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IT TOOK YEARS TO TURN RUPP FROM DREAM TO LANDMARK

'Gamechanger, The Lexington Center Story' documentary captures the struggle and passion behind bringing an economic engine to life

Page 24

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MARCH 2016

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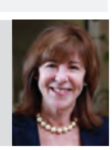
Volume 31 Number 3

On the Cover

Today Rupp Arena, the Lexington Convention Center and Lexington Opera House attract 1.2 million people annually to events that generate $75 million in economic impact, but it took a group of committed individuals years to get the project off the ground.
UK Athletics photo

Departments



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Lane Communications Group
is a member of
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OF AREA BUSINESS PUBLICATIONS

The Lane Report is published monthly by:
Lane Communications Group
201 East Main Street 14th Floor
Lexington, KY 40507-2003
editorial@lanereport.com
For more information and
advertising rates contact:
PHONE: 859-244-3500

The annual subscription rate is $29.
(Kentucky residents add $1.74 sales tax.)
Newsstand price is $4.50.

Send check or money order to:
Circulation Manager
The Lane Report
201 East Main Street 14th Floor
Lexington, Kentucky 40507-2003
or go to lanereport.com/subscribe

The Lane Report corrects all significant errors that are brought to the editors' attention.

PERSPECTIVE

NO PAIN, NO GAIN

Ky. pension liability fix will hurt – and make the state stronger

BY MARK GREEN

AS is typical in even numbered years, General Assembly session discussions center primarily around biennial budget writing. Untypically several years into economic recovery, though, the talk is about who will NOT get what. The bill for Kentucky's public pension systems is coming due, and the invoice is $36 billion.

What is a state whose revenues run less than $10 billion a year to do?

Hearings, policy papers and trial balloons floated the first half of the session have focused on the "pain" that Gov. Matt Bevin's spending proposals will inflict. Our new governor, a pension fund manager before entering politics, is directing all state spending for the remainder of the 2014-16 biennium be cut 4.5 percent. Then, rather than grow with the slowly expanding economy, everyone in state government should plan to cut 9 percent from spending for 2016-18.

Pain usually is our body telling us something bad is happening. But the political world is often a hall of mirrors, and in this context of the next biennium budget, complaints of pain in the body politic probably reflect healthy change.

With an improving economy, cutbacks are not what Kentucky's public sector administrators had in mind for the next two years (Consensus Forecasting Group estimates are $327 million in revenue growth in Fiscal 2017). They looked forward rather to recovering from funding losses extracted in nine separate mid-biennium budget-balancing cuts the Beshear administration had to undertake as the commonwealth worked its way through difficult financial times.

The Great Recession had begun in 2007, and by late 2008 the United States was staring down financial panic. Kentucky public policy leaders, with input from the private sector, spent much of the difficult previous eight years focused on averting an even worse economic collapse and then on job creation. It's difficult to fault the strategy, as each of the tens of thousands of jobs lost to a recessionary undertow not of the commonwealth's making affected a real-life Kentucky family. Other states and their leaderships faced similar situations and made similar choices. The drama of 2008 and its aftermath were existential.

Less dramatic but only marginally less important, however, was the slow-motion advance of our state's unfunded pension liability problem. The Lane Report's February 2013 cover headline was, "Kentucky pension shortfall a potential bankruptcy bomb." Broad economic and demographic forces were conspiring to undermine the pension funding decisions in previous biennial budgets for years prior to the Great Recession. As our article reported, the Kentucky Retirement System's unfunded liability bloomed from just under $1 billion in 2000 to $17.4 billion by 2005 and then to $31 billion by 2010.

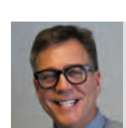
The system's previously ascending asset values stalled when low or negative investment returns that were not offset as they should have been by higher state budget contributions. Previous incremental generosity and me-too-ism in benefits and participation was laid bare as the largest generational cohort in history entered retirement (often early) and accelerated liabilities.

It all brings us to now, when Gov. Bevin has proposed a budget that strongly and correctly urges the legislature to greatly increase pension funding – by an additional $1.1 billion. Producing such a big number for pensions means more true cuts in funding levels for many important public services programs, and with that the political pain circuit is activated.

Voices from various segments of Kentucky's public services communities lament that the proposed cuts are too great, that they will be too damaging. They intone that some schools and courts could have to close and cease providing any of their essential public services.

Suggestions that the proposed budget cuts, deep as they are, would provoke an end of operations are not a productive political tactic. They do not reflect well on the administrative and problem solving skills of our services managers.

The pension policies past Kentucky General Assemblies enacted created real responsibilities and legal obligations. Meeting them is going to mean pain, of the political sort. The choice is less service or … increasing revenue. Talk of pain in the 2016-18 biennium is encouraging; it indicates healthy things are being seriously considered, if not yet happening. ■



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

A compilation of economic news from across Kentucky

STATE: UK COLLEGE OF MEDICINE EXPANDS CLASS SIZE 30% BY ENLARGING MOREHEAD, ADDING BOWLING GREEN

By expanding its medical program through satellite locations, the University of Kentucky College of Medicine plans to increase its class size by approximately 30 percent.

IN an effort to address the shortage of physicians across the commonwealth, the **University of Kentucky College of Medicine** announced in February that it is planning to develop a satellite program in Bowling Green for four-year medical education and will expand its Rural Physician Leadership program in Morehead to a three-year medical education program. (Currently, students participating in the program complete their third and fourth years of medical training with rural-centered clinical experiences primarily at **St. Claire Regional Medical Center** in Morehead).

The new initiative – which involves partnering with **Morehead State University**, **Western Kentucky University**, **St. Claire Regional Medical Center**, **King's Daughters Medical Center** (Ashland) and **The Medical Center at Bowling Green** – will begin as early as 2018.

UK officials said the UK College of Medicine has reached its capacity at the Lexington campus and while there is a deep applicant pool for medical students, the college can't expand enrollment without the help of regional partners.

Currently, the UK College of Medicine enrolls 521 students, including 139 in the most recent class. With the new program, UK plans to increase its class size by approximately 30 percent through expansion to the satellite locations.

