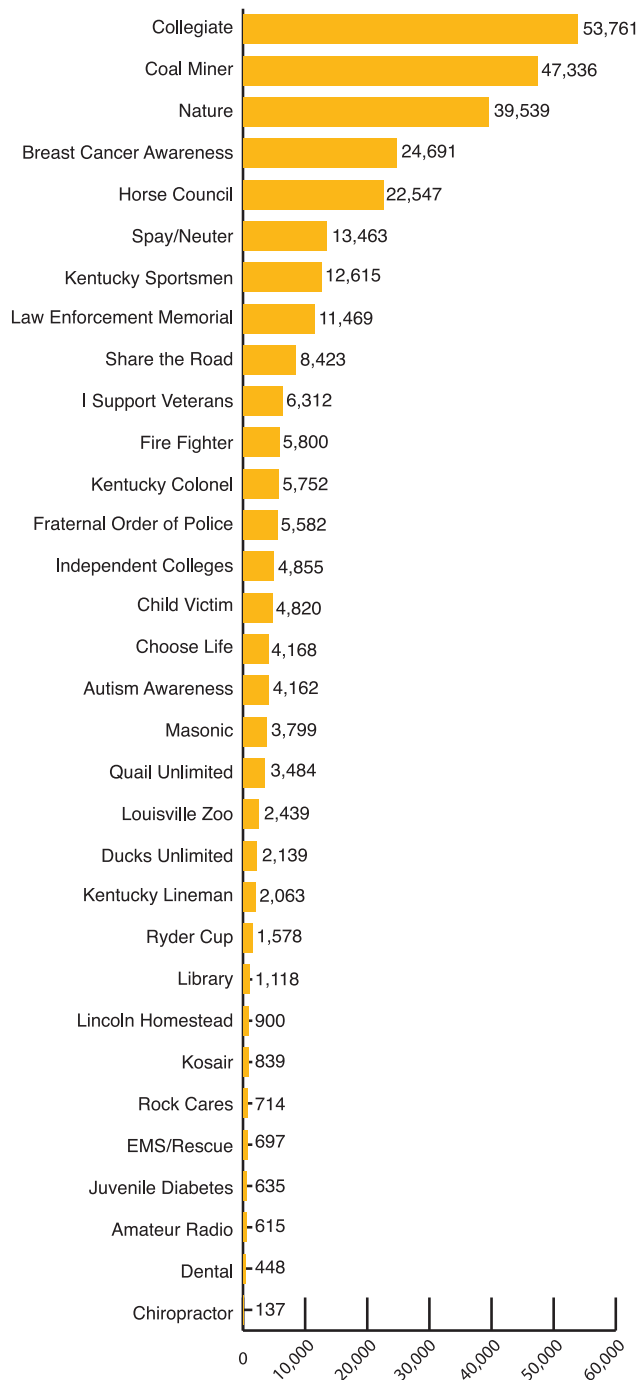
From 2005 – 2011, small firms produced more than 15 times as many patents per employee as large firms.

Source: Score.org

## DRIVING FOR A CAUSE

With the rise of social media, it's safe to say we have become a culture that likes to share our opinion with others. But before there was Twitter, Facebook and Instagram, specialty license plates allowed drivers to show their support for various institutions and causes – a practice that continues to be popular with Kentucky drivers.

### MOST POPULAR KENTUCKY SPECIALTY LICENSE PLATES (2014)



Source: WFPL/Louisville Public Media

# CORPORATE MOVES

*New leadership for Kentucky businesses*

## ARTS

■ **Dave Blevins** has joined the Kentucky Arts Council as arts marketing director.

## BANKING/FINANCE

■ **Jamie Johnson** has been named director of business development for Owensboro-based Marshall Ventures.

## BUSINESS/ECONOMIC DEVELOPMENT

■ **David Bizianes** has been named executive director of the Oldham Chamber and Economic Development Board.

## EDUCATION

■ **Robert DiPaola** has been named dean of the University of Kentucky College of Medicine. DiPaola comes to the position from Rutgers University, where he is director of the Rutgers Cancer Institute of New Jersey and vice chancellor for cancer programs, Rutgers BioMedical and Health Services.

■ **W. Scott Black** has been appointed director of the Division of Physician Assistant Studies at the University of Kentucky College of Health Sciences.

■ **Susan Seiller** has been named director of dining services at St. Catharine College.

■ **Thomas Sabetta** has been named director of the Ursuline Center for Teaching and Learning at Brescia University.

■ **Gregory S. Moore** has been named senior clinical instructor of optometry at the University of Pikeville – Kentucky College of Optometry.

■ Former Kentucky Commissioner of Education **Terry Holliday** has been named as a senior advisor for P21's State Partner Program, a catalyst organization that brings together business, government and education leaders to advance education practice and policy.

■ **David Adams** has been named chief executive officer of the University of Louisville Foundation's Institute for Product Realization.

## FOOD/SPIRITS/HOSPITALITY

■ **David Roemer** has been named director of franchise operations for Louisville-based Long John Silver's.

## GOVERNMENT

■ Gov. Matt Bevin has made the following appointments to the governor's office: **Chad Meredith** – deputy general counsel; **Andrew V. McNeill** – senior advisor; **Adam M. Meier** – deputy chief

of staff for policy; **Catherine Gatewood Easley** – deputy chief of staff for external affairs; **Jessica Ditto** – communications director; **Stephanie Nelson** – director of scheduling; **Nate Haney** – deputy secretary of the executive cabinet; and **Bryan Sunderland** – legislative director.

■ **Mike Nemes** has been named deputy secretary of the Kentucky Labor Cabinet.

■ **Janet Cuthrell** has been named chief of staff for Kentucky State Treasurer Allison Ball.

■ **Adrienne Southworth** has been named deputy chief of staff for Lt. Gov. Jenean Hampton.

■ Gov. Matt Bevin has appointed **Brett Gaspard** executive director of boards and commissions.

■ **Regina Stivers** has been named deputy secretary of the Kentucky Tourism, Arts and Heritage Cabinet.

■ **Brent Burchett** has been named director of the Kentucky Department of Agriculture's Division of Value-Added Plant Production.

■ **Adria Johnson** has been appointed commissioner of the Kentucky Department for Community Based Services.

■ **Warren Beeler** has been appointed executive director of the Governor's Office of Agricultural Policy.

■ **Kem Delaney-Ellis** has been named executive director of the Kentucky Department of Agriculture's Office of Strategic Planning and Administration.

■ **Kristen Branscum** has been named commissioner of the Kentucky Department of Travel and Tourism.

## HEALTHCARE

■ **Sean L. Francis** has been named chair of the University of Louisville's Department of Obstetrics, Gynecology and Women's Health.

■ **Brandy N. Kelly Pryor** has been named director of the Center for Health Equity at the Louisville Metro Department of Public Health and Wellness.

■ **Joseph S. Neimat** has been named chair of the University of Louisville's Department of Neurological Surgery.

■ **Peter K. Kalmey** has been named president of Louisville-based Kindred Healthcare Inc.'s hospital division. Kalmey, who has served as chief operating officer of the hospital division since 2013, succeeds **Steven L. Monaghan**, who retired at the end of 2015. **Joseph L. Landenwich** has been named general counsel and corporate secretary for the company.

## DEPARTURES

■ **David C. Novak**, executive chairman of Louisville-based Yum! Brands Inc. has announced that he will retire in May. Yum! is the parent company of KFC, Pizza Hut and Taco Bell.

■ Western Kentucky University President **Gary A. Ransdell** has announced that he will retire from the position next year. His last day serving as president will be June 30, 2017 and following a brief sabbatical, he will officially retire on Dec. 31, 2017.

He succeeds **M. Suzanne Riedman**, who retired at the end of January.

■ **Ryan Parker** has been named vice president of diversity and inclusion for KentuckyOne Health.

## LEGAL

■ The following attorneys have been elected partners in the law firm of Stites & Harbison: Alexandria office – **Michael Kim**, **Stephen Weyer**; Louisville office – **Rob Meyer**, **Katie Bell**, **Kelly White Bryant**, **Michael Denbow**, **Jeff Haeblerlin** and **Cassie Wiemken**; Lexington office – **John Pollom**. **Robert Moore** has joined the firm's Frankfort office as a partner. Former Kentucky Gov. **Steve Beshear** has rejoined the firm, working out of the Lexington office.

■ **Neva-Marie Polley** has been named executive director of Louisville's Legal Aid Society.

■ **Michael P. Abate** and **Katherine P. Langan** have been promoted to partner at Dinsmore & Shohl. Both Abate and Langan practice in the firm's Louisville office. **Carolyn Brown** has been named chair of the firm's environmental group in the litigation department. Brown is a partner in the firm's Lexington office.

■ **Jack A. Wheat** has joined McBrayer, McGinnis, Leslie & Kirkland PLLC as a member of firm, specializing in trademark, copyright and patent infringement litigation.

■ **Jennifer Barber** and **Joshua O'Bryan** have been elected as partners at Frost Brown Todd. Barber and O'Bryan both work out of the firm's Louisville office.

## NONPROFIT

■ **Lori H. Collins** has joined Goodwill Industries of Kentucky as vice president of program services, east region.

■ **Sean Mooringham** has been named executive director of the United Way of the Coalfield.

## OTHER

■ **Elizabeth Burton** has been named by Avaya Inc. as director of sales enablement for Americas International. Burton will be based in Somerset.

■ **Henry Gordinier** has been named president of Louisville-based Tri-Arrows Aluminum Inc.



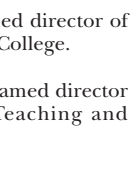
David  
Bizianes



Robert  
DiPaola



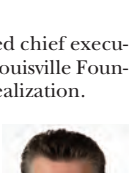
Scott  
Black



Terry  
Holliday



Terry  
Holliday



David  
Adams



David  
Roemer



Brent  
Burchett



Sean  
Francis



Joseph  
Neimat



Ryan  
Parker



# ON THE BOARDS

Kentuckians named to organizational leadership roles

## AK STEEL

■ **Gregory B. Kenny** has been elected to the board of directors of AK Steel. Kenny retired as president and chief executive officer of Highland Heights-based General Cable Corp. last year and currently serves as an advisor to General Cable's CEO and board.

## INSTITUTE OF REAL ESTATE MANAGEMENT

■ The Kentucky-West Virginia Chapter of the Institute of Real Estate Management has announced its officers for 2016: President – **Melissa Corbett**; Vice President – **Anne Kilcoyne**; Secretary – **David (Nick) Schendeman**; Treasurer – **Scott Davidson**; and Executive Council – **Michael Scott Gavin**.

## KASPER ADVISORY COUNCIL

■ **Karen Engels Shay** and **Michael White Jr.** have been appointed to the KASPER (Kentucky All Schedule Prescription Electronic Reporting) Advisory Council. Shay, of Clearfield, is a dentist. White, of London, is a physician at Baptist Health.

## KENTUCKY ASSOCIATION OF COUNTIES

■ The Kentucky Association of counties has announced its new leadership for 2016: President – **Jim Henderson**, Simpson County judge-executive; President-Elect – **Bruce Todd**, Henderson County magistrate; First Vice President – **Jody Jenkins**, Union County judge-executive; Second Vice President – **David Nicholson**, Jefferson County circuit court clerk; and Immediate Past President – **Hubert Pollett**, Shelby County magistrate.

## KENTUCKY EDUCATION PROFESSIONAL STANDARDS BOARD

■ **Sarah Marie Thompson**, **Esther K. Fatsy** and **Ann Marie Morgan** have been named to Kentucky's Education Professional Standards Board.

## KENTUCKY HERITAGE COUNCIL

■ **Tiffany N. Yeast** has been appointed as a member of the Kentucky Heritage Council. Yeast, of Harrodsburg, is a human resources administrator at the Kentucky School for the Deaf.

## KENTUCKY HORSE COUNCIL

■ **Kerry Irwin** has been elected to the board of directors of the Kentucky Horse Council. Irwin is a corporate attorney and member of Dinsmore & Shohl's equine law group.



Kerry Irwin

## KENTUCKY REAL ESTATE APPRAISERS BOARD

■ **Alton Dwain Wheeler**, of Winchester, has been appointed to the state's real estate appraisers board.

## LAND BETWEEN THE LAKES ADVISORY BOARD

■ **Brent Stringer** has been appointed to the Land Between the Lakes Advisory Board. Stringer, of Ledbetter, is employed by the City of Paducah.

## LEXINGTON-BLUEGRASS ASSOCIATION OF REALTORS

■ The Lexington-Bluegrass Association of Realtors has elected its officers for 2016: President – **Carl Tackett**, Coldwell Banker McMahan, Georgetown; President-Elect – **Ty Brown**, Weichert Realtors-Town & Country; Treasurer – **John Groft**, Re/Max Creative Realty; and Treasurer-Elect – **Judy Craft** – Milestone Realty Consultants. The LBAR 2016 board of directors includes: **Ben Allen**, Bluegrass Sotheby's International Realty; **Nancy Allison**, DG Schell Real Estate; **Greg Buchanan**, ERA Select Real Estate; **Matt Coomer**, Milestone Realty Consultants; **Sallie Davidson**, Sallie Davidson Realtors; **Sha Fister**, Rector Hayden Realtors; **Larry Freels**, Re/Max Creative Realty; **Kristy Gooch**, Re/Max Elite Realty; **Mike Gooch**, Gooch Auction Group & Realty Co.; **Todd Hyatt**, Lois Ann Dispenett Real Estate; **Lura Justice**, Rector Hayden Realtors; **Becky Locknane**, Milestone Realty Consultants; **Randy Newsom**, Twin Eagles Realty; and **Amanda Stepp-Marcum**, Berkshire Hathaway Foster Realtors.



Carl Tackett

## LOUISVILLE AFFORDABLE HOUSING TRUST FUND

■ Louisville Mayor Greg Fischer has appointed the following individuals to the 13-member board of directors of the Louisville Affordable Housing Trust Fund: **Kathy Beach**, senior vice president/director of deposit operations for Stock Yards Bank (banking industry representative); **Roger Bright**, retired real estate developer (Building Industry Association of Louisville representative); **Marshall Gazaway**, (retired) United States Postal Service (neighborhood association representative); **Anne Mayhugh**, realtor, RE/MAX Properties East (Greater Louisville Association of Realtors representative); and **Curtis Stauffer**, executive director of the Homeless and Housing Coalition of Kentucky (low-income housing advocates representative).

## LOUISVILLE ARENA AUTHORITY

■ **Jack Dulworth** has been appointed to the board of directors of the Louisville Arena Authority. Dulworth, of Louisville, works in investments with The Dulworth Group.