Connie Smith, chief executive officer of The Medical Center at Bowling Green, said the public/private partnership being formed between the hospital and UK "is an extraordinary means to address one of the most pressing challenges in healthcare today – the physician shortage. It is an amazing opportunity for area students wishing to pursue a career in medicine, and the entire commonwealth will ultimately benefit from having greater access to well-trained physicians.

LOUISVILLE: PASSPORT HEALTH TEAMS WITH EVOLENT ON $42M MEDICAID CENTER, CREATING UP TO 650 NEW JOBS

PASSPORT Health, a Louisville-based company that administers Medicaid benefits to more than 280,000 Kentuckians, has formed an alliance with Virginia-based **Evolent Health** to create a Medicaid Center of Excellence in Louisville that will create up to 650 new jobs.

PASSPORT HEALTH ★ PLAN

evolent HEALTH

Evolent Health currently partners with leading health systems to advance value-based care. The company plans to invest nearly $42 million in the new Center of Excellence, which will combine Passport's expertise in **Medicaid** managed care with Evolent's technology and operations to provide centralized services for provider-led Medicaid health plans nationwide.

Evolent will initially hire 200 workers in the first year and plans to add up to 300 additional workers by year three. Documents filed with the state indicate a total of 647 jobs created within 10 years. The Kentucky Economic Development Finance Authority has issued preliminary approval for $10 million in tax incentives for Evolent, contingent on the company meeting those hiring targets.

Passport, a nonprofit provider-sponsored managed care organization that has been administering Medicaid benefits in Kentucky since 1997, currently has approximately 500 employees will Louisville. The company will assign some 350 of those workers to operations at the new Center of Excellence.

"The Medicaid Center of Excellence will help us bring the Passport model to states beyond Kentucky," said Mark B. Carter, CEO of Passport Health Plan.

VERSAILLES: INDIANA BAKING COMPANY TO HIRE 300 FOR NEW WOODFORD CO. PLANT

MORe Than a Bakery LLC has announced plans to build a $57.1 million facility in Versailles that will employ more than 300 people.

The company – an extension of a century-old family business based in Richmond, Ind. – plans to begin construction on a 250,000- to 300,000-s.f. building this summer, with operations slated to begin by the end of 2017. The facility will produce cookies, crackers and other items by contract for major food brands and retailers and will be built on more than 100 acres to allow for future expansion.

"The company has needed this kind of additional space for some time now," said Bill Quigg, president and member of the fourth generation of family ownership. "The Richmond plant is bursting

Richmond Baking Co. photo

More Than a Bakery's new plant in Woodford County will produce a variety of cookies and crackers.

at the seams and isn't easily adapted for current production methods, and the (Alma) Georgia facility has had 200 percent growth in two years. We want this new facility and our new employees to help us create a unique culture that will help everyone succeed both personally and professionally."

The company dates back to 1902, when the Quigg family purchased a neighborhood bakery in Richmond, Ind., that produced cookies, breads and cakes. Since then, the company has gained expertise in breading systems, dessert crumbs, ice cream inclusions, contract baking and packaging services. **Richmond Baking**'s customers include Fortune 100 food brands, grocery and convenience store chains, school cafeterias and national food-service companies.

FAST LANE

BUSINESS BRIEFS

ALBANY

■ **Thoroughbred Houseboats** has acquired a building in neighboring Wayne County formerly owned by **Fantasy Yachts** and has closed its Clinton County plant in order to consolidate operations in the new Monticello location. Though the houseboat building industry has taken a hit in recent years due to a slow economy, Thoroughbred President Shawn Heinen told the *Clinton County News* that his company has recently received a significant number of orders for very large boats in recent months, thus prompting the decision to relocate. Thoroughbred opened its doors in 1996 and currently employs approximately 40 workers. The company plans to add at least 15 to 20 new employees within the next few months.

ALBANY/BOWLING GREEN

■ Bowling Green-based **Commonwealth Health Corp.** has assumed management of the **Clinton County Hospital**, a 42-bed not-for-profit acute-care hospital in Albany that has a staff of 125. With the acquisition, CHC now operates six acute-care hospitals in south-central Kentucky, including **The Medical Centers** in Bowling Green, Caverna, Franklin and Scottsville and **Commonwealth Regional Specialty Hospital** in Bowling Green. Once the financial transaction closes this month, the Clinton County Hospital will operate as The Medical Center at Albany.

BOWLING GREEN

■ **Precision Strip Inc.**, a company that processes metals for various industries, is building an 80,000-s.f. facility in Scotty's Industrial Park in northern Warren County to help better serve its customers in south-central Kentucky. The company hopes to mirror the growth of its existing Kentucky location in nearby Woodburn, which has expanded three times in the last 20 years and currently employs 112 people in a 308,000-s.f. facility. Precision Strip plans to add 15 more jobs as result of the latest expansion.

CAMPBELLSVILLE

■ The **Campbellsville University** board of trustees has approved a resolution to offer certificate-completion programs and four degree programs at a new education center in Harrodsburg. The Harrodsburg location will offer cosmetology and allied health offerings as well as a professional master of business administration, a master of theology, an early childhood education P-5 degree and a master of science in information technology management.

ERLANGER

■ **St. Elizabeth Healthcare** and **SUN** (Solving Unmet Needs) broke ground in February on a new 197-bed behavioral health hospital in Erlanger. The new facility, which will employ 400 people (including 270 new positions), is being built to address the region's need for inpatient behavioral health services and chemical dependency resources. The hospital is expected to open in the second half of 2017.

HEBRON

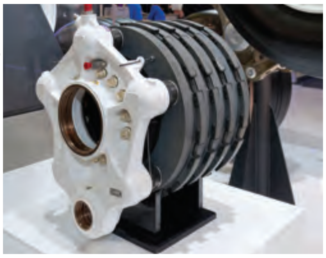
■ **Delta Air Lines** is laying off 120 cargo employees at the **Cincinnati/Northern Kentucky International Airport** (CVG) and reducing the work schedules of 185 other employees as it works to bring its employment there in line with operational needs. Despite the Delta changes, the airport itself is currently in growth mode. In February, the airport held a hiring event for 26 CVG employers who have approximately 350 positions to fill. Those jobs range from airframe and power-plant licensed mechanics to retail sales, hospitality, car rental and ticket agents.