## NORTHERN KENTUCKY CONVENTION CENTER CORP.

■ **Brent Madison Cooper** has been appointed as a member of the Northern Kentucky Convention Center Corp. board of directors. Cooper, of Fort Thomas, is an information technology consultant with C-Forward.

## NORTHERN KENTUCKY UNIVERSITY FOUNDATION INC.

■ The Northern Kentucky University Foundation Inc., which provides community support for the university, has elected new leadership for the coming year. President – **Barry G. Kienzie**, Paul Hemmer Co.; Vice President – **John M. Lucas**, Ameritas Life; Secretary – **Kara Williams**, Shoe-



Barry Kienzie

string Strategies; Treasurer – **Jason O. Jackman**, Johnson Investment Counsel. **Kristi P. Nelson**, of Pomeroy IT Solutions Inc., has joined the foundation executive committee as an at-large member. New members named to the 33-member board of directors include: **Aref Bsisu**, Lantrust Real Estate Group; **Martin C. Butler**, Strauss Troy; **John Carnes**, Morgan Stanley; **Brent Cooper**, C-Forward Information Technologies; **Kevin Gessner**, Cincinnati Children's Hospital Medical Center; **Tracy Schwegmann**, Jeffrey R. Anderson Real Estate; and **Mary Zalla**, Landor Associates.

## PRICHARD COMMITTEE FOR ACADEMIC EXCELLENCE

■ The Prichard Committee for Academic Excellence has named 10 new members to the statewide education advocacy group: **Robert Danielson**, community volunteer and retired restaurateur, Hazel; **Mary Evans**, retired elementary school principal, Bowling Green; **Sara Beth Gregory**, attorney, Monticello; **Rich Maddux**, CEO and president of Propulsys, Hopkinsville; **Angie Major**, fellow of the Governor's Commonwealth Institute for Parent Leadership, Hopkinsville; **Charles McGrew**, senior education research scientist for the U.S. Department of Education, Lexington; **Bill Mitchell**, community and economic development administrator, Falmouth; **Harry Moberly**, former member of the House of Representatives and higher education administrator, Richmond; **Hollie Spade**, regional director of external and legislative affairs with AT&T, Frankfort; and **Elaine A. Wilson**, director of cultural diversity for Somerset Community College.

## REALTOR-COMMUNITY HOUSING FOUNDATION

■ The Realtor-Community Housing Foundation has named its 2016 officers: President – **Deni Hamilton**, Coldwell Banker McMahan, Georgetown; President-Elect – **Bo Smith**, Keller Williams Greater Lexington; Vice President – **Tim Adams**, Guardian Savings Bank; Secretary/Treasurer – **Melinda Earlywine**, Century 21 Commonwealth Real Estate; Immediate Past-President – **Pat Borg**, Weesner Properties. The 2016 RCHF board of directors includes: **Cheryl Bromagen**, City National Bank; **Gesela Brown**, First Security Bank; **Greg Buchanan**, ERA Select Real Estate; **Emily Grant**, Bluegrass Land Title; **Ed Moore**, community volunteer; **Becky Murphy**, Charlie Murphy Real Estate; **Maggie Napier**, Napier Realtors; **Jeff Rietze**, Rector Hayden Realtors; **Amanda Stepp-Marcum**, Berkshire Hathaway Foster Realtors; **Rusty Underwood**, Milestone Realty Consultants; **Casey Weesner**, Weesner Properties Inc.; and **Joan Whitman**, Whitman Realtors. RCHF is a 501(c) (3) tax-exempt nonprofit organization established by the Lexington-Bluegrass Association of Realtors with the goal of helping homeowners in need stay in their home and help single parents become first-time homeowners.

## STATE BOARD OF ELECTIONS

■ **Joshua Givens Branscum** has been appointed to the State Board of Elections, representing the Republican Party. Branscum, of Russell Springs, works in business development for Branscum Construction.

# LANE ONE-ON-ONE

Kentucky's leaders express their opinions



## Phillip Patterson

Philip Patterson joined Owensboro Health as president and CEO in 2013 and has over 20 years experience in healthcare in New York, Dallas, New Orleans, Atlanta and Birmingham. He came from the Bon Secours Charity Health System, a three-hospital system based in New Jersey where he served as CEO. Patterson has been vice president and chief operating officer of Mercy Hospital, an affiliate of Allina Hospitals & Clinics based in Minneapolis. A Mobile, Ala., native, is known for spending time away from his desk, visiting with employees and physicians at every opportunity, and has a reputation as a visionary executive with an ability to inspire others. His leadership philosophy emphasizes: shared organizational vision, open communication and exemplary performance. He and his wife have two young daughters.

## EXPANDED ACCESS AT OWENSBORO HEALTH IS BOOSTING REVENUE

CEO Phillip Patterson says commitment to community hospital mission is improving system's financial health

BY MARK GREEN

**Mark Green:** The Kentucky healthcare sector has been going through significant changes in recent years, just like the national scene: mergers and acquisitions, network realignments. How does Owensboro Health fit into today's changing healthcare sector?

**Phillip Patterson:** As a regional and trauma-designated medical center, Owensboro Health fits the footprint for Western Kentucky as a tertiary-care referral center. But being a community hospital is where it starts. We are the primary healthcare provider for clients in our home Daviess County and in a few of the surrounding communities and counties. Secondary to that, in relationship with other hospitals throughout our region – small community hospitals, critical-access hospitals – we become their secondary and tertiary provider. We're trying to build in systems to ensure the availability of that tertiary level of care here in Western Kentucky.

We work with many quaternary partners across Kentucky as well as in Tennessee. We've got a tremendous network of partnerships that allow us to grow here locally as well as move people through to Louisville or Lexington as necessary. We have partnerships such as the NICU (Neonatal Intensive Care Unit) relationship we have with Kosair and the University of

Louisville Physicians group. They not only staff our NICU but also have a collaborative effort with our Level 3 NICU that we just obtained last year. We can send children to the Level 4 NICU at Kosair, and there's a seamless transition with us having the same medical group.

We are cementing ourselves as the regional preference for tertiary care and recognize it's going to take our quaternary partners in Louisville and Lexington to maintain that.

**MG:** Describe the facilities that you have now. Owensboro Health built and in 2013 opened a \$400 million hospital.

**PP:** Yes. It opened in June 2013. On the main campus at Pleasant Valley, the new hospital has 477 beds. We are a designated trauma center as well as the largest free-standing emergency room in the state when it comes to volume. We have Level 3 NICU capabilities and a full array of surgical complements at all levels. We're now responsible for the 90-bed Muhlenberg Community Hospital, which has now been renamed Owensboro Health Muhlenberg Community Hospital, in Greenville. It also has a nursing home with 45 beds. Then we've got 29 ambulatory locations with over 170 providers in our One Health network, across the 14 counties we serve. So, OH is a pretty large organization.

**MG:** What entity owns and operates Owensboro Health, and for how long?

**PP:** Owensboro Health Inc. is a Kentucky not-for-profit corporation set up as a charitable organization under the 501(c)3 laws for the Internal Revenue Code. It has a board of directors of about 14 members appointed by the city, the county, the medical staff and the community at large. The current structure was developed in 2003.

**MG:** What is Owensboro Health's geographic market?

**PP:** Our market consists of a 14-county region in Kentucky and Indiana. Our primary market is Daviess County, Ky., and our secondary market includes the Kentucky counties of Breckinridge, Butler, Grayson, Hancock, Henderson, Hopkins, McLean, Muhlenberg, Ohio, Union and Webster, and the Indiana counties of Perry and Spencer.

**MG:** What is the One Health subsidiary?

**PP:** One Health is the new name that Owensboro Health has given to its medical group, which now includes 180 physicians and allied health providers in more than 32 subspecialties. The group's presence spans more than 25 clinic sites and satellite facilities across all 14 counties we serve. We chose One Health because we wanted our name to reflect the aim of our healthcare: simple to access, receive, understand care. We also want one point of contact tied to the health system. Previously we'd gone under a number of names for the medical group. Last year, in FY2015, 23,000-plus new patients chose to seek an affiliation with our company through One Health.

**MG:** How many patients does your organization see in a year?

**PP:** We've had significant increases in outpatient volume over the last three years and have grown from about a half a million outpatient visitors to well over 800,000.

**MG:** What has been Owensboro Health's experience with the broad trend of fewer inpatient days and more outpatient services? Is your experience any different from what's occurring elsewhere?

**PP:** For FY2015, our admissions were up about 5 percent from the previous year, and already in FY2016 we're about 7 percent ahead of last year. So for the last two years we're still seeing a trend towards the inpatient care that's pretty significant. That is a trend that is not seen nationally.

For the most part, what you're seeing across the healthcare world is a shift of inpatient-related care to more of an out-



patient setting. But because of the capabilities of our hospital and our regional platform, we're seen as a more trusted partner throughout the region. As we've become that and become a more tertiary provider, we're seeing increases on the inpatient side as well as the outpatient side.

We've had success recruiting primary care and specialty physicians and allied health professionals. We've added 55 new providers the past two years. We've increased the acuity capabilities at the hospital with our Level 3 NICU, as well as adding trauma services. We've added two plastic surgeons who cover inpatient needs – emergency patients, not the cosmetic type. We've increased the number of general surgeons, and, in reflection of what you're saying as the transition of healthcare, we've gone into the outpatient pharmacy world in the last two years.

Medicaid expansion has provided increased volume to the organization, as many others have seen. Unfortunately there's been a large increase in our emergency department, which did ultimately become a large source of inpatient admissions. We continue to address with education across the region about Medicaid expansion that appropriate, proper access of care can lead to a more economical provision of sustained care that has a long-term benefit of creating a better relationship with patients, who then have a better quality of life. If we can address those conditions, it will provide a more long-term, continuing patient relationship instead of the episodic relationships and they end up in the emergency room.

Outpatient surgeries were up in 2015 about 12 percent over FY2014, and we're running another 8 percent higher this fiscal year – so, continued growth on the outpatient surgery side. We're seeing numbers up across the board. Some of it has to do with Medicaid expansion, but at the same time we have gone through a significant growth of our whole resources across our region, which has led to some of that growth. People have received quality care at Owensboro Health, and have gravitated to using our newly expanded services and providers.

**MG: What were OH's latest revenue and profit-loss numbers, and how do they compare to the industry?**

**PP:** Total operating revenue in 2015 was about \$500 million, which was 11 percent higher than the prior year. Our operating cash flow in 2015 was about \$70 million, which was \$22 million higher than FY2014. We're on track for a similar performance this year. Current

fiscal year revenue is running about 17 percent higher than a year ago; our operating cash flow compares very favorably to industry averages and significantly ahead of FY2014 for comparable organizations.

**MG: Your 14 percent cash flow in 2015 is considerably higher than the industry average.**

**PP:** It is. We are the sole community provider, driven by the Owensboro Health mission to heal the sick and improve the health of the communities we serve. We truly believe the entire community is our responsibility, but we don't do it alone. We created a community benefit grant program to assist not-for-profit organizations that work to address the priorities identified from the community health needs assessments that we now have to provide to the federal government.

Last year, we gave over \$700,000 in grant money to care partners and not-for-profits. It helps drive the second part of our mission, which is to raise the overall health of our communities. It's not just about healing people episodically. It's more about really preventative care, and it's also about getting to the socioeconomic disparities in our community and how we can change that dynamic to improve the overall health of communities we serve. That program's been in place for about five years, and we've given out over \$3.5 million.

**MG: Which service sectors are generating the most revenue or are shifting the most?**

**PP:** Like most across the industry, we're seeing growth mainly in our outpatient network and in our physician and provider clinics. The business from the clinics has increased 70 percent the last couple of years. Our physicians saw 430,000 visits last year, versus 250,000 just two years ago. Due to needs, we are increasing our capabilities around primary care and allowing those who previously were underserved to access primary care. We've also expanded significantly across our subspecialties; where people used to have to travel out of our region for certain subspecialty care, they can now receive it here.

Growing our physician network has led to a significant increase of people wanting to access care through Owensboro Health. We talked about Medicaid expansion, but enhancing and increasing the locations and services and physicians as well as the Medicaid expansion, has driven growth. It's also driven hospital services in the hospital itself. We've seen an increase in surgery, in obstetrics. Our emergency room is still growing, and we are seeing inpatient service

growth of 5 percent, 7 percent, the past two years.

Our laboratory services revenues are flat over that time, because we've learned to be more efficient and more effective in that world. And we've actually seen a decrease in our volume of diagnostic radiology.

**MG: Owensboro Health has 4,000 employees, making you Western Kentucky's largest private employer. What are the largest categories? What has driven changes in staffing?**

**PP:** Our most relative category, like every other provider, is nursing services. Of those 4,000 employees, 1,782 are in nursing services and 684 are in eight other ancillary services – other providers not in nursing. We've got significant inpatient and guest services and tried to be more service-oriented; provide point-of-care and point-of-need individuals. There are no more "phone trees." People are not getting recordings or having to leave messages but have a live nurse's or a care coordinator's voice to help them with their need or crisis. We put a lot into our call centers and people at the front desk to try to make sure that everybody's care experience is as efficient as it can be on the service side, too.

**MG: Why did Owensboro Health acquire Muhlenberg Community Hospital last year, and do you anticipate further merger and acquisition deals?**

**PP:** The hospital has been there since 1938 and was looking for a partner with a regional health system that could strengthen its financials as well as service offerings and preserve its identity as well as its capability within their community. We fit that bill. In June last year, we signed a 20-year lease with the county, then purchased everything at Muhlenberg Community Hospital. The providers and the personnel all became Owensboro Health employees. It led to strengthening the quality and financial initiative at the community hospital level in Greenville.

To answer your question about other merger and acquisition deals, we're concentrating more on growing our physician capabilities across the 14 counties. It's about answering those access-to-care issues that still exist in the more rural areas of our community and in basic primary care access, so people can have intervention at the right time and not have to wait to drive 30 minutes to an hour when an intervention will be at the hospital level. I don't see us making an acquisition at this time with any other health provider.

**MG: How has the expansion of Medicaid affected Owensboro Health? And would you like to see Kentucky continue that expansion or make changes as are being considered?**

**PP:** There's been an increase in people seeking care across the state. We've seen that in trend data across all health systems. While some of our increase in primary care is due to Medicaid, part is due to us expanding access; we've increased the number of primary care providers and other physicians. Also, Medicaid expansion coincided with the opening of the new hospital. Expansion of the hospital and our capability is driving increases in tertiary care, and some of that is due to Medicaid.

We have seen a decline in people who have no insurance; 6 to 7 percent of our population used to be "self-paying," and we're seeing half that now. Since the Affordable Care Act came into effect, self-pay at the hospital is at about 2 percent. That is significant. We're very, very happy about that.

To the point of our mission of being the community hospital, we turn nobody away. We see 100 percent of those individuals who need us. We have to continue that. Owensboro Health needs to be resilient and adapt to the national and statewide changes as directed by the regulatory agencies. I'm putting together a group of leaders from the business community right now that will help us discuss how we can better care for our community workforce as well as their families – not just the Medicaid population. It's about partnering across all aspects of our community to create the dialogues necessary and the care and access that's needed.

Medicaid expansion has been good for the providers financially. It has been very good, even better, for the residents of Kentucky as many now have access to all forms of healthcare that they didn't have prior. It's been good across the board.

We know that expansion has come with a price tag of financial support from our commonwealth, and we hope that our new Gov. Matt Bevin has a plan – or it all shakes out and that the work that he's doing with Mark Birdwhistell and his group comes out as a balanced and well-thought-out plan that allows residents to continue to have access to healthcare. To Gov. Bevin's point, we also need to be fiscally prudent.

**MG: Our magazine reported last year many Kentucky hospitals are investing hundreds of millions of dollars in imaging systems that allow more precise and less invasive treatments. How does OH assess such investments?**

**PP:** We're not different from any other hospital. Our organization conducts ongoing evaluations of our imaging equipment as well as changes in technology. We look at the age of existing equipment. Are there significant changes that would bring significant capabilities and new opportunities for our patients? We look at what is changing just on the quality of the images, not on the scope itself or the technology. We look at what it's taking us to maintain the existing equipment versus what is new out there.

Technology advances and vendors are always reviewed by staff and management, and the radiologists, along with having on-site visits to formalize recommendations. Then they work through the capital process. Last year we purchased three 3D mammography systems, which still are not widely reimbursed. But we felt that capability was something necessary to better meet the needs here in our community, so we made that investment. This year, we have approved a replacement MRI as well as a CT. All this is built on the significant investment we made at the hospital with expanded technology in that \$400 million expansion two years ago.

**MG: So you do a subjective assessment of how much improvement in care you can give patients, not just potential profitability?**

**PP:** Obviously every organization needs to do a return-on-investment procedure to make sure it's being prudent with its resources. But in the case of the 3D mammography, the clinical side of our operation said, "This is what is right for our caregivers and for our community, for our patients that require these services." The financial performance is not really there yet, but we thought it was important.

Our service line managers and directors work with our finance department and gather as much information as possible on volume and revenue – what's the overall assessment and expense projection – and we do multiyear financial performances and review cash flow. If it's big enough, we bring that to the board and ask if they feel this commitment level is warranted at this time. So we do a thorough investigation, but finance does not drive that decision every time.

**MG: There is a healthcare insurance industry trend of shifting more cost to patients, who are now opting for higher deductibles to get lower premiums. How is that affecting patients' decision-making in accessing care?**

**PP:** It's not only the high deductible that has changed but the advent of "first dollar" coverage in many plans – not just a

deductible, patients pay the first dollars of any service provided before the health insurance company is at risk. It really is about transference of risk back to the patient. First-dollar coverage insurance really does put that expense on the hospital as well as the patient, and deflects the risk of insurance significantly.

If you look at patients without first-dollar coverage, many pay the full deductible in full, but it is significant because the relationship there does get to the patient having to make those choices. We as community providers will not restrict that care, but it does place a different risk burden on the provider and the patient and reduces the risk on the insurance.

With Medicaid expansion, we saw a lot of our self-pay volume go down and bad debt expense and charity decrease overall early on, but with the new high-deductible plans we're seeing shifts in these increases in bad debt charity onto the commercial population. As a sole community hospital, we realize we're the only option for health-care for many of these residents we serve. We take that responsibility seriously.

We have a generous financial assistance program at OH, which we revised up this past year to help work on that. For example, patients with annual gross income of 225 percent of the federal poverty level are eligible for a 100 percent charity write-off, which for this community is significant. A family of four with an annual income of \$54,000 or less is eligible for 100 percent assistance with their bill. And we increased that this year, so there's a sliding scale of assistance. Annual gross incomes of 375 percent of the federal poverty level are eligible for up to a 70 percent write-off, which in layman's terms means that a family of four with an income of less than \$90,900 annually is eligible for 70 percent assistance from the hospital.

We try and make people realize that keeping themselves healthy should not be a financial decision solely, and we need to work towards that. We believe our policy is more generous than other health systems throughout the region, and we do have other forms of assistance such as self-pay discounts for those who don't have any insurance coverage but don't qualify for the levels of charity that we just talked about. We have prompt-pay discounts, we have flexible payment plan options for people so that there's not an expectation of paying immediately. One area we've increased is our financial counselors who are certified Kynectors through the KYNECT program. They can assist individuals with Medicaid and insurance applications on the exchange, if people want to seek what is the best plan for them. ■





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## A 'BOURBONISM' GLASS HALF FULL

Kentucky Bourbon Trail and KBT Craft Tour attendance doubles in five years

As the “bourbon boom” continues to explode, so does attendance to Kentucky’s numerous distilleries along the Kentucky Bourbon Trail and Kentucky Bourbon Trail Craft Tour. Combined, nearly 900,000 guests visited the participating 19 distilleries in 2015 – double the attendance just five years ago.

The Kentucky Bourbon Trail, which the Kentucky Distillers’ Association started in 1999, set a new milestone with 762,009 visits in 2015, up 22 percent from the previous year. The participating distilleries include Bulleit’s Stitzel-Weller Distillery and the Evan Williams Bourbon Experience in Louisville; Wild Turkey in Lawrenceburg; Four Roses in Lawrenceburg and Cox’s Creek; Heaven Hill in Bardstown; Jim Beam in Clermont and Louisville; Maker’s Mark in Loretto; Town Branch in Lexington; and Woodford Reserve in Versailles.

The Kentucky Bourbon Trail Craft Tour, in its third full year of operation, saw 133,864 visits among its 10 participating distilleries – a 39 percent increase over the previous year. The KBT Craft Tour last year added Kentucky Peerless Distilling Co. in Louisville and Hartfield & Co. in Paris to its growing lineup, joining Barrel House in Lexington; Corsair in Bowling Green; Limestone Branch in Lebanon; MB Roland in Pembroke; New Riff in Newport; Old Pogue in Maysville; Wilderness Trail in Danville; and Willett in Bardstown.

The total for both adventures was a record 895,873.

To accommodate the growth in attendance, KDA member distilleries are in the middle of a \$1.3 billion building boom, according to KDA President Eric Gregory, from innovative new tourism centers to expanded production facilities, all to meet the growing global thirst for Kentucky’s signature spirit.

“The growth and impact of the Kentucky Bourbon Trail is advancing Kentucky tourism beyond our wildest dreams. The entire commonwealth is seeing tremendous benefits from the increased investment and revenue,” Gregory said.

Bourbon tourists, on average, spend \$1,000 on their trip, according to an economic impact study conducted by the University of Louisville, and more than 85 percent are from outside Kentucky. They also stay longer and come in larger groups than typical tourists.

### 2015

Total visits	895,873
Kentucky Bourbon Trail	762,009
Craft Tour	133,864

### 2014

Total visits	723,503
Kentucky Bourbon Trail	627,032
Craft Tour	96,471

### 2013

Total visits	633,399
Kentucky Bourbon Trail	571,701
Craft Tour	61,698

### 2012

Kentucky Bourbon Trail	509,292
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### 2011

Kentucky Bourbon Trail	442,800
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## Elder Care Insurance Maturing

State's lawmakers bank on private long-term care policies to manage rising costs for elder care

BY ROBERT HADLEY

*Editor's note: Part 1 of 2 examining Long-Term Care in Kentucky. Part 1 focuses on insurance. Next month: Long-term care facility sector expanding upmarket.*

**L**ONG-term care insurance rose as a private product over the last decade with state encouragement to counter rising Medicaid costs. Care cost increases, though, have brought premium hikes that have cooled the market somewhat.

House Bill 259 in 2008 created Kentucky's Long-Term Care Insurance Partnership Program. Signed into law by Gov. Steve Beshear on April 7, 2008, the bill seemed a win-win all around. The state was able to shift some of the cost of long-term care for the elderly away from the Medic-

aid budget, while consumers faced fewer hurdles to access Medicaid benefits once their private insurance was tapped out.

Those who obtained coverage did not have to drain their personal assets below \$2,000 before Medicaid would foot any long-term care costs. Their private insurance benefits often were dollars that Medicaid – hence, taxpayers – would have had to reimburse to providers.

"The driving motivation was to certainly save the state money," said Rep. Brad Montel, a Shelby County Republican who co-sponsored the bill. "It encourages the consumer to purchase long-term care insurance and

assume that risk themselves, rather than shifting that cost to the state."

The bill's other sponsor, Meade County's Rep. Jeff Greer, said his long work experience as the owner of an insurance firm in Kentucky convinced him of the need for this bill.



**Jeff Greer,**  
State  
Representative,  
House District  
27

"I knew how important it was to have this program," Greer said in a statement released by his office, "both for the families who would benefit from the financial protection it provides and the taxpayers who would benefit from the resulting savings in Medicaid where long-term care is a major cost driver."

Since Kentucky became one of approximately 40 states offering partnership incentive programs, conditions have changed dramatically. The 2008 recession has pressured the insurance industry, and premiums have gone up. More medical advances have lengthened lives, but they have come at a cost. And Kentucky's newly elected governor has said he desires to limit the number of new people on Medicaid, the primary source of elder-care benefits.

A question remains as to whether the long-term care policies are effective at reducing the Medicaid-funded taxpayer burden, or whether they're a stop-gap measure before someone can develop a better solution to manage healthcare costs for the elderly.

"The governor's intent is to get fewer people on the Medicaid rolls, so if that's the case we're going to see further need for this bill and other initiatives that attempt to shift the risk to consumers in an equitable and fair way," Montel said.

### The high cost of growing old

To the old adage that two things are guaranteed – death and taxes – a third could be added: high medical costs for the elderly.

According to the American Elder Care Research Organization, a Nevada-based nonprofit that maintains the [PayingforSeniorCare.com](http://PayingforSeniorCare.com) website, the roughly one in eight Americans 65 and older spend an average of \$11,000 annually on healthcare.

If you consider that the average Social Security payment in 2015 was \$1,335 per month and factor in that the average cost for a nursing home stay is \$76,680 a year, a grim picture emerges about the lack of affordable healthcare options for seniors.

Rising costs are attributed to a variety of factors, including supply and demand as the number of Baby Boomers enter-



**Brad Montel,**  
State  
Representative,  
House District  
58



ing retirement is increasing. Life expectancy has also grown, from 47 years a century ago to almost 80 years in 2015.

Long-term care insurance generally covers home care, assisted living, adult day-care, respite care, hospice care, nursing home and Alzheimer's facilities. Private long-term care insurance is growing in popularity in the United States. Premiums, however, have risen dramatically in recent years even for existing policy holders.

Once a person purchases a policy, the language cannot be changed by the insurance company, and the policy usually is guaranteed renewable for life. It can never be canceled by the insurance company for health reasons, but can be canceled for non-payment.

*Forbes* reported in February 2015 that buyers of market leader Genworth's newest policies (called PC Flex III) are purchasing insurance that averages \$137 per day for 3.4 years, about \$170,000 in maximum coverage – a lot less than some older policies that typically provided almost \$200 per day for four years (more than \$283,000).

#### Likelihood after age 65

	FEMALE	MALE
Need long-term care	72.0%	44.0%
House Fire	2.6%	2.2%
Severe Traffic Accident	18.0%	15.5%
Life expectancy	80.5	75.9

Source: PartnershipForLongtermCare.com

A 2014 survey by *Broker World* magazine found sales of five-year policies plunged from 18.9 percent in 2007 to 13.5 percent in 2013, while sales of three-year policies increased from 23.6 percent in 2007 to 35.3 percent. Sales of lifetime policies fell from 5.7 percent to just 3.6 percent.

"People are living longer," said Beth Munnich, an assistant professor of economics at the University of Louisville. "As people live longer, there's a greater likelihood that they will need a nursing home at some point."

And the likelihood of poor health is a sticking point in Kentucky, which boasts diabetes, smoking and heart disease rates above the national average. Shannon Gadd, senior director of programs with Louisville-based ElderServe, says residents ElderCare serves in the seven-county metro region on average have two chronic illnesses.

"Typically we see people who are living on their Social Security benefits or on a small pension," she said. "All it

#### Kentucky LTC costs slightly less than U.S.

Costs for long-term care services in Kentucky are less than the national averages but most are increasing faster (all figures are medians)

##### Homemaker Services Hourly

Kentucky	\$19/hour	\$43,426/year	+3%/year*
USA	\$20/hour	\$44,616/year	+2%/year

##### Home Health Aide Hourly

Kentucky	\$19/hour	\$43,907/year	+2%/year
USA	\$20/hour	\$45,760/year	+1%/year

##### Adult Day Health Care

Kentucky	\$67/day	\$17,430/year	+2%/year
USA	\$69/day	\$17,904/year	+3%/year

##### Assisted Living (1-BR, 1 person)

Kentucky	\$3,350/mo	\$40,200/year	+6%/year
USA	\$3,600/mo	\$43,200/year	+2%/year

##### Nursing Home (semi-private room)

Kentucky	\$208/day	\$75,920/year	+4%/year
USA	\$220/day	\$80,300/year	+4%/year

##### Nursing Home (private room)

Kentucky	\$239/day	\$87,235/year	+5%/year
USA	\$250/day	\$91,250/year	+4%/year

\* – All annual increase figures are averages of past five years  
Source: Genworth 2015 Cost of Care Survey

takes is one bad fall before your health can really deteriorate."

To bridge the gap in care, ElderService provides in-home care that recipients pay for on a sliding scale; it is funded by Kentuckiana Regional Planning & Development Agency.

"It's an option that allows people to stay in their home and live independently as long as possible," said ElderServe CEO Julie Guenther.

But for some with the worst illnesses, such as dementia, remaining at home is not an option, especially if they have no family members who can help with their care. Hence the need for the Kentucky's partnership program.

"If they have a long-term care policy, it might give (consumers) a choice of where they receive their services," said Ron Burkhart, a consultant with the Kentucky Department of Insurance. "And it can pay for nursing home care that can relieve family members who may have been the sole caregivers."