HENDERSON

■ **Custom Resins** is investing up to $12 million to double the size of its plant in Henderson, where it has been producing specialty nylon resins for nearly 60 years. Construction is slated to begin later this year on a 100,000-s.f. addition that will house up to eight compounding extruders and peripheral equipment. The expansion will create 40 new jobs and will enable the company to make new resins from sustainable, bio-based raw materials. The company's products are used in automotive components, nylon carpeting, wire and cable sheathing, packaging, and lawn and garden power tools.

WALTON: AEROSPACE MANUFACTURER LAUNCHES $100M EXPANSION PROJECT

MESSIER-Bugatti-Dowty, a company that produces aircraft wheel and brake components, is investing more than $100 million to expand its plant in Walton. The planned expansion will increase the plant's production capacity to meet expected airline demand for wheels and carbon brakes.



Wikimedia/Julian Herzog photo

Messier-Bugatti-Dowty first introduced carbon brakes on commercial aircraft in 1986. Carbon brakes offer a higher energy absorption capacity along with reduced operating costs.

Messier-Bugatti-Dowty first introduced carbon brakes on commercial aircraft 1986. Carbon brakes have now become the benchmark in high-performance braking, offering energy absorption capacity two-to-three times greater than steel brakes along with reduced operating costs, delivering technological, economic and environmental advantages to airlines. The company is a partner to 30 commercial, military, business and regional aircraft manufacturers. The Walton plant's client list includes **Delta**, **Spirit** and **Air Canada**, among numerous other North American airlines.

Once the two-year construction project in Walton is complete in 2018, the company plans to add approximately 80 employees to support the expansion.

LEXINGTON: $10M EXPANSION, 40 MORE JOBS PLANNED FOR COLDSTREAM LABS

Piramal Pharma Solutions plans to expand its Coldstream Labs facility in Lexington. The company is aiming to become a significant player in the field of injectable pharmaceuticals.

PIRAMAL Pharma Solutions, an India-based company that purchased Coldstream Labs last year, has announced plans to invest $10 million to expand the **Coldstream Labs'** manufacturing facility in Lexington.

Piramal Pharma Solutions executives said the project, which will create 40 new jobs, will help the Lexington facility grow into a significant player in the contract manufacturing market for injectable pharmaceuticals.

Coldstream Labs started in 1991 as the Center for Pharmaceutical Science & Technology, a unit of the **University of Kentucky College of Pharmacy**. It completed more than 200 development projects that led to clinical trials. In 2007, the college spun off Coldstream Labs as a private company owned by the **University of Kentucky Research Foundation**.

As a separate independent business, Coldstream Labs gained the ability and technical expertise to manufacture liquid and freeze-dried injectable products. In January 2015, the Research Foundation sold Coldstream Labs to Piramal Pharma Solutions, a global leader in pharmaceutical contract services, and the flagship division of the Mumbai, India-based Piramal Group. The acquisition gives Coldstream Labs access to the financial resources needed to expand its facilities and meet its customers' needs.

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BUSINESS BRIEFS

HICKORY

■ **LSK Inc.**, an air-compressor parts manufacturer, is investing more than $1 million to build a new 10,800-s.f. facility in Hickory to accommodate future growth. The company began 13 years ago and now supplies parts for assembly lines of Fortune 50 companies and power plants that provide energy internationally. The expansion will add 10 new jobs.

LARUE COUNTY

■ **Konsei USA**, a company that specializes in machining steel components for the automotive industry, has purchased the former **Clayton Homes** building and 27 acres in the LaRue County Industrial Park for $2.9 million, according to a report by the *LaRue County Herald.* Konsei has been leasing space in the building, along with **Cumberland Products** and **Karbec**. According to the report, Konsei plans to honor the existing lease with the other two companies.

LETCHER COUNTY

■ The U.S. Bureau of Prisons plans to utilize $444 million in federal funding to construct a **federal prison** on 700-acres in the Roxana community of Letcher County. U.S. Attorney General Loretta Lynch said the new prison will help address the issues of overcrowding, safety of correctional officers, and violence and disease among inmates. The new prison will create an estimated 300 full-time jobs.

LEXINGTON

■ Lexington-based **Rood & Riddle Equine Hospital** has expanded its footprint with the purchase of an equine hospital and adjacent property in Wellington, Fla., its second clinical venture outside of Kentucky. (The hospital established a practice in Saratoga, N.Y. in 2013.) Rood & Riddle acquired the Wellington hospital in response to an increase in the number of Kentucky clients showing and racing in Florida.

■ Louisville-based **21c Museum Hotels** has opened a new hotel in Lexington, the company's fifth location. The 88-room 21c Lexington is an adaptive reuse of the 100-year-old Fayette National Bank Building in downtown Lexington and features a 7,000-s.f. contemporary art museum that is open to the public free of charge.

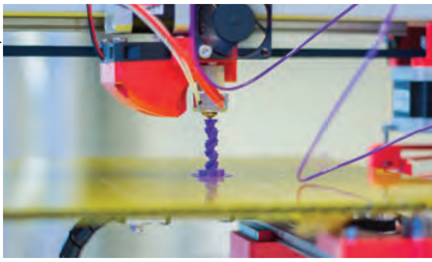
■ **Cabela's**, a popular retailer of hunting, fishing and outdoor gear, will open its third Kentucky location this month in Lexington. The 72,000-.s.f. store, located in the Hamburg Place development near I-75, will create 160 new jobs. The retailer's other Kentucky stores are located in Louisville and Bowling Green.

LOUISVILLE

■ **American Airlines** has announced new nonstop jet service from Louisville to New York's **LaGuardia Airport**. Beginning June 2, the airline will offer one daily flight using 50-seat **Canadair** regional jet aircraft. Louisville International Airport Executive Director Skip Miller said the business community had been requesting more seats to New York for some time.

■ Construction work is officially underway for the new 612-room **Omni Hotel** being built in downtown Louisville. Located at Liberty and 2nd Street, the 30-story hotel will have the distinction of being the city's tallest hotel and will serve as the cornerstone of Louisville's entertainment, retail and office district. The $289 million public/private project will also include 225 luxury apartments, 70,000-s.f. of flexible meeting and event space, and a market that will serve hotel guests as well as local residents. Once completed, the hotel will employ 320 people.