#### Good for some, but not for everyone

Although long-term care insurance can protect one's assets, experts say they work best for a certain slice of middle-income retirees who live above the poverty line but would not be considered wealthy.

"Long-term care insurance isn't a fit for everyone, but it has value for people who



Beth Munnich,  
Assistant  
Professor of  
Economics,  
University  
of Louisville



Shannon  
Gadd, Senior  
Director of  
Programs,  
ElderServe



are interested in preserving some of their estate for their heirs,” said John Accius, a senior strategic policy advisor for the American Association of Retired Persons.

Typically, when someone applies to receive Medicaid benefits, they must have no more than \$2,000 of available assets. Partnership programs like the one in Kentucky allow consumers to get around this limitation. If someone has a \$200,000 house, for example, they can buy a policy for \$200,000 in long-term care benefits, allowing them to keep the house and still qualify for Medicaid benefits, once their insurance policy benefits have been exhausted.

Policy costs vary depending on age and coverage level, according to statistics from the American Association of Long-Term Care Insurance. For example, a 50- to 54-year-old can expect to pay anywhere from \$1,384 to \$11,667 per year, whereas the rates jump significantly for a 60- to 65-year-old, to \$3,321 to \$10,002 annually.

So, in the eight years the partnership law has been in effect, what kind of results have been seen?

The jury’s still out, it seems. Burkhart said no official report tracks the issuance of long-term care policies in Kentucky, but data suggests 700 may have been issued annually in 2014 and 2015, down from 1,500 in 2013.

“You have to keep in mind, it’s an expensive product,” said Stephanie Bowker, a senior insurance program manager with the Kentucky Department of Insurance.



*Stephanie Bowker, Senior Insurance Program Manager, Kentucky Department of Insurance*



#### LTC insurance monthly premium

(sample, cost to obtain daily benefit of \$150 for 3 years)

Beginning age	50	55	60	65	70
Male	\$151	\$162	\$198	\$270	\$378
Female	\$225	\$243	\$297	\$405	\$477

Source: PartnershipForLongtermCare.com

“So it’s not for everyone. They are expensive policies to maintain.”

On its website, the AARP publishes a checklist for evaluating policies, and notes that premiums can increase over time. One reason is that insurers suffered from sticker shock when they found costs were much higher than expected when they issued these policies, the site says.

“Because interest rates are low, (insurance carriers) are not getting as much money from their investments as they would have otherwise,” Munnich explained. “They have to find other ways to fund coverage, so it’s now coming through premium increases.” ■

*Robert Hadley is a correspondent for The Lane Report. He can be reached at [editorial@lanereport.com](mailto:editorial@lanereport.com).*

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# Kentucky's Living Legend Distillers

Decades of dedication to quality make bourbon a \$3 billion industry

BY KEVIN GIBSON

**I**F Kentucky is best known for horse racing, then Secretariat is one of the state's undeniable legends. If it's fried chicken, then Col. Harlan Sanders' legacy will be with us long after our time here is gone.

But of course bourbon is one of the state's richest heritages, and has enjoyed a surge in popularity in recent years that few could have predicted. Just ask the

Kentucky Distillers Association, which reports that bourbon is a \$3 billion state industry, generating more than 15,000 jobs and pouring more than \$166 million into tax coffers annually.

What's more, bourbon production continues to ride, with more than \$1.3 billion in capital projects underway or planned the next five years, from distilleries to tourist attractions.

*Jimmy Russell has racked up more than 60 years in the bourbon business with Wild Turkey and is Kentucky's longest-tenured master distiller. He has overseen successful introduction of products such as Rare Breed, 17-Year-Old Wild Turkey, American Spirit, Kentucky Spirit and Russell's Reserve. He created the first honeyed bourbon product in the 1970s.*

How did bourbon become so popular, not just in Kentucky but worldwide? Many factors play into answering that question, but what cannot be understated is the importance of the people behind the industry.

With the assistance of bourbon writer Fred Minnick, author of "Bourbon Curious: A Simple Tasting Guide for the Savvy Drinker," *The Lane Report* has identified five living legends of the bourbon industry, people without whom our current bourbon industry would not look the same.

"Bourbon's growth and popularity is thanks to a cast of distillers, marketers, executives, production workers, etc.," Minnick said, "but these men transcended the business in their own way and forever changed the course of bourbon. Each one is either in the Bourbon Hall of Fame or should be."

### Jimmy Russell, Wild Turkey

It's hard to argue with a man who might be referred to any given day as "The Buddha of Bourbon" or "The Master Distiller's Master Distiller." Jimmy Russell has been in the business for more than 60 years, easily the longest-tenured active master distiller in the spirits industry, and his legacy shows it.

His tenure at the Wild Turkey Distillery in Lawrenceburg has meant more than just distilling traditional bourbon, however – Russell has ushered in a number of successful Wild Turkey sub-brands and bourbon products, like Tradition, Tribute, 17-year-old Wild Turkey (Japan), Rare Breed, American Spirit, Kentucky Spirit and Russell's Reserve, which he co-created with his son, Eddie. He was a visionary in the 1970s, creating and releasing the first honeyed bourbon product – some 40



*Master Distiller Jimmy Russell's experience covers all stages of bourbon making. He is known as The Buddha of Bourbon.*



*As CEO of Maker's Mark for 35 years, Bill Samuels Jr. was instrumental in marketing efforts that popularized premium Kentucky bourbon across the United States and around the world. Today more than \$1 billion in active bourbon industry expansion is underway for a product whose demand continues to grow.*

years ahead of the current popular trend of flavoring bourbons and whiskeys.

Starting his tenure at Wild Turkey as a boy sweeping floors – he grew up just five miles from the distillery – he learned from his father and went on to study distilling under such bourbon luminaries as Bill Hughes, Wild Turkey's second master distiller, and Ernest W. Ripy Jr., son of Wild Turkey's original owners.

Because of his involvement in distilling from the beginning of the process (selecting grains) to the end (aging), the friendly Russell is looked to as something of a living legend of bourbon. He's a member of the Kentucky Bourbon Hall of Fame and a whiskey judge for the International Wine and Spirits Competition; if bourbon whiskey is a brotherhood, he is the big brother. This is in part because he reached the level of master distiller in the 1960s, learning how to do it the right way from the right people. He has since passed on that knowledge to Eddie, who, in an homage to his father, created 2014's Wild Turkey Diamond Anniversary, an outstanding limited-edition expression of 13- and 16-year-old whiskeys.

That year was declared "The Year of Jimmy Russell" by Wild Turkey, and led



to a number of accolades and tributes, including being awarded a Lifetime Honorary Membership to the Kentucky Distillers' Association's board of directors, an honor bestowed to only five other people in the organization's 130-plus-year history.

Eddie recently was named master distiller himself, meaning that Jimmy Russell has achieved yet another first as the only father-son master distiller team.

When making the announcement, the elder Russell was quick to point out that his son isn't taking his place – just taking a place beside him.

"After 34 years, I think he's finally earned it," Jimmy Russell said in the press announcement, "but that doesn't mean I'm going to go any easier on him – or that I'm going anywhere anytime soon."

#### Bill Samuels Jr., Maker's Mark Distillery

While Bill Samuels Jr. is not a master distiller, he is about as Kentucky – and bourbon – as a person can get. Born into a family that had been making whiskey for six generations, Samuels grew up on Distillers' Row in Bardstown and as a young man had a job driving the aforementioned Col. Sanders around the state as he was trying to grow his new fried chicken concept.

After earning a degree in engineering physics at Vanderbilt, Samuels helped design the Gemini and Polaris rockets in the 1960s before assuming leadership of the family business in the 1970s. Today, his son Rob runs Maker's Mark, but only after Samuels Jr. served as president and CEO for a memorable and productive 35 years.

During that time, he ushered in the Maker's Mark Ambassadorie Program as a way to build camaraderie among fans of the brand, believing that a brand is built one customer at a time. Maker's marketing was key in introducing premium bourbon to much of the world. Similarly, he helped turn Bourbon Country into a tourism destination, carrying out



#### Kentucky Bourbon Facts

- Bourbon production has increased more than **170 percent** since 1999 (485,020 barrels then compared to 1,306,375 in 2014).
- To accommodate increased demand, over **\$1.3 billion** in bourbon-related capital projects have been completed or are underway – from new distilleries to new or expanded tourism centers.

- With 2014 inventories topping **5.6 million barrels**, there are more barrels of bourbon in Kentucky than people living in the state (4.4 million).
- Bourbon is a **\$3 billion** signature industry for Kentucky, responsible for over 15,000 jobs with an annual payroll of \$707 million. Production and consumption pours more than \$166 million into state and local tax coffers annually.
- The 2014 tax-assessed value of all barrels aging in Kentucky is **\$1.9 billion** – an increase of \$81 million from 2013 and nearly double the value since 2006 (\$1 billion).
- Kentucky distillers buy about 40 percent of the corn, wheat and rye they use from in-state farmers. These purchases support about **1,360 jobs** and **\$56 million in farm output in Kentucky**, and an additional 100 jobs in the agricultural support sector.
- Bourbon doesn't necessarily have to be made in Kentucky, but **95 percent** of the world's supply is produced in the Bluegrass State.



*Four Roses bourbon soon became one of the top brands in the United States after Jim Rutledge returned to Kentucky in 1992 to relaunch a product that had been sold only in Europe and Japan for 50 years. Rutledge was among the Kentucky Bourbon Hall of Fame's inaugural class in 2001.*

Award" by *Malt Advocate* magazine in 2007, while in 2008 *Whisky* magazine named him "Whisky Ambassador of the Year – American Whiskies." In 2012, he became only the second American named to *Whisky* magazine's global Icons of Whisky Hall of Fame.

According to a Four Roses press release upon his retirement, Rutledge plans to stay involved in the bourbon industry.

### Harlen Wheatly, Buffalo Trace Distillery

Harlen Wheatly is a native Kentuckian – born in Mt. Sterling – who parlayed a degree and career in chemical engineering and a love of the craft of bourbon into becoming master distiller for one of Kentucky's most recognized distilleries, Buffalo Trace.

Much like Samuels, Wheatly is pure Kentucky, spending most of his life living and working in the state. It was right around the time he joined the distillery in the late 1990s as a supervisor that the now-flagship Buffalo Trace Bourbon was introduced, and the name of the distillery was changed from George T. Staggs Distillery to Buffalo Trace. In other words, he landed at just the right time to help start and then continue what is now a bourbon tradition that seems much older than it is.



*In his 10 years as master distiller at Buffalo Trace, whose brands include much sought after Pappy Van Winkle, Harlen Wheatly has been nominated three times for a James Beard Award, which is sometimes called the Oscars of Food.*

a long-time dream of his mother. As a result, rustic Maker's Mark distillery in rural Marion County is visited by more than 100,000 tourists annually.

A few years ago, he also introduced a new brand, Maker's 46, which he jokingly referred to as "realizing the dream of a desperate old man about to retire with no legacy."

Samuels is not a master distiller, but he is recognized as a keen businessman and marketer, and he was part of the inaugural class of the Kentucky Bourbon Hall of Fame in 2001. He was named Kentucky's Entrepreneur of the Year on three occasions and was named Louisville's Citizen of the Year in 2004. He was inducted into the Kentucky Business Hall of Fame in 2006.

His professional humility, coupled with his personable nature, is probably what stakes Samuels' reputation so firmly in the bourbon industry. He attributes his success to having smart parents – his father created the Maker's Mark process and his mother its distinctive name, labeling and wax-dripped bottle – and really good luck. He also believes he managed to continue Maker's Mark's run of success thanks to following one piece of good advice handed down by his father: "Don't screw up the whiskey."

### Jim Rutledge, Four Roses

With nearly 50 years in the bourbon business and 20-plus as master distiller, Jim Rutledge was known by most as "the face of Four Roses" – at least until he retired last September.

But Rutledge is legendary for more than the bourbon he made; he is leg-

endary for his role in bringing what originally was a Frankfort brand back to the United States. Until the early 1940s, Four Roses was one of the best known brands in the business, but when Seagram purchased the Frankfort Distilling Co. in 1943, it moved the Four Roses brand strictly to the European and Japanese markets.

Rutledge joined Seagram in 1966 as an employee in the Louisville plant's research and development department, where he worked until 1975 before transferring out of the Bluegrass state. After a long stint at Seagram's corporate headquarters in New York, however, Rutledge returned to Kentucky in 1992 to help revive the Four Roses brand, becoming master distiller in 1995. From there, it became his mission to return Four Roses to the states and to its former glory. That dream came true in 2004 after the Kirin Brewing Co. of Japan purchased the brand.

Thanks to Rutledge's vision and distilling mastery, Four Roses quickly rose back to the top of the ranks, and remains there. Distilling 10 separate recipes, Four Roses has been named American Whisky Distiller of the Year for four times in the last five years by Whisky Magazine (2011, 2012, 2013 and 2015). Four Roses Small Batch is an acclaimed bourbon that has won numerous awards, starting in 2008 with a gold medal at the International Review of Spirits.

Rutledge was inducted into the inaugural class of the Kentucky Bourbon Hall of Fame in 2001. Following this, he received a "Lifetime Achievement





By 2000, Wheatly was promoted to distillery manager; in 2005, he became Buffalo Trace's resident master distiller, becoming only its sixth master distiller since the Civil War.

Wheatly has driven a number of Buffalo Trace initiatives as the brand has grown, including solidifying standards and consistency, quality focus and efficiency gains. He is responsible for a number of distilling and aging operations, all while acting as a brand ambassador who educates the public on bourbon whiskey while also producing the legendary Pappy Van Winkle bourbons.

Buffalo Trace has won dozens of awards in the time Wheatly has been master distiller, from *Whisky* magazine's Distiller of the Year in 2005 to World Whisky Brand Innovator of the Year in 2015. Buffalo Trace has won awards at the International Wine & Spirits Competition, from the Kentucky Travel Industry Association, and even from *Wine Enthusiast* magazine.

And Buffalo Trace also has been a key contributor to bourbon tourism in Kentucky under Wheatly's oversight – Buffalo Trace entertained just under 150,000 tourists in 2015, an increase of 18 percent over 2014. Since the end of 2009, Buffalo Trace has seen an astonishing 190 percent growth in tourism.

For his part, Wheatly also is a three-time James Beard Award nominee in the Outstanding Wine and Spirits Professional category. Chances are, he has many more such honors ahead of him.

#### **Chris Morris, Woodford Reserve**

Affable and approachable, Woodford Reserve's Chris Morris would be just as happy talking about food as he would bourbon. But make no mistake: Morris knows distilling like few others. Sit in on his Flavor Wheel session, and you'll marvel at his appreciation of the flavors that can be summoned by bourbon. And the fact his title is not just master distiller but also spirits historian, and one gets a sense of just how important Morris is to distilling in Kentucky.

He actually has spent his entire life in the bourbon industry, having grown up around it as one of three generations of his family to work for Brown-Forman, Woodford's parent company. He began as a trainee in 1976 and never looked back. He departed for a time in the late 1980s to join another spirits company before returning to Brown-Forman in 1997 to begin his training as a master distiller under legendary distiller Lincoln Henderson.

The consummate brand ambassador for Woodford Reserve, he became master distiller in 2004, launching the Woodford Reserve Master's Collection to critical acclaim. He also created bourbon finished in Chardonnay and Pinot Noir barrels and even developed what Woodford Reserve says is the world's first maple barrel. In 2012, he created the delicious, limited-edition Woodford Reserve Double Oaked bourbon. Last year, he released a new rye whiskey, Woodford Reserve Rye.

*Under Chris Morris' tenure as master distiller, Woodford Reserve bourbon has launched multiple highly acclaimed specialty lines such as its Double Oaked and Master's Collection. Morris is recognized as an innovator and an education ambassador.*

While he spends much of his time educating people about bourbon and distilling, along with planning new releases, Morris also has served on the Kentucky Distillers' Association and Kentucky Bourbon Festival's boards and as co-chair of the DISCUS Master Distillers Committee. In addition, he has served as a judge at the International Wine and Spirits Competition and International Spirits Challenge.

It's no surprise Woodford Reserve perennially wins awards at competitions such as the San Francisco World Spirits Competition, Whiskies of the World Awards, World Spirits Competition, New York Spirits Awards, and others, not to mention a 2009 *Whisky* magazine award for Whisky Innovator of the Year.

As long as this kind of success continues, and tourists keep flocking to the gorgeous distillery in Woodford County, don't expect Morris' innovations to stop anytime soon.

"The idea is to create new and different things with an artisan's touch," Morris said. ■

*Kevin Gibson is a correspondent for The Lane Report. He can be reached at [editorial@lanereport.com](mailto:editorial@lanereport.com).*

# Legal Practice Makes Profits in 2015



Firms that are keeping up with growing demand in a fast-changing economy expect a prosperous year

**K**ENTUCKY law firms are starting to get excited about economic prospects in this coming year, but know they have to be smart and flexible in responding to a changing marketplace where clients' needs keep adjusting to new opportunities and a shifting regulatory environment. Corporate law, intellectual property, litigation, regulatory, real estate, and bankruptcy and restructuring practice areas all present opportunities. Construction and healthcare continue to generate business. Those who specialize in energy, banking, manufacturing and the ongoing bourbon boom expect a good 2016 also.



**Robert M. Connolly**  
Chair,  
Stites &  
Harbison,  
PLLC

"Stites & Harbison is experiencing an increased demand for legal services in the areas of complex litigation, data security and privacy, mergers and acquisitions, class actions and regulatory matters. We are seeing larger volumes of complex legal work flowing back into the marketplace, which had slowed for some time due to eco-

nomie pressures and the fact that many companies attempted to keep work in-house. We are well positioned with highly skilled attorneys maintaining expertise in these areas. The firm also remains focused on geographic expansion across its footprint in 2016."



**Mark H. Oppenheimer**  
Louisville  
Office  
Managing  
Partner,  
Bingham  
Greenebaum  
Doll LLP

"Bingham Greenebaum Doll LLP expects continued client and firm success in 2016. Our projections, along with client and firm attorney interviews, give us reason to be bullish, specifically in the areas of corporate and intellectual property law. BGD expects revenue to increase in the corporate, intellectual property, litigation, regulatory, real estate, and bankruptcy and restructuring practice areas. Although the U.S. economic recovery is expected to maintain its current pace, market demand for legal services won't grow significantly. Law firms will continue to compete against one another for new business, and to keep current clients, in order to continue revenue growth."



**James H. Frazier III**  
Managing  
Member,  
McBrayer,  
McGinnis,  
Leslie &  
Kirkland

"The McBrayer law firm is very optimistic about 2016 economic prospects as the firm's primary focus continues to be giving its clients affordable quality legal counsel that consistently yields positive returns. In 2016 the firm already has added two practice areas: intellectual property and family law. While the firm continues to expand to meet all the needs of our client base, this growth is strategic in nature to guarantee that our clients always receive the personal and responsive attention they deserve. The firm is also expanding its government relations department, MML&K Government Solutions, by improving its infrastructure and practice in Washington, D.C. These strategic moves will benefit our clients on local, regional and national levels."



**Jim Dressman**  
Managing  
Partner,  
Dressman  
Benzinger  
LaVelle  
(DBL Law)

"The Kentucky legal market is dynamic, and the fast-changing environment brings new challenges and opportunities. Hot industries for our firm continue to be manufacturing, healthcare, real estate development, construction and banking. Kentucky is a great place for our firm to be; we look to expand our presence into the Lexington market. Many of our clients are family-owned companies, where next-generation leaders have begun to emerge and succession planning is now top of mind. Growth and sustainability, updated operating models, employee recruiting and retention, technology, and more are dominating our client conversations. As a member of the GGI network, our firm continues assisting foreign companies looking to do business in this region and helping regional companies do business internationally."



**John R. Crockett III**  
Chairman,  
Frost Brown  
Todd

"The January roller coaster tied to China, oil and the financial markets makes predictions risky, but Frost Brown Todd continues to believe that 2016 presents outstanding opportunities for the business clients we serve. 2015 was a terrific



year for the firm, as our growth continued into the Dallas and Pittsburgh markets. We remain grateful to those who trust their most important issues to our team, and are bullish on prospects for continued success here in Middle America. Those of us in Kentucky are hopeful for meaningful and swift progress with debilitating pension deficits, a tax code badly in need of overhaul, and other solutions to enhance our national and international competitiveness.”



**Jeff Philips**  
Managing Member  
Lexington, and  
Bonita Black,  
Managing Member  
Louisville,  
Steptoe &  
Johnson PLLC

“As the Obama administration enters its final year, businesses are confronted with new federal regulatory initiatives. The energy industry, so vital to Kentucky’s economic success, is unsettled. Mergers, acquisitions and bankruptcies for coal and gas companies continue. Healthcare providers and colleges also are encountering increased regulatory obligations, hampering those institutions’ ability to provide a healthy and well-educated workforce. With concerns about cyber security, social media and even drones, technology simultaneously simplifies and complicates our lives. Law firms that offer new and creative solutions for their clients will prosper. Those that do not could suffer.



**William M. Lear Jr.**  
Managing Director, Stoll Keenon Ogden



**P. Douglas Barr**  
Managing Director, Stoll Keenon Ogden

the coal industry, continues to suffer under the weight of increased governmental regulation coupled with difficult market conditions. Overall, Kentucky’s near-term economic future looks bright; and, if our governor and the legislature

can eliminate the darkest cloud on our economic horizon – public employee pension liability – our future will be much brighter.” *Note: After serving as Stoll Keenon Ogden’s managing director for 26 years, Lear will assume the title of chairman emeritus on Feb. 13, and Barr will assume the managing director position.*



**Gaines Penn**  
Managing Partner,  
English, Lucas,  
Priest &  
Owsley, LLP

“Our law firm primarily practices in the field of business law, so when we’re doing well so is the economy in South-Central Kentucky. Our operations in every sector are expanding gradually, which is ideal for us and the community. In the past year, we created a new practice area, business startup services, designed to get businesses off the ground

quickly for an affordable flat fee. That area, along with the transactional areas, are all growing, and our tax practice is particularly busy as business owners seek ways to lower their tax burden. We anticipate a strong 2016.”



**Chauncey S.R. Curtz**  
Lexington Office  
Managing Partner,  
Dinsmore &  
Shohl LLP

“As the economy continues to make a slow recovery, I anticipate more businesses will be moving to finalize transactions and complete capital restructuring, especially with the prospect of rising interest rates. Regulatory compliance and data security are top of mind across most every industry sector and need to be proactively addressed to avoid serious and costly issues.

Our energy and natural resources clients are in a period of continuing transition and must evolve to stay competitive. We are committed to assisting all our clients by providing practical solutions to difficult problems.”



**Taft A. McKinstry**  
Managing Member,  
Fowler Bell

“Positive energy is flowing in the Bluegrass, and Fowler Bell welcomes this surge of excitement and growth. The economy is blooming, and business is changing for the better. Law firms must keep pace with this change. Clients increasingly prefer firms with focused practice and value-added services over

extensive offerings and legal invoices to match. Like our most celebrated Kentucky spirit, we must distill our strengths over time, rather than attempting to be all things to all comers. Responsiveness



and high-quality work are Fowler Bell’s hallmarks. We continue to apply these core values to a more refined practice in order to serve clients even better in 2016 and coming years.”



**Franklin Jelsma**  
Managing Partner, Wyatt,  
Tarrant &  
Combs LLP

“At Wyatt, we saw an uptick in real estate and merger and acquisition activity in 2015 while healthcare remained strong and coal-related businesses faced increasing challenges. We expect these trends to continue in 2016. Kentucky continues to make progress in diversifying its economy and expanding

beyond traditional sectors, but to keep pace with other markets we must make education our top priority. Education is economic development. It is the only real long-term solution for increasing opportunity, strengthening our communities and improving our quality of life. There are no shortcuts.”



**Henry C.T. “Tip” Richmond III**  
Member,  
Dickinson  
Wright

“We expect sustained growth in 2016 for a number of business sectors. For example, due to recent changes in the laws affecting trade between the United States and Canada, we anticipate increased cross-border activity that will require sophisticated legal support and solutions. Likewise, we see continued growth in agribusiness, healthcare, intellectual property protection and construction projects. Other sectors such as energy will continue to be depressed due to numerous challenges. Notwithstanding global market challenges, we believe that our clients and our firm will have significant opportunities for continued overall growth.” ■



## CPA's Counting On Best Year in a Decade

Online sales benefit the logistics sector, while the construction, healthcare and bourbon industries continue to be strong

**W**E take notice when a member of the traditionally conservative CPA sector says it could be the best year economically in a decade. Economic outlook projections among Kentucky's CPA firms are strikingly rosy, though. Generational retirements in the baby boomer cohort are driving demand at accounting firms for succession planning across many commonwealth business sectors, even among CPA firms. Meanwhile, strong growth is expected this year in construction, equine, healthcare, manufacturing and bourbon. Another broad trend, the ongoing growth of online sales, is benefiting Kentucky's national logistics hub. National GDP might be mired in the low single digits, but the state's CPA firms think they could see double-digit growth.



**Diane Medley**  
Managing Partner,  
Mountjoy  
Chilton Medley

"As a managing partner of a large accounting firm and as the chair of Greater Louisville Inc., keeping an eye on the economic forecast is a part of my job. Economic activity for the country appears stronger this year, particularly with a number of large-scale mergers and acquisitions transactions in the headlines. We also need to be keeping an eye on changing global economies, which will inevitably impact our own. From an industry perspective, talent retention in accounting continues to be a challenge. Kentucky's current tax policy and economic situation are also challenges – they hamper our ability to compete with neighboring states and greatly impact clients."



**G. Alan Long**  
Managing Member,  
Baldwin CPAs

"2016 will be a good year for accounting firms. The strengthening economy along with increased regulation and accounting standard changes will drive more need for services. The connectivity of the world is driving large and small businesses to seek opportunities in the global market, and CPA firms are well positioned to deliver these new services. The biggest obstacle for firms will be finding enough qualified employees to handle the additional work. The "boomer" factor is changing the dynamics of the economy. More are looking to retirement and succession planning, which is creating additional opportunities to provide clients with other necessary planning they need. Succession planning also is driving M&A activity among accounting firms of all sizes as more of the owners are looking to move into retirement."



**David Bundy**  
President/CEO,  
Dean Dorton  
Allen Ford

"At Dean Dorton we are very optimistic about 2016 and have expanded a great deal to be prepared to assist clients as needed. We expect many of our clients, especially those in the construction, equine, healthcare and manufacturing industries, to see continued strong economic growth. However, we do realize that the economic growth is not consistent across the commonwealth. Many of our clients, especially those outside of the Louisville and Lexington metropolitan areas, those in the natural resources industry, and those impacted heavily by government funding, such as higher education, may experience little to no growth and face on-going business challenges in the year ahead."



**Mike Stigler**  
Director,  
Blue & Co

"Unemployment will continue to decline 4.6 percent. The state will benefit from major manufacturing investments by the automotive industry (Ford and Toyota) and their component suppliers. Completion of the Louisville river bridges will impact investments in distribution and logistics in the regional market. Construction will benefit from demand for commercial and residential building inventory. Uncertainties that could negatively impact the economy are legislative management of



state pension funding (second worst funded in the United States), potential changes to Medicaid coverage expansion (affecting 400,000 citizens and \$1 billion of federal funding) and lack of readily available skilled labor.”



**Penny Gold**  
CEO, Kentucky Society of CPAs

“While there has been troubling volatility in the stock markets recently, and some indicators show slowing manufacturing and retail sales, consumer confidence runs relatively high. The bright spot for Kentucky is automotive manufacturing; this remains strong, and U.S. optimism has been an important driver. While retail may be sluggish, online sales hit record highs this holiday season. Kentucky is a logistics hub for the nation, so continued growth in this segment is likely. And, of course, Kentucky bourbon and spirits are enjoying strong growth internationally. This provides Kentucky another economic cushion in hard times. The United States is a bright spot in the global economy, and Kentucky is well positioned for a good year.”



**Steve Jennings**  
Crowe Horwath LLP,  
Local Office Managing Partner,  
Lexington

provide audit services to public and private entities while also helping clients reach their goals with tax, advisory, risk and performance services.”



**Matt Coffey**  
Partner, BKD

“What we’re seeing in Kentucky is a reflection of the U.S. economy. While the economy continues to grow, in some areas it is at a slower rate, while other areas are expanding faster. We’re seeing that at Crowe as well with a projection of growth overall, and in many of our practice areas, an expectation of double-digit growth. We continue to use our deep industry expertise to

“We have seen a tremendous increase in demand for consulting and advisory services and expect that trend to continue. Clients’ outlooks of “cautiously optimistic” that were prevalent during the past five years have shifted noticeably during



the last 12 months. Clients are proactively making investments and hiring talent to drive growth in their businesses. There continues to be a significant level of activity related to business succession driven by both the number of baby boomer owners looking to retire and the amount of capital available to fund buyouts. The growth within public accounting will be limited only by our ability to continue to develop and retain talent within our profession. I believe 2016 represents a better opportunity for growth than any year in the past decade.” ■

# Stay on top

*The Lane Report*, Kentucky’s monthly business news magazine, serves people across the commonwealth who are passionate about leading our economic resurgence. People with a single-minded focus on winning strategy and flawless execution. *The Lane Report* can help you “stay on top” in a dynamic new economy.