LOUISVILLE: NEW TRAINING CENTER FOR 3-D PRINTING OPENS ON UofL CAMPUS



Jonathan Juursema photo

The University of Louisville and UL are collaborating with the 3-D printing and additive manufacturing industry to advance education and training.

THE **University of Louisville** has partnered with **UL**, a global safety science organization, to open a new 3-D printing training center on the UofL campus.

Developed for established additive manufacturing technical and business professionals, the **UL Additive Manufacturing Competency Center** (AMCC) will serve as a hub for advancing additive manufacturing knowledge and workforce expertise. The UL AMCC provides hands-on training in additive manufacturing for metals and curriculum covering design setup, design corrections, machine setup, part production, post-processing and parts inspection, testing and validation. The training will allow professionals to understand how to produce metal parts and emerging materials through additive manufacturing, and establish safety systems, identify hazards from materials and machines and manufacture parts with safety built into designs.

Over the next few years, hundreds of workers from across the country will be training at the new center, UofL officials said.

The UL AMCC joins the University of Louisville's global advanced manufacturing campus, the **Institute for Product Realization** (IPR), and will collaborate and share knowledge with other corporate residents, including **GE** and **Local Motors**' FirstBuild.

"The UL AMCC is a first-of-its-kind facility with the technical and educational expertise to not only progress additive manufacturing but also contribute to the future of manufacturing transformation," said David Adams, CEO of the IPR. "We see the intersection of industry information, UL's training, certification and safety knowledge and the university's additive manufacturing expertise and academic research creating a manufacturing environment unlike anything else."

LOUISVILLE: TOP 10 GLOBAL LAW FIRM TO BRING 250-JOB SERVICES CENTER TO KY

HOGAN Lovells, a leading international law firm, is establishing a second global business services center in Louisville that will create 250 jobs. The center will be the company's first such facility in the United States; its other business services center is located in South Africa.

Hogan Lovells is one of the world's top 10 law firms, with a staff of 5,000 operating from 49 offices in 25 counties. The firm recorded annual revenues in 2015 of $1.82 billion, with the Americas representing approximately 50 percent of the firm's total billings.

Hogan Lovells' Americas regional managing partner, Cole Finegan, said one of the reasons the firm chose Louisville for its new business services center was that the area offers an excellent supply of talented people.

"It is (also) well placed in terms of time zones and offers good opportunities for cost savings when compared to Washington D.C. and a number of our other existing office locations," he added.

The center is expected to be operational by late summer, with an initial staff of 50 in the first year.

15 QUESTIONS TO ASK A POTENTIAL FINANCIAL ADVISOR

Kevin Avent, Wealth Management Director, Answers for Unified Trust Company

1. How old are you? We have a team of experienced advisors of varying ages. At most other investment firms, each advisor has their own investment philosophy which can lead to inconsistent and less than desirable outcomes for clients. At Unified Trust, we believe a collection of minds are better than one. Therefore, all investment strategies are established and overseen by our Trust Investment Committee.

This committee is comprised of senior leaders and highly credentialed investment professionals across all company divisions. The committee is responsible for evaluating macroeconomic factors and market conditions that influence our strategic investment decisions. You can rest easy knowing your portfolio is being managed by experts according to prudent investment standards.

2. What is your educational background? At Unified Trust, your investments are managed by a team of experts dedicated to helping you achieve your goals. Our Fiduciary Investment Advisors all hold either the Certified Financial Planner (CFP®) or Chartered Financial Analyst (CFA®) designation but many also hold additional degrees and certifications. They are subject to continuing education standards within their fields.

3. How long have you been an adviser? Our advisors have on average at least 12 years of wealth management experience implementing high level financial planning, trust and investment solutions for clients. All have experienced the ups and more importantly, downs of the markets of the past decade plus.

4. Do you accept fiduciary responsibility? Yes, we are one of only a handful of national independent trust companies in the country today. This allows us to offer fiduciary discretion. We put our clients first and we must always use a "prudent expert" standard of care.

5. Describe your firm. Our company serves individual investors through our Wealth Management Services business and retirement plan participants through our Retirement Plan Consulting Group. We manage accounts across the U.S., however most of our client base is in Central Kentucky. Including both lines of business, we manage more than $4 billion in assets and employ about 100 people.

6. What investment firms do you use in your practice? We use an open architecture platform which allows access to over 20,000 investment options. This gives our Trust Investment Committee the breadth to select investments and investment managers whose philosophies and values align best with your goals.

7. How much do you charge for your service? Do you offer different levels of service? Fees vary depending on assets but for individualized attention and innovative thinking, you'll find our pricing is very competitive. We are also one of the first fee-based, full disclosure, discretionary investment managers in the country. While other firms make it difficult to discern how they are paid and how fees are assessed, we have always practiced full disclosure of our fees. That is why you will receive a quarterly invoice simply for the purpose of making sure you are aware of the fees you are paying.

8. What are the total costs and fees for typical stock and bond funds you would recommend? As a fiduciary, we always have your best interest in mind. Our advisors don't receive any incentives for recommending one type of fund over another and we disclose our fees to you in a quarterly report. Any compensation we receive as a result of transactions, known as revenue sharing, is credited to your account to help offset costs.

9. What allocation guidelines do you use? For a person of my age and what you observe about the things I have told you, what rough percent of equities (stocks and real estate) would you allocate in a portfolio? To build a personalized financial strategy, we must first get a complete picture of your financial situation. After you answer our risk tolerance questionnaire we can determine your asset allocation and develop a personalized long-term plan. As your circumstances change, we will help you modify your plan.

10. What are the important economic risks you think we need to be concerned about, and do you suggest some investments that might alleviate these? There are many risks you need to be prepared for, including inflation and taxes but also healthcare and longevity. Our approach to a personalized financial plan accounts for inflation, taxes and strategic diversification. We also offer a comprehensive retirement income solution, called the Unified IncomePlan®, designed to provide you reliable income for life. In the event of personal financial challenges, you have a team of experts with you every step of the way.