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## EMERGING LANE

Kentucky's young professionals and creatives

### Science that will save lives

Young UK biomedical researcher Vandsburger wins NIH grant



BY ABBY LAUB

FROM Virginia to California, back to Virginia, to Tel Aviv and then Kentucky, Dr. Moriel Vandsburger, a biomedical engineering Ph.D., is making waves in the medical community with his work at University of Kentucky College of Medicine.

National Institutes of Health last year awarded him a major grant to pursue MRI technology to let researchers examine the physiological reasons many people in kidney failure and on dialysis suffer, and die from, cardiac

arrest. Dialysis patients can't have traditional MRIs, and new technology that allows doctors to connect the dots between long-term dialysis and heart failure will be revolutionary.

Vandsburger submitted research for the NIH grant at the ripe age of 32. Fewer than 1 percent of major NIH grants are awarded to scientists under the age of 35.

"So few grants are awarded to young scientists because there is an expectation that most people complete a five-year post-doctoral period. I ended mine early, so I am a few years ahead of the game," he said.

Vandsburger majored in bioengineering at the University of California San Diego and earned his Ph.D. at University of Virginia. He did postdoctoral research at the Weizmann Institute of Science in Israel, an experience he said "opened my eyes to the world of molecular and cellular imaging." In 2013 he was recruited to the UK College of Medicine and opened his research lab in June of that same year.

On a tenure track as assistant professor in UK's Departments of Physiology and Biomedical Engineering, his lab likely will be a coveted location for other budding researchers with its five-year NIH funding.

"Ultimately, our hope is that by developing totally non-invasive and 100 percent safe imaging methods we can

help to reduce the staggeringly high rates of cardiovascular mortality in individuals with kidney failure," Vandsburger said.

The young scientist attributes his success to hard work, a willingness to learn and having been able to surround himself with solid mentors, such as the senior UCSD bioengineering faculty member who advised "if you are going to pursue a career in science then it is imperative to find a research field that makes you excited to come to work every day." For Vandsburger, a summer in a UVA research lab working on magnetic resonance imaging studies programming "was the most fun I had throughout college in terms of the material and the people."

Today, he views his MRI explorations "in the same way I used to get excited every day when I would come home from school and play with my Legos as a kid," he said. "My research challenges both my creativity and my imagination, and I find the process of seeing a project from idea to implementation to be extremely rewarding."

"Another important piece of advice that has helped me tremendously is to learn to truly listen to scientific criticism. The NIH grant application that was funded represented the 12th attempt at getting funding for my idea from various funding agencies. ... I used the advice of each review to strengthen the next application, and ultimately my path to funding was a combination of persistence and luck."

Vandsburger's "luck" could ultimately improve outcomes for others who may not otherwise have been as fortunate.

### Join the Forces in Bowling Green

The 2016 Bowling Green Police Department Citizen Police Academy (CPA) is accepting applications. The 11-week course begins March 3 and provides an opportunity to learn first-hand about police operations through a series of hands-on demonstrations, interactive presenting and simulated activities. Participants will become better informed about the reality of police work and policing in the community.

### Home sales prices rising in Lou

The Greater Louisville Association of Realtors reported annual sales up a healthy 12 percent in 2015, with 16,279 homes and condos sold last year, compared to 14,540 in 2014.

The median price for all areas in 2015 was up 5.8 percent over 2014 and the average price was up 6.2 percent. In Jefferson County, the average price in 2015 was \$190,764 and the median was \$152,500. For all MLS areas, the inventory of available properties was 21 percent lower than at the same time last year.

### Bicycling for Louisville to Launch Streets for People

Bicycling for Louisville (B4L) believes there is a way for motorists and cyclists to share the road in perfect harmony, and it begins with a redesign. Since the group's inception in 2004, more than 60 miles of bike lanes have been added, but now they're focusing their efforts on redesigning current roads to make them safer for all commuters. The initiative, titled Streets for People, was launched at B4L's annual Kick-Off Party on Jan. 28 at St. John NuLu Theatre. One of the first projects Streets for People will tackle will be a two-way conversion of Oak and St. Catherine streets in Shelby Park.



Source: Insider Louisville





## An Incubator for 'Foodpreneurs'

Northern Kentucky start-up aims to expand small-business food concepts

BY ABBY LAUB

**F**OOD brings people together, and that sentiment is what Rachel DesRochers had in mind when launching her Northern Kentucky Incubator Kitchen concept in 2013 as well as expanding now into her latest venture, The Hatchery.

"It's not an easy place to diet; I've given up on that," joked DesRochers, a mother of three and owner of the thriving Grateful Grahams cookie business.



She founded Grateful Grahams out of her home five years ago to be able to be a working, stay-at-home mom. Out of a necessity to bake the popular vegan treats in an industrial-sized kitchen, the 5,000-s.f. Northern Kentucky Incubator Kitchen was born when she landed space in Covington two years ago.

Being in a kitchen builds community and just feels good, whether you're cooking or not, DesRochers finds.

"We all meet in the kitchen when we go to friends' houses," she said. "It's a comfortable, warm, safe zone. For me as I started Grateful Grahams, I had lots of people who opened their kitchens to me so that I could grow my business."

Now she wants to do the same for other budding foodie entrepreneurs.

"I'm in the business of spreading the message of gratitude and building community," she said. "Manufacturing is different than making a cake for your friends; it's a different realm with different rules and regulations. That's why we're a safe space, and it's no huge investment for them. The food business is a very hard business. We break that wall down and have those encouraging conversations."

In a normal month, the kitchen hosts between eight and 10 businesses, with Grateful Grahams taking up most of the normal workday schedule of the industrial kitchen. Kitchen times are scheduled out, booked in advance and paid for by the hour.

Sliding scale rates at The Hatchery will be cheaper. The environment will be less intimidating: housed at the new kitchen in St. Paul's Episcopal Church in Newport. The partnership will help generate income for the church and provide a "micro incubator" space for budding foodpreneurs to "hatch" their ideas. A place for baby businesses to be born.

Already the incubator has supported almost 20 companies, and only a few have had to close.

The kitchen is open daily as well as after 5 p.m. and Friday, Saturday and Sunday, accommodating the fact that 90 percent of the foodpreneurs work other full-time jobs or have families, DesRochers said. The majority are women.

"This is their chance to get started," DesRochers said.



## Andy Beshear Continues Legacy

Kentucky's newly minted attorney general comes from a political family

**A**NDY Beshear, 38, is Kentucky's newest attorney general and has quite an example of political prowess in his father, former Kentucky Gov. Steve Beshear, to look up to in his career. The elder Beshear was attorney general also from 1980 to 1983, and lieutenant governor from 1983 to 1987.

The younger Democrat has harbored high ambitions for the office, but did not necessarily want to get into politics right away. Married with two children, Beshear almost chose the rainforest over Frankfort. We had a quick chat to learn more.



**TLR:** You come from, obviously, a political family. Do you feel like your family was any different than other families?

**AB:** My family life was always grounded in values such as family, faith and hard work. One additional value was public service and the belief that honest, caring people in government can help the state and world around them. These are the same values I try to instill in my children, Will and Lila, each and every day.

**TLR:** You majored in political science at Vanderbilt, so obviously you had an interest in politics in your own right. You have worked in the private sector a while now, but was entering politics always a goal of yours?

**AB:** While I have always had an interest in how government can better serve its people, I double-majored in college in political science and anthropology with a minor in sociology. I spent months deciding whether to spend my life as a Mayan archeologist or head to law school. So, if I was not here today, I would likely be in a rainforest. I entered law school because it gave me the opportunity to live close to my brother, Jeff, and because of that I was able to witness the birth of my nephew.

**TLR:** Your winning of the race to be the 50th attorney general of Kentucky was very, very close. What was going on behind the scenes as you watched the election results come in?

**AB:** The race was close based on both what occurred at the top of the ticket and on the campaign by my opponent. I spent election night watching my kids, trying to determine what impact it would have on them. I breathed a little easier when my 5-year-old daughter asked, "Daddy, if you lose do we still get to go on vacation?"

**TLR:** You took office about 36 years after your father, Steve Beshear, began in the same post. How special has that been for your family?

**AB:** I was sworn in holding the same family Bible my dad held when he was sworn in as attorney general. And my kids – who are older than I was in 1979 – were by my side. It was a special day, but serving in this role is a great honor and a tremendous responsibility.

**TLR:** What do you hope to accomplish in the next four years, and what do you think the state needs most from you?

**AB:** I see the attorney general as the chief advocate and protector for our Kentucky families. That is why my administration is focused on addressing the persistent challenges our families face: preventing and prosecuting child abuse, protecting seniors from scams and abuse, better addressing Kentucky's drug epidemic and seeking justice for victims of rape.



# Boutique Law Maintains Its Appeal



Many attorneys find small specialty firm work offers satisfaction and control

BY KATHERAN WASSON

**I**F when you hear the phrase “law firm” you imagine a downtown high-rise, bustling with attorneys and staff, well, think again. Big firms may get big attention, but they aren’t where most attorneys do business.

According to the American Bar Association, nationwide, about half of attorneys in private practice work alone. Another 20 percent work at firms with 10 or fewer attorneys – figures that have remained steady since 1991. And many of these are boutique firms, which specialize in a niche area of law.

Boutique practices aren’t one-stop-shops like the big firms but provide clients with specialized knowledge in a more intimate setting. For attorneys, going boutique can mean a more flexible schedule (though not necessarily fewer hours) and the ability to work from home or meet clients wherever it’s convenient for them. Technology is making this kind of flexibility even easier, said attorneys who spoke to *The Lane Report*.

“I’ve always been an independent, entrepreneurial sort of person,” said Robert McClelland, an attorney for 33

years, most of that time spent as a sole practitioner or with a small firm. McClelland and Associates, which specializes in elder law, counts three attorneys and five support staff.

“You’re handling pretty much everything – HR, accounting, insurance, the whole thing,” McClelland said. “Running a boutique firm is for the type of person who doesn’t want someone else controlling their destiny.”

Meanwhile, the lean-business shift created by the Great Recession and its long, slow recovery has shifted buying toward legal customers, especially larger ones, who increasingly demand that major firms provide higher-dollar services with seasoned late-career lawyers. Those with deep experience are in demand. With recent grads and early-career attorneys have a harder time getting the career-advancing casework they crave at large firms, boutique practices are becoming an appealing option.

Kentucky has 8,200 attorneys as of 2015, according to American Bar Association statistics, and U.S. Census data show about 2,000 law firms statewide,

which equates to an average of four layers per firm.

Small firms are a standard that doesn’t seem to be waning. Looking at data provided by Kentucky’s three law schools – University of Kentucky, University of Louisville and Northern Kentucky University – 62 percent of new graduates who pursued careers in private practice chose firms with 10 or fewer attorneys.

Here’s a look at three Kentucky attorneys who decided to hang out their own shingle.

**Scott Townsend, transactional law,  
Vice Cox & Townsend**

Scott Townsend, Robert Vice Jr. and Jamie Cox spent a decade working together at a huge Louisville law firm with over 200 attorneys. Last April, they decided the time was right to open their own boutique firm specializing in business and real estate transactions.

Townsend, who spent much of his time advising the owners of family-owned companies, said he saw an opening in the market for the firm the three envisioned. He wanted an opportunity to use technology in new ways, gain more control over his schedule and offer flexibility to his clients’ fee arrangements. Additionally, small firms can be more agile than large, established firms, he said, ready to strike when opportunities arise.

“Personally, I needed to do something different. I worked with a lot of entrepreneurs and small-business owners, and the concept of owning a business was attractive,” Townsend said. “The hard part for us was that we loved it there, and we had to leave the people we worked with who were so talented and fun to be around, but I felt it was a great opportunity to branch out my practice and sustain and grow it.”

Technology enabled the three to reduce overhead. World-class legal resources are available at the click of a button – nowadays, there’s no need to have a physical legal library. They also were able to take advantage of billing and timekeeping software for additional savings. All that combined, he said, to encourage them that they “really could pull this off.”

“This is very rewarding and fun for us, but it is not for everyone – in fact it’s probably not for most attorneys,” Townsend said. “It simplifies our work lives, but it’s not like we’re working less.

“When you’re first starting out, you have to have an owner’s mentality, and



*Jamie Cox (from left), Scott Townsend and Robert Vice Jr. worked together for a decade at a firm with 200 attorneys before they left to open their own boutique firm in Louisville April 2015 specializing in business and real estate matters.*

that takes more time and attention than a lot of lawyers want to devote to it. I mean, in the beginning, we were doing everything – if we needed stamps or paper towels for the kitchen, we bought them.”

That fact goes over particularly well with Townsend’s clients, most of whom run their own small businesses. He now understands their experiences in a way he just couldn’t before.

“A lot of clients appreciate that we were crazy enough to do this,” he said with a laugh.

Still, Townsend said, he wouldn’t trade his time at a large firm. He cautions against new graduates attempting to go it alone without some experience first.

“I think the only reason this works for us is because of the excellent training and collaboration we got for 10 years at our prior firm,” he said. “I would have never done this straight out of law school. I think you have to get some traction and get your feet under you – you’ve got to learn to deal with clients before you can also run a business at the same time.”

**Robert McClelland, elder law,  
McClelland and Associates**

A veteran attorney, McClelland decided in 2003 to make his focus elder law – a



speciality he says is handled almost exclusively by small, boutique firms nationwide.

“I think that’s because it’s a niche area, and for many of the people in our client base, the only time they’ve met with an attorney was when they bought a house,” he said.

Most of his clients are in their 70s, and they’re facing major decisions

about how their loved ones will be cared for in their final days – and how to handle the finances after their passing.

“What I want is for them to come in here without the intimidation of having to drive downtown to a silk-stocking law firm,” he said. “I make sure my staff is welcoming, that they’re offered coffee when they arrive, and that we sit down and meet in a room with a couch and coffee table instead of a desk.”

McClelland’s firm handles trusts, wills, powers of attorney and living wills. The attorneys deal with nursing home issues and advise their clients during estate planning. The firm also helps clients with special-needs family members navigate the maze of government aid and represents veterans in their appeals for pensions and benefits.

“There’s a huge generation of baby boomers coming at us that is woefully unprepared for the aging process,” said McClelland, who stays busy enough that he’s often booked three weeks out for appointments. “I think elder law is a perfect match for boutique firms because of the client base and personalities of the people who come in, and I wish more attorneys would practice it.”



*Robert McClelland opened his boutique McClelland and Associates firm in Lexington in 2003 to specialize in elder law. It has three attorneys and five support staff. Today’s retiring baby boomer generation keeps them all continuously busy with wills, trusts, pensions and benefits, nursing home issues and estate planning.*

## LEGAL SERVICES

### Felicia Snyder, worker's compensation attorney, Snyder Law Office

Felicia Snyder got her start at a small firm in Eastern Kentucky, where she was one of just two attorneys on staff. On the heels of passing the bar exam, she jumped right into motion hours and depositions, working under the wing of the firm's founding lawyer. The duties afforded her hands-on experience and confidence, both of which can be hard to come by for a young attorney, she said.

Still, Snyder had ambitions of joining a large firm in a bigger city, so two years

later she did just that. She took a job in Lexington, working for a large firm with offices throughout the southeastern U.S. There, she learned the ropes of practicing workers' compensation law.

But in 2013, she was laid off. At first, she was devastated, but she decided to take a chance and start her own firm.

"When I lost my job, I really felt it was a turning point in my career. I could either start working at a different firm or start my own," Snyder said. "I had always day-dreamed about the idea and figured it was the right time to give it a try."



*Felicia Snyder started her own sole practitioner firm in Lexington after she was laid off from a large law firm in 2013. She now likes the flexibility she has to work from home and put in as many or few billable hours in a day as she chooses.*



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The first few months were tough, she said. Several of her previous clients sent work her way, but it wasn't quite enough.

"I ate a lot of spaghetti during the first year."

But she invested her downtime wisely, attending conferences, joining professional organizations and marketing her firm. Things soon started to turn around, and her business representing employers facing workers' compensation claims grew.

"I had several friends and family who were very supportive. There were several people who went above and beyond to help me," Snyder said. "I also have several clients who are faithful and I consider friends. All and all I feel very fortunate."

As a sole practitioner, Snyder has the flexibility of working from home and setting her own schedule. She also no longer has to deal with the stress of meeting a large firm's billable hour requirements.

"I can work 12 hours one day and take a day off. Or if I only have 4 hours of work to do in a day, I can just not work the rest of the day. I feel it is a better quality of life for me."

One downside to going it alone is that large firms have resources that she does not, including law clerks and staff members. But her clients tell her they like knowing she will be the one handling their case from start to finish.

"I think whether you want to be in a small or large law firm is based on your own personality. For me, I absolutely love having my own firm," Snyder said. "Lexington has a lot of wonderful and well-respected law firms. I just know what I have experienced and like the place that I am right now." ■

*Katheran Wasson is a correspondent for The Lane Report. She can be reached at [editorial@lanereport.com](mailto:editorial@lanereport.com).*



## SPOTLIGHT ON THE ARTS



*Lawrenceburg artists Matthew and Karine Maynard have received acclaim as one of the leading architectural artist-blacksmith teams in the world.*

### Modern Art

Kentucky Crafted: The Market is a celebration of small-business success

A weaver sitting at a loom; a painter contemplating a blank canvas; a composer at a piano, scrawling notes onto paper: these are only a few images that come to mind when one thinks of an artist at work.

In the modern world, though, artists who depend on their creativity for their livelihood also act as bookkeepers, delivery persons, customer service professionals and any number of ancillary jobs associated with making and selling their art. It's not said often enough, but working artists are small businesses.

Every year at Kentucky Crafted: The Market, the Kentucky Arts Council hosts artists from across the state, gathered in one location. The Market's goal is to highlight the best in Kentucky art and craft and to showcase the diversity of work among artists in the commonwealth. It is also a celebration of the entrepreneurial spirit of the exhibiting artists. At last year's Market there were approximately 200 artists – that's 200 small businesses, inside the Lexington Convention Center. Think of it as a city block full of artists competing for the consumer eye and dollar. It's

friendly competition, of course; many of our program artists run in the same networks and attend the same business-development workshops.

The decision an artist makes to take that leap into small-business ownership is not an easy one, as Lawrenceburg artists Karine and Matthew Maynard can attest. The Maynards, who are husband and wife, are owners of Maynard Studios, which specializes in hand-forged custom stair rails, furniture and applied design. Their work has been featured in international books and periodicals as one of the leading architectural artist-blacksmith teams in the world. Matthew has been producing professional art since 1999 and Karine joined him in 2005. It was not until 2010, though, that they decided to take the step of incorporating.

"We decided to go full throttle," Karine said.

"Our name was spreading, our work ethic was paying off and we were being asked to do larger projects," Matthew said. "It was scary, but we were at a point where the demand for the things we create was exceeding our ability to create them. The projects were getting bigger than the space we had to create them in."

"We felt pressure to step it up to another level," Karine said, "but we didn't know how."

The Maynards found the guidance they needed with the Kentucky Small Business Development Center, which helped them strategize how to make their creative business a profitable enterprise.

"I never had business training. I know people who are art-educated, and business is not part of the art curriculum," Matthew said. "The creation process is half or less of the entire operation. We're working in the office a lot just to orchestrate all the things that lead to the act of creating something."

The Maynards have excelled not only at their art, but building their business. They routinely employ other workers to assist with welding and office work, and were recently recognized by Houzz, a leading platform for home remodeling and design, winning "Best of Design" and "Best of Customer Service" awards. The customer service distinction is one that is hard earned, they said.

"I think what we enjoy the most is that we really enjoy meeting each client, getting to know them on a personal level. Then we go create something for them that's never been made before," Karine said. "There's so much fulfillment in that, articulating the idea, placing a piece in a home, that it keeps us going through all the business – the accounting, payroll and other things we do to keep the shop running."

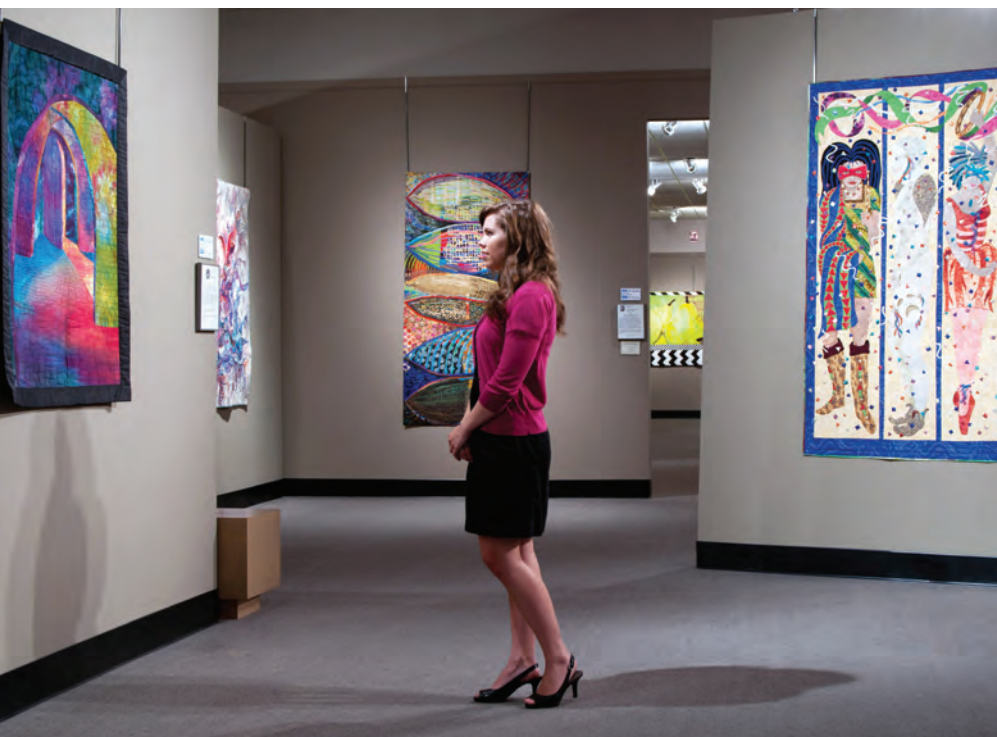
"We rely on that enjoyment," Matthew added.

The Maynards will participate in the Ideas Gallery of Kentucky Crafted: The Market. Their work, along with the work of other selected members of the arts council's Architectural Artists Directory, can be seen 9 a.m. to 7 p.m. March 5 and 10 a.m. to 5 p.m. March 6. The Market is open to the trade 10 a.m. to 8 p.m. March 4 for those interested in placing wholesale orders. Buyers interested in registering for the trade-only day can learn more by going to <http://artscouncil.ky.gov/KentuckyArt/2016MarketBuyerReg.htm>.

Tickets to Kentucky Crafted: The Market are \$10 for one day and \$15 for both days, and can be purchased online (<http://artscouncil.ky.gov/KentuckyArt/2016Market.htm>) or at the door. Children 15 years of age and under are admitted free with a paying adult. ■



*Lori Meadows is executive director of the Kentucky Arts Council.*



## Stitches in Time

Paducah's renowned National Quilt Museum celebrates its 25th birthday

BY KATHERINE TANDY BROWN

**M**ENTION the word “quilt” and memories come tumbling in for many people. My own hear-ken back to the 1950s, when a neighbor, Miss Jean McKee, a second-grade teacher at Virginia Street School in Hopkinsville, pieced together a quilt for my sixth birthday. The lovingly made cover displayed nine large, white blocks with wide borders of powder-blue fabric. On each she’d carefully embroidered in blue thread a scene from a familiar nursery rhyme. For years, I slept on and under that quilt and treasure it to this day.

Miss Jean’s quilt falls into the category of “old-fashioned” or “antique”, as do those made from tried-and-true patterns popular among the middle class back in the 1800s. But you won’t find many of these at Paducah’s internationally renowned National Quilt Museum, which celebrates its 25th birthday in 2016. Here’s why.

Quilting began centuries ago and remained popular among the middle class until after the Civil War, when the craft tapered off until the 1930s. At that time improvements in linotype created

a surge in grange publications, magazines and newspapers such as the *Kansas City Star*, which began to feature a series of quilt patterns. Not until the United States bicentennial in 1976 did quilting experience another upswing.

“Everyone was doing fiber things then,” says Judy Schwender, the Quilt Museum’s curator. “Embroidering their jeans, doing macramé and making quilts again. During the women’s movement, women started saying, ‘We can do whatever we want in this medium.’ Quilting became less of a little old lady sitting around thing. People began to make quilting their chosen medium of artistic expression.”

According to Schwender, quilting has become a phenomenon that now enjoys worldwide popularity among fiber artists, collectors and appreciators of the craft. Contemporary is the focus of the museum’s gorgeous works of art, which range from nonrepresentational compositions to intricate realistic scenes. The broad spectrum of themes on display and in the museum’s collection of some 500 pieces of exquisite handwork includes award winners from

*Quilting is an ancient craft but modern versions such as those at Paducah’s National Quilt Museum can be a high art form and dispel the notion of quilting being old-fashioned.*

regional and national contests and others chosen for historic relevance.

“A lot of what we get are quilts that have gone through competitions,” Schwender says. “Of course, people make their best works for competitions, so we have some of the most amazing quilts in the whole world, and the collection just keeps growing.”

Each year, winning quilts selected in the American Quilt Society (AQS) Quilt Show in April are added to the collection without having to undergo the usual rigorous selection process.

All this is available to the public thanks to the generosity and vision of longtime Paducah residents Bill and Elizabeth Schroeder, quilting enthusiasts who wanted to celebrate the works of modern quilters and promote the craft by bringing it to audiences that might not have been previously exposed. Their creation, the \$2.2 million National Quilt Museum, which sits two blocks from the Ohio River in downtown Paducah, began in 1991 with 85 quilts on loan from the Schroeders’ private collection.

Today, the 27,000-s.f. facility boasts 13,000 s.f. of exhibit space, making it the largest of its kind in the world. Among the highest-rated tourism destinations on TripAdvisor, the museum has garnered the TripAdvisor Certificate of Excellence four consecutive years. At any given time, 50 to 60 pieces from the permanent collection are on display.



*Quilting enthusiasts Bill and Elizabeth Schroeder created the \$2.2 million National Quilt Museum.*





Exhibits rotate eight to 10 times per year, while traveling exhibits of quilts and slide shows, adult and youth educational programs and advocacy efforts further serve the quilting community. Master quilters teach classes that draw quilting students from all over the world. Programs include Quilt Camp for ages seven to 17 each summer, Kidz Day in the Arts, Junior Quilters and Textile Artists Club.

A popular youth program is the School Block Challenge, sponsored by Moda Fabrics, a yearly contest that challenges participants to make a 16"x16" quilt block incorporating a packet of three fabrics. More than 500 young people from 20-plus states participated in the 2015 contest. Many programs are free or offered at minimal cost. An August educators' reception guides teachers, homeschool parents, scout

leaders, 4-H leaders, et al, on how to bring quilting into the classroom.

Easy to access, the National Quilt Museum is an easy stop on I-24, which brings many of its annual 115,000 visitors. Perhaps surprisingly, a number of the museum's quilts are created by men, including one entitled "Air Show." Men enjoy the exhibits as well.

"All the snowbirds coming through to Florida stop here going both ways," says Schwender. "Often, husbands will bring their wives in, pay their admissions and hang out in the lobby. We'll invite the men to come in and look around and tell them that afterwards, if they think it's worth the entrance fee, they can pay. They always do!"

In addition to its coverlets and wall art, the attraction also features a collection of stained glass window art and a gift shop filled with artisans' creations.

*A sampling of some of the hundreds of quilt patterns and forms that are on display at the National Quilt Museum, which attracts 115,000 visitors annually.*

Visit the National Quilt Museum during its 25th year celebration and discover its glorious works of fiber art, including (after April) the winners of its anniversary competition, "Gala of the Unexpected." Come on a Wednesday and watch ladies of the local YoYo Club hand quilt on a traditional frame set up in the lobby. Plan a quilting retreat here and/or schedule a free 30-minute tour ahead of time. Find out more at [quiltmuseum.org](http://quiltmuseum.org) or call (270) 442-8856. To see all the museum's quilts, check out [quiltindex.org](http://quiltindex.org). ■

*Katherine Tandy Brown is a correspondent for The Lane Report. She can be reached at [editorial@lanereport.com](mailto:editorial@lanereport.com).*

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## Governor Proposes 9% Cuts from Most State Agency Budgets

**G**OV. Matt Bevin delivered his first State of the Commonwealth address on Jan 26 after being inaugurated in December. As he promised during his campaign, the new budget outlined by Bevin includes cuts in public investments in order to dedicate more to the state's significant pension liabilities, which have become increasingly dire.