11. What kind of investments do you recommend? Our investment portfolios consist of individual stocks and bonds, mutual funds, and exchange traded funds. In addition, our Unified Fiduciary Monitoring Index® provides a unique and time-tested way to evaluate the performance of a fund or investment manager objectively. This scoring system gives us a balanced long-term evaluation of each investment relative to its peers. If funds fail to meet our criteria for two consecutive quarters they are replaced.

12. On a scale of one to 10, where one represents a pure buy-and-hold investor and 10 represents a market-timer, where do you put your clients? Four. We believe in investing early and often to allow compounding to work for you. We also believe in diversification, regular rebalancing and modifying your plan based on the phases of your life and potential prolonged adverse economic climates. As a fiduciary, our focus is on managing downside risk in client portfolios and thus we recognize there could be times, albeit few and far between, when our Trust Investment Committee may recommend an overall reduction in portfolio risk based on the Committee's economic and stock market outlook.

13. How often do you evaluate my situation and provide an up-to-date forecast? We provide all clients with a quarterly investment report showing the progress of our fiduciary oversight and meet with them regularly to discuss their ongoing plan. Our Trust Investment Committee also evaluates investments and asset allocations monthly.

14. Does your retirement forecasting include discrete financial events like a real-estate purchase or sale, death of a spouse and subsequent survivor benefits or other large financial events? Yes, at Unified Trust, we work closely with clients to set goals for all the milestones in their lives and then create long-term prudent strategies to realistically achieve those goals. To reach your goals you need to have a long-term plan in place and continue to adjust and modify it as time goes on. That's the way we work and that's the reason our clients have had so much success.

15. Do you think you would be a good adviser to me? Why? Our mission is to help people achieve successful financial outcomes. In a sense we're guardians of their dreams and it's a responsibility we don't take lightly. As a fiduciary and discretionary trustee, we are bound by law to always act in your best interest and use a "prudent expert" standard of care. Our loyalty and transparency set us apart in the industry and that is evident in the answers we've provided here. If this is the kind of service you want, let's start building your personalized financial plan.

KEVIN AVENT, CFP®, AIF®
Wealth Management Director
Unified Trust Company
859-514-6161
kevin.avent@unifiedtrust.com

BUSINESS BRIEFS

LOUISVILLE

■ **Eurofins Microbiology**, a global laboratory services and product-testing company, has opened a new 65,800-s.f. microbiology lab in Louisville that will employ up to 110 people, including chemists, biologists and techs, as well as administrative and IT positions. The facility will offer testing services needed to quantify, detect or identify pathogenic, spoilage and probiotic microorganisms. Eurofins said Louisville's proximity to more than 60 percent of U.S. cities and the presence of **UPS' Worldport** hub will reduce the turnaround time of results by up to eight hours over competing labs.

■ Louisville-based **Kindred Healthcare** has expanded its presence in South Carolina by acquiring licenses from the **South Carolina Department of Health and Environmental Control** to provide home health services in all 46 South Carolina counties. As part of the $18 million agreement, Kindred will add 72 employees and 650 patients. Since the beginning of the year, the Fortune 500 healthcare company has also expanded in Ohio, where it has opened a second inpatient rehab facility (IRF) in Cleveland and acquired **HopeBridge Hospice**; opened a new 160-bed transitional care center (TCC) in Las Vegas; opened a 120-bed TCC in Phoenix and broken ground on an IRF just outside of Phoenix; and opened a sub-acute skilled nursing unit with **Kindred Hospital South Florida-Hollywood**, near Miami.

■ Louisville-based **Yum! Brands** – the parent company of **KFC**, **Pizza Hut** and **Taco Bell** – is relocating its top executives to Plano, Texas, home to the company's Pizza Hut and KFC global divisions. Those being relocated include Chief Executive Officer Greg Creed as well as the chief financial officer, chief people officer, chief legal officer and chief public affairs and global nutrition officer. Louisville remains the company's global headquarters.

MAYFIELD

■ **America SednAir Compressor Systems Inc.** has completed a new $1 million headquarters facility in Mayfield. The new facility will enable the company – which imports, exports, maintains, repairs and retails parts for industrial air compressor systems – to begin producing air coolers that chill compressed air for large-scale compressors. The company plans to add 11 new jobs as a result of the additional operations.

MONTICELLO

■ Employees of the **Belden** manufacturing plant in Monticello have been told the facility will close by the end of 2017. The St. Louis-based cable manufacturer plans to move the Monticello operations to its facilities in Richmond, Ind., and Nogales, Mexico. The closing will affect 230 full-time employees in Monticello.

NORTHERN KENTUCKY

■ Twenty-seven companies announced **new investments** in Northern Kentucky in 2015, a 105 percent increase over 2014. The investments generated more than 2,400 direct new jobs in the region and have a projected impact of another 2,000 indirect jobs.

PIKEVILLE

■ **Pikeville Medical Center** has received approval from the state to add 39 more beds, bringing the hospital's total to 300. PMC officials say the hospital has been forced to turn away critically ill patients because it did not have enough available beds, forcing patients to travel for at least an hour and half to receive critical-care services.

SIMPSONVILLE

■ **Crosley** is expanding its presence in Simpsonville, leasing a 225,000-s.f. building adjacent to its existing Kingsbrook Commerce Park distribution and warehouse facility in order to gain more space. The company has two divisions – **Crosley Radio** and **Crosley Furniture** – and also handles product fulfillment for retailers such as **JCPenney**, **Wayfair**, **Urban Outfitters** and **Barnes & Noble**. Company officials say they hope to have the new facility operational by November.

LEXINGTON: BLUE GRASS STOCKYARDS TO REBUILD AT I-75 AND IRONWORKS PIKE


Tim Thornberry/Ky. Farm Bureau photo

Blue Grass Stockyards' facility near downtown Lexington was completely destroyed in January in a massive fire.

BLUE Grass Stockyards, which lost its 70-year-old facility near downtown Lexington in a devastating fire in January, has announced plans to build a new $11.9 million facility in northern Fayette County near I-75.

"Lexington has been our home for 70 years," said Jim Akers, chief operating officer. "It's part of our culture; our roots are here. And its central location, near the interstates, is convenient for our farmers."

Lexington Mayor Jim Gray said the business is extremely important to Lexington.

"Blue Grass Stockyards is to cattle what **Keeneland** is to Thoroughbreds," Gray said. "It is the biggest cattle market group east of the Mississippi River. Because of its sales volume, it effectively sets the cattle price structure for the entire Eastern United States."

Noting that the state has one cow for every four residents, Kentucky Agriculture Commissioner Ryan Quarles said the announcement is a big step toward restoring an important market for livestock producers in Kentucky and throughout the eastern United States.

Last year, approximately 106,000 animals were sold at the Lexington market, plus another 50,000 sold on-line out of the Stockyards offices in Lexington. Farmers were paid approximately $200 million for that livestock. Altogether, at its seven locations in Kentucky and through online sales, the market buys about $600 million in cattle each year.

STATE: HUNDREDS MORE COAL JOBS ARE CUT ACROSS EASTERN, WESTERN KY.

KENTUCKY is losing more coal jobs with layoff announcements coming in recent weeks from both **Alliance Resource Partners** and **Pine Branch Mining**.

Pine Branch Mining, owned by Lexington-based **Blackhawk Mining**, is laying off more than 150 employees from three Eastern Kentucky sites in April. Two of the affected mines are in Perry County, with the other located in Leslie County. The Pine Branch complex primarily utilizes surface mining methods and sells thermal coal to international utility customers and a variety of customers in the southeast U.S.

Meanwhile, Alliance Resource Partners has eliminated 75 jobs at its River View coal mine in Union County and the company has also filed federal papers indicating its plans to cut more than 400 jobs at its Hopkins County Coal and Warrior Coal operations in Madisonville.

In a statement announcing the River View job cuts, General Manager Ken Ford cited ""weak power demand, persistently low natural gas prices, an oversupplied coal market and the presidential administration's excessive and costly regulations."

FRANKLIN: TMM'S FIRST U.S. STAMPING PLANT BRINGS NEW JOBS TO FRANKLIN

TMM USA Inc., a subsidiary of **Toyo Tire & Rubber Co.**, plans to lease 45,000 s.f. in the newly expanded **Toyo Automotive Parts USA Inc.** factory in Franklin, an arrangement that is expected to save both time and expense.

Toyo Automotive Parts' Franklin facility produces antivibration components, including engine mounts, bushings and strut mounts. By locating TMM in-house, Toyo Automotive executives say they expect to save on metal and raw materials as well as on shipping and storage. Currently, Toyo purchases more than 50 percent of those materials from outside suppliers.

A well-recognized name in stamping and welding in its native Japan, the Franklin location marks TMM's first U.S. facility. The new operation represents an investment of $5.6 million and will create 42 new jobs.

Submissions Welcome

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

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

BUSINESS BRIEFS

WALLINGFORD

■ **GreenTree Forest Products Inc.**, an Appalachians hardwoods producer, is investing $2.2 million to upgrade equipment at its facility in Fleming County. The plant currently produces 8 million feet of Appalachian hardwood annually and expects the investment to increase production by 30 percent. GreenTree currently employs a staff of 45 and anticipates adding 10 full-time jobs to help meet increased demand for its products.

WILDER

■ **TMK IPSCO Tubulars Inc.** is laying off 83 workers this month at its plant in Wilder, where it produces steel piping for oil and natural gas transit. The company cited a decline in oil and gas drilling in the United States and "the continued foreign imports of unfairly traded steel pipe" as the primary factors in the decision. Prior to the layoffs, the Wilder plant employed 124 people.

STATE


Toyota photo

■ **Kentucky auto manufacturers** produced more than 1.3 million passenger vehicles in 2015, a 2.4 percent increase over 2014, according to new data from the Kentucky Automotive Industry Association. The number maintains Kentucky's status as the nation's third-largest producer of cars and light trucks. Industry employment numbers increased as well, rising to nearly 90,000 statewide, up from 85,552 in 2014.

INTERSTATE LANE

Business news from Indiana, Ohio, Tennessee and West Virginia

BUSINESS BRIEFS

INDIANA

■ **Alcoa** is permanently closing its Warrick Operations smelter in Evansville, Ind., by the end of March, eliminating 600 jobs. The facility's rolling mill and power plant, which employ some 1,235 workers, will remain in operation. In announcing the closure, the company said the Warrick plant was no longer competitive and cited "challenging market conditions," noting that the price of aluminum in 2015 alone dropped approximately 30 percent.

■ **Allied Solutions**, a distributor of insurance, lending and marketing products to financial institutions, has announced plans to expand its headquarters in Carmel, Ind., creating more than 600 new jobs by 2025. The company currently employs more than 980 associates in 17 regional offices across the country, including 420 in Indiana.

■ **Omen USA**, an Israeli manufacturer of aluminum parts for the automotive industry, has announced plans to locate its first North American production facility in Richmond, Ind., creating up to 100 new jobs by 2019. The company is investing $16 million to renovate and equip a 76,000-s.f. facility and plans to begin operations by the end of the year. Omen's Indiana plant will produce aluminum parts for drivelines, steering components and oil pumps for American and German automotive manufacturers.

OHIO

■ **Glacier Restaurant Group**, a Montana restaurant company, has acquired the **Max & Erma's** restaurant chain, a Columbus, Ohio-based casual dining chain that has 51 locations in 10 states. Glacier said it plans to renew and update the Max & Erma's concept.

■ **Whirlpool Corp.** is investing more than $40 million to expand its plant in Findlay, Ohio, where the company produces dishwashers. The 86,400-s.f. expansion project will create approximately 50 new jobs.

■ **IGS Energy** has acquired **DPL Energy Resources**, a Dayton, Ohio, utility company that serves more than 515,000 customers in the Miami Valley region. IGS, headquartered in Dublin, Ohio, is one of the nation's largest independent energy suppliers, with more than 1 million residential, commercial and industrial customers across the country.

TENNESSEE

■ Memphis-based **Hunter Fan Co.** has launched a new division that will focus on the company's entry into the industrial and commercial market. The debut product from **Hunter Industrial** is the **Titan** industrial fan, a high-volume, low-speed fan that comes in five sizes ranging from a 14- to 24-foot blade span.