Gov. Matt Bevin

"We cannot move forward unless we address the crippling debt that is facing this state," Bevin said. "We have got to focus on getting our financial house in order."

Bevin noted that Kentucky's two biggest financial challenges are the tens of billions in unfunded pension liabilities and the unsustainable costs of Medicaid.

Modest increases in revenue projections, Bevin said, are simply not keeping up with the increases in demands upon the state's General Fund. Furthermore, he added, these unfunded liabilities are crowding out necessary investments in education, public safety, and vital social services.

The governor's proposed budget includes 4.5 percent cuts in the current fiscal year to state agencies across the board and 9 percent for the two-year biennium. Bevin said he would ask his cabinet secretaries to determine what should be cut from each department.

Meanwhile, a number of areas will receive increased funding under Bevin's proposed budget, including:

- An additional \$130 million budgeted for the Kentucky Employees Retirement System over the next two years, and \$591 million in new funding for the Kentucky Teachers Retirement System.

- Increasing the Budget Reserve Trust Fund (rainy day fund) from \$209 million in 2016 to \$524 million by the end of 2018.

- Increased funding to raise salaries for social workers and state police, reduce caseloads for guardians, and hire more public defenders.

- Increased funding for college scholarship programs for students who participate in workforce development and training programs.

"This budget is a common-sense effort to begin dealing with our pension obligations while also investing in critically important areas to better serve all Kentuckians," Bevin stated. "We have to tighten our belts in order to begin paying down the billions of unfunded liabilities. We must stop putting it on the backs of future generations."

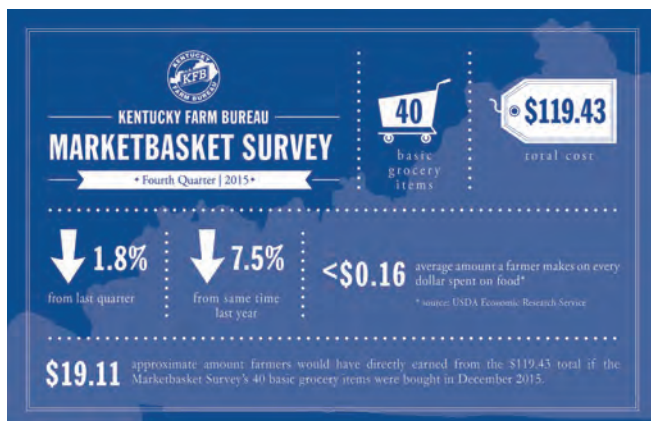
## Kentucky Food Prices Dropped 7.5% in 2015

**Y**ou might not have noticed it while piling items in your grocery cart, but retail food prices in Kentucky dropped 7.5 percent in 2015 according to the most recent Kentucky Farm Bureau Marketbasket survey.

The survey is conducted each quarter and denotes the average total cost of 40 basic grocery items. During the final quarter of 2015, the average price for those 40 items fell 1.8 percent, marking the fourth consecutive quarter in which retail food prices dropped in Kentucky. The continued drop in prices across the states comes in contrast to 2014, when price increases were logged each quarter.

While economists are slow to credit lower food prices with lower commodity prices, KFB Commodity Division Director Joe Cain said it is conceivable to think the two are connected.

"Just as we have seen the decline in oil prices bring prices down at the gas pump, at some point lower commodity prices should show up in the grocery store," he said. "That's good news for consumers but unfortunately that means our farmers are seeing lower revenues."



## Looking for a New Adventure? Check This Out...

**W**HAT do you get when a forensic scientist, a gamer, a tech guru and an entrepreneur start a new business? A company called Locked In and an entertainment and team-building experience called The Louisville Escape Game.

Locked In puts a small team of two to eight people in a locked room and challenges them to escape in less than 60 minutes by finding clues, solving puzzles and cracking codes. While the door to the room is locked, there is an exit button that temporarily opens the door if anyone needs to leave.

The escape game concept has become widely popular overseas and has just recently started making its way into the United States.

Locked In is opening a 4,400-s.f. facility in downtown Louisville (near Hard Rock Café and Fourth Street Live) that will feature four rooms: The Warehouse, The Laboratory, The Classroom and The Museum. Each has a different success rate and features puzzles and clues that support an intricate storyline.

"While insanely fun, these games aren't easy," said Phoenix Perez, co-founder and real-life forensic scientist. "You have to work together if you expect to succeed – there are smart people designing these rooms."

According to the company, a significant aspect of the Locked In business model includes team building for companies and other organizations. These advanced sessions, complete with professional monitoring and performance composites delivered as "Report Cards", help companies identify natural leaders and show how workgroups perform under stress in a fun and challenging environment.

For more information, check out [louisville.lockedin.com](http://louisville.lockedin.com).





## Economic Outlook Addendum

**T**ECHNICAL difficulties led to *The Lane Report* losing track of two submissions for January's annual Kentucky Economic Outlook compilation. (The editor's trusty computer, in a possible foreshadowing of the stock market swoon last month, began the year by going kaput.) The assessments by Lexington Clinic CEO Andrew Henderson and University of Louisville President James Ramsey made it online long ago, but we also wanted to present them here in print for your consideration.



**Dr. Andrew Henderson**  
Chief Executive Officer,  
Lexington Clinic

"Healthcare has been full of surprises in recent years and 2016 will be no different. To keep up with this ever-changing environment, Lexington Clinic continues to adapt and implement new practices in order to better serve Central Kentucky. In 2015, we opened our newest location, Lexington Clinic Beaumont, which provides complete family care and walk-in services in one convenient location. Additionally, we have acquired many new, highly trained physicians and specialties and expect to add more in the coming year. These changes allow Lexington Clinic to respond quickly and continue to provide our patients with the quality care they have come to expect from us for more than 95 years."



**Dr. James Ramsey**  
President,  
University of Louisville

"Continued steady employment growth of 1.5 to 2 percent for 2016 – with regional variation; rural Eastern Kentucky will lag the rest of the state – will translate to General Fund revenue growth, but at a modest rate due to the loss of elasticity over time in our tax structure. The state budget will remain structurally unbalanced primarily due to unfunded pension liabilities and the need to fund the increased Medicaid population, which will limit state General Fund support for higher education. Institutions will continue their cost-management programs and look for alternative revenue streams. The University of Louisville will maintain its strategy of aggressive cost management; converting underperforming assets to fully performing assets; enhancing clinical income; using the private sector for noneducational investments; continuing to focus on generating income from intellectual property; and relying on funding from our three tax increment financing districts. In addition, UofL will announce our next capital campaign of \$1.5 billion."

## Judge Sides with Noah's Ark Theme Park on Tax Incentives

**A** federal court has issued a preliminary injunction against Kentucky for unlawfully blocking efforts by the Ark Encounters theme park developer to participate in the Kentucky Tourism Development Program.

Judge Greg Van Tatenhove of U.S. District Court for Eastern District of Kentucky found that excluding the developer, Christian group Answers in Genesis (AiG), from receiving tax incentives under the program is a violation of the group's religious rights under the First Amendment.

In 2014, state officials, under former Kentucky Gov. Steve Beshear, chose to

block the development from up to \$18 million in sales tax tourism incentives due to the religious purpose of the attraction. AiG filed the federal lawsuit against the state in February 2015.

In his decision, Judge Tatenhove also upheld AiG's right to religious preferences in its hiring, writing AiG may "utilize any Title VII exception for which it qualifies concerning the hiring of its personnel."

"The law is crystal clear that the state cannot discriminate against a Christian group simply because of its viewpoint, but that is precisely what happened here," said AiG co-founder Ken Ham in



## Refinancing Relief for Student Debt

**W**HETHER you still owe on a student loan yourself or have a son or daughter with a student loan, you'll be interested to know that a new refinance/consolidation option is being offered from the Kentucky Higher Education Student Loan Corp. (KHESLC), a public nonprofit corporation that provides education loans for students and parents.

With an Advantage Refinance Loan, borrowers can combine all student loans into one, save on interest charges and get out of debt more quickly. Any school-certified loan is eligible, including private loans, Federal PLUS loans for parents or graduate students, Federal Stafford loans or Federal Perkins loans.

KHESLC's fixed interest rates begin at 3.99 percent. The exact rate will depend on creditworthiness.

To qualify for an Advantage Refinance Loan, a borrower must:

- Be in grace status or in loan repayment.
- Be a U.S. citizen or a non-citizen with a proof of residency card.
- Have an acceptable income and credit history.

A cosigner may be required for some borrowers. Applications may be submitted online at [kheslc.com](http://kheslc.com) or at [advantageeducationloan.com](http://advantageeducationloan.com). For more information, call (800) 988-6333.



Construction on the \$92 million first phase of the Ark Encounter in Williamsburg, Ky., is scheduled to be complete this summer, with the opening scheduled for July 7, 2016.

a press release. "The decision today is a victory for the free exercise of religion in this country, including in hiring."

## KENTUCKY PEOPLE

### CHINA: UNIVERSITY OF KENTUCKY COMMUNICATION PROFESSORS TRAVEL TO CHINA TO EXPAND RELATIONS



Five professors from the University of Kentucky College of Communication and Information recently traveled to China to visit Communication University of China in Beijing and participate in a health communication symposium at Sun Yat-Sen University in Guangzhou. Health communication is a relatively new academic discipline in China, where the government is increasingly interested in addressing health issues such as smoking. Pictured here are (left to right) UK professors Zixue Tai, a native of China who led the UK delegation; Kevin Real; Shari Veil; Al Cross; and Douglas Boyd.

### ORLANDO: FARM BUREAU DELEGATES REPRESENT KENTUCKY AT 97TH ANNUAL CONVENTION



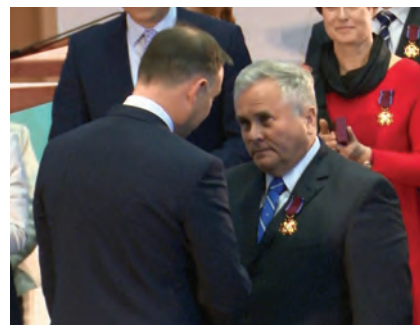
Twenty-four delegates from Kentucky traveled to Orlando, Fla., last month to attend the American Farm Bureau Federation's 97th annual convention. Pictured here (left to right) are members of the Kentucky Farm Bureau executive committee: President Mark Haney, First Vice President Eddie Melton and Second Vice President Fritz Giesecke. KFB was honored with an array of honors during the convention including six Awards of Excellence for demonstrating outstanding achievements in meeting its members' needs in each of the following categories: education and outreach; leadership development; member services; membership initiatives; policy development and implementation; and public relations and communications.

### LOUISVILLE: KENTUCKY EXPOSITION CENTER HOSTS 52ND ANNUAL MIDWEST MANUFACTURED HOUSING SHOW

Despite a couple of inches of fresh snow, some 3,000 people arrived at the Kentucky Exposition Center in Louisville in late January to attend the 52nd annual Midwest Manufacturing Housing Show. Welcoming guests – which included industry developers, community owners and suppliers – were Betty Whittaker, executive director of the Kentucky Manufactured Housing Institute, and Barry Noffsinger, president of the Kentucky Manufactured Housing Institute.



### WARSAW: UofL RESEARCHER HONORED WITH POLAND'S GOLD CROSS OF MERIT



Mariusz Z. Ratajczak, an internationally known specialist in the field of adult stem-cell biology and director of the stem-cell program at the University of Louisville's James Graham Brown Cancer Center, was presented with a Gold Cross of Merit by Poland President Andrzej Duda on Jan. 22 for his work in stem cell research and transplantation. Ratajczak, a native of Poland, received the award at a ceremony marking the opening of National Transplantation Congress in commemoration of the 50th anniversary of the first kidney transplant in Poland and the 30th anniversary of the country's first bone marrow transplant. The Cross of Merit is a civil state award presented by the government of Poland to citizens who have gone beyond the call of duty in their work for the country and society as a whole.

### PIKEVILLE: COMMUNITY TRUST EARNS TOP SBA AWARD FOR 7TH YEAR



Pikeville-based Community Trust Bank was recently honored by the United States Small Business Administration as Kentucky's top community bank SBA 7a lender for 2014-2015. Pictured here is Ralph E. Ross (right), Kentucky SBA district director, presenting the award to Terry Spears, SBA small-business banking officer for Community Trust. It is the seventh consecutive year that Community Trust has received the SBA award.





Carole King & James Taylor  
Live at the Troubadour



Downton Abbey Series Finale



Loretta Lynn: Still a Mountain Girl

# TeleFund

March 5-20

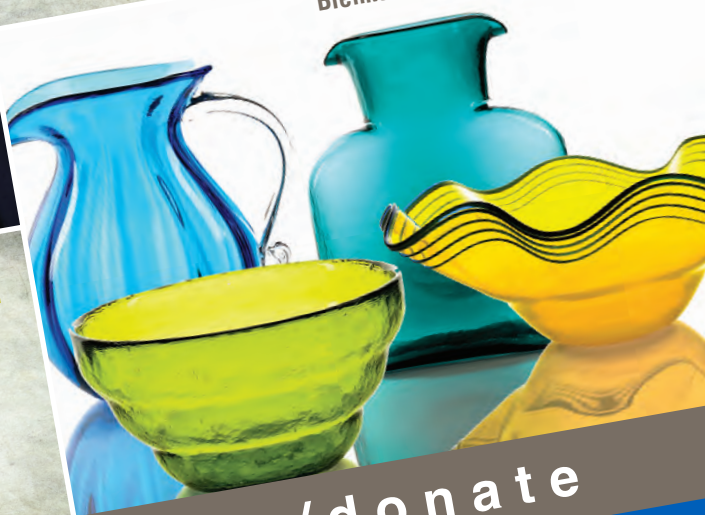
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Doc Martin –  
The Doctor Is Out



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KET







# Fuel Kentucky's Workforce

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

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

Since the economic downturn of 2008, KCTCS has lost **\$39 million** in state appropriations with fixed costs increasing by nearly the same amount. Join business and industry leaders across the state in asking Kentucky's legislature to restore a portion of our state appropriation cuts to "Fuel the Force." Learn more at [fueltheforceky.com](http://fueltheforceky.com).

**INVEST IN KENTUCKY JOBS. INVEST IN KCTCS.**