■ **Olympus**, a Japan-based medical device and precision technology company, is investing $12 million to build an East Coast national service and distribution center in Bartlett, Tenn., northeast of Memphis. The expansion will create 280 new jobs.

■ **General Motors** is investing $148 million to repurpose flexible machining and assembly equipment at its Spring Hill, Tenn., manufacturing plant to build V8 engines. The investment will enable Spring Hill to quickly add capacity to build the Small Block 6.2L V8 engine for the popular truck and SUV segment.

■ **Cracker Barrel**, a Tennessee-based restaurant chain, is set to open a new restaurant concept that will feature Southern food with a twist, according to *The* (Nashville) *Tennessean*. **Holler & Dash**, a "fast-casual biscuit house," is slated to open this spring in Homewood, Ala., near Birmingham.

INDIANA: RECYCLING COMPANY ADDS 465+ NEW CUSTOMER RESOURCE JOBS

Republic Services operates recycling and nonhazardous waste disposal services across 39 states.

REPUBLIC Services Inc., a leading U.S. recycling company, has announced plans to establish a shared services center near Indianapolis that will create up to 469 jobs by 2025.

Republic, a Fortune 500 company headquartered in Phoenix, Ariz., is investing $13.6 million in the new facility, which will be one of three customer resource centers to be established throughout the country to enhance support for the company's 31,000 employees – 1,500 of whom are located in Indiana – and 15 million customers across 39 states.

The 68,000-s.f. corporate office space in Fishers, Ind., is expected to be operational by September.

TENNESSEE: TOLEDO MOLDING & DIE TO HIRE 250 FOR NEW AUTO PARTS PLANT

TOLEDO Molding & Die Inc. is investing $20 million to build a new manufacturing facility in Fayetteville, Tenn., that will create 250 new jobs.

Headquartered in Toledo, Ohio, TMD is a full-service supplier of interior and air and fluid management systems for the automotive industry.

TMD President and Chief Executive Officer Steve Ciucci said the company selected Tennessee for its expansion project "because of its proximity to our customers, the availability and quality of the workforce, the high quality of life Tennessee offers our employees and the pro-business environment in the state."

Construction on the new 126,000-s.f. plant is already underway. The facility is expected to be operational by the fourth quarter of this year.

OHIO: FORD INVESTING $145M TO MEET HIGH DEMAND FOR ECOBOOST ENGINES

Ford photo

Ford has seen an increased demand for its EcoBoost engine, which provides customers with both power and fuel economy.

FORD Motor Co. is investing $145 million to upgrade its **Cleveland Engine Plant** to support demand for its EcoBoost engine family for the 2017 Ford **F-150** line-up.

The Cleveland plant produces the current version of the 3.5-liter EcoBoost engine, which powers the 2016 Ford F-150, **Explorer**, **Expedition**, **Transit**, **Flex** and **Taurus** models.

EcoBoost engines, introduced in 2009, use smaller overall engine size combined with turbocharging, gasoline direct injection and variable valve timing to provide both power and fuel economy.

The Cleveland plant opened in 1951 and currently employs more than 1,500 people.

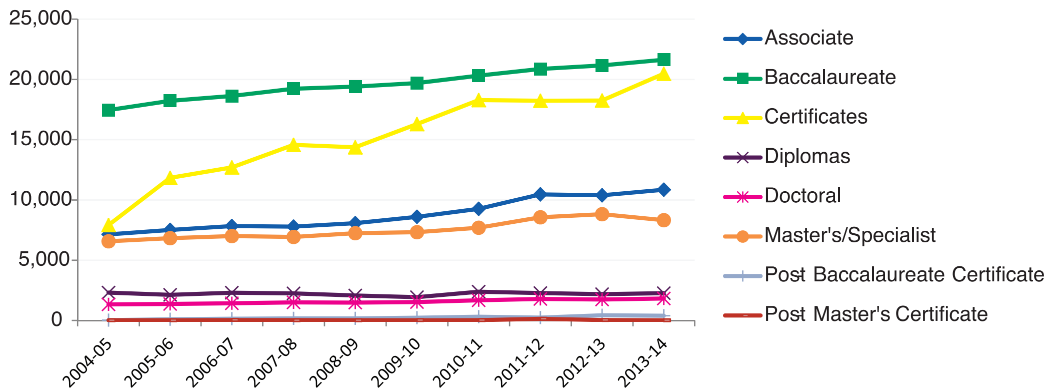
KENTUCKY INTELLIGENCER®

A sampling of business and economic data

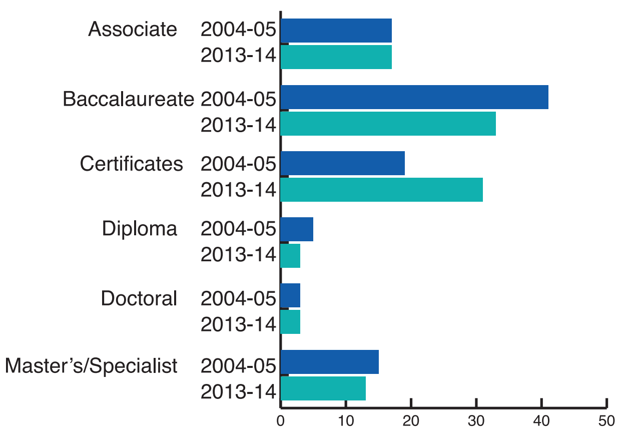
DEGREES OF SUCCESS

New statistics show encouraging results when it comes to the number of Kentuckians earning postsecondary degrees. The total number of degrees and credentials awarded at Kentucky two-year and four-year institutions over the 10-year period between 2003 and 2013 grew 59 percent – a growth stat that places the commonwealth eighth in the nation. Figures also indicate a significant shift in the types of degrees and credentials sought by Kentucky students.

KENTUCKY DEGREES & CREDENTIALS AWARDED BY TYPE (2004-2014)



CHANGE IN TYPES OF DEGREES & CREDENTIALS AWARDED (2004-2005 AND 2013-2014)



DEGREE & CREDENTIAL GROWTH BY FIELD OF STUDY (2004 - 2015)

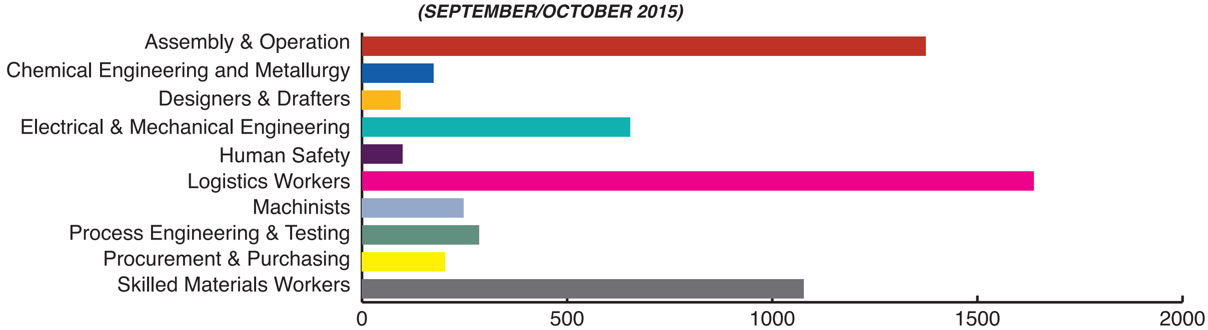
Trades	+111%
Health	+85%
Science, Technology, Engineering, Math (STEM)	+51%
Arts & Humanities	+46%
Social and behavioral sciences	+39%
Business and communication	+25%
Education	+9%

Source: Kentucky Council on Postsecondary Education

MANUFACTURING GROWTH SURGE

A new advanced manufacturing market report for Kentucky shows a 50 percent increase in the number of job postings in the nine-month period between January/February 2015 and September/October 2015. Of the 5,844 jobs posted in September/October, more than 30 percent offered salaries of over $50,000 and 41 percent required at least a bachelor's degree for employment. The chart below outlines the types of jobs most needed in the advanced manufacturing sector.

ADVANCED MANUFACTURING JOB POSTINGS IN KENTUCKY BY SUB-GROUP (SEPTEMBER/OCTOBER 2015)



Source: Lightweight Innovations for Tomorrow (LIFT)

CORPORATE MOVES

New leadership for Kentucky businesses

ACCOUNTING

■ **Flora Djojo** has rejoined Dean Dorton Allen Ford PLLC as director of tax services. Djojo is based out of the company's Lexington office.

Flora Djojo

ARCHITECTURE

■ **Kevin Locke** has been promoted to shareholder and senior associate in the Lexington firm of RossTarrant Architects.

Kevin Locke

ARTS

■ **Todd Finley** has been named executive director of the Kentucky Artisan Center at Berea. Finley succeeds **Victoria Faoro**, who is retiring after 15 years as the first director of the center.

John Deans

BANKING

■ **John J. Deans** has been promoted to chief credit officer for Lexington-based Bank of the Bluegrass & Trust Co.

■ Your Community Bank has named **Ken Dozer** as market president for Hardin County.

Ken Dozer

■ **Laura Boison** has joined BB&T as senior vice president and business services officer. Boison is based in Lexington.

■ **Michael Noftsger** has been promoted to executive vice president of bank administration for Forcht Bank.

COMMUNICATIONS

■ **Katie McDaniel** has joined Wiser Strategies as marketing and public relations coordinator.

EDUCATION

■ **Lars Willnat** has joined the University of Kentucky College of Communication and Information as director of the School of Journalism and Telecommunications.

Lars Willnat

■ **John R. Farris** has been named interim vice president for investments and chief financial officer at Centre College.

■ **Larry Snyder** has been named dean of the Potter College of Arts & Letters at Western Kentucky University.

FOOD/SPIRITS/ HOSPITALITY

■ **Sean Muldoon** has been promoted to chief ingredient officer for Louisville-based Papa John's International Inc.

Sean Muldoon

■ Fazoli's, a Lexington-based fast-casual Italian restaurant chain, has announced the following appointments: **Donna Josephson** – chief marketing officer; **Tom Pleiman** – vice president of company operations; **Scott Sir Louis** – vice president of strategy and continuous improvement; **Steve Bailey** – senior director of franchise sales; and **Tisha Bartlett** – director of field marketing.

■ **Julie-Ann Reid** has been named director of brand marketing for Louisville-based Long John Silver's.

Julie-Ann Reid

■ **Chris Jacobsen** has been promoted to chief marketing officer of Louisville-based Texas Roadhouse Inc.

GOVERNMENT

■ **Marc A. Guilfoil** has been named executive director of the Kentucky Horse Racing Commission.

■ **Tim Feeley** has been appointed deputy secretary of the Kentucky Cabinet for Health and Family Services.

■ **Greg Thomas** has been appointed deputy secretary of the Kentucky Transportation Cabinet.

■ **Tim Hughes** has been appointed deputy executive director of the Kentucky Department of Agriculture's Office of Agricultural Marketing and Product Promotion.

■ **John Holiday** has been appointed executive director of the Kentucky Office of Homeland Security.

■ **Stephen P. Miller** has been named commissioner of the Kentucky Department of Medicaid.

■ **Rodney Ballard** has been appointed commissioner of the Kentucky Department of Corrections. He succeeds **LaDonna Thompson**, who retired effective March 1.

HEALTHCARE

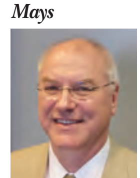
■ Dr. **Stephanie Mayfield Gibson** has been appointed vice president of population health for the KentuckyOne Health system and chief medical officer for KentuckyOne Health Partners, the Medicare-approved accountable care organization formed by KentuckyOne Health.

Stephanie Mayfield Gibson

■ **Sherrie Mays** has been named vice president and chief nursing officer for Baptist Health Corbin.

Sherrie Mays

■ **Frank A. Pigula** has joined the University of Louisville School of Medicine Department of Cardiovascular and Thoracic Surgery as chief of the Division of Pediatric Cardiac Surgery at Kosair Children's Hospital and co-director of the Kosair Children's Hospital Heart Center.



Frank Pigula

DEPARTURES

■ **W.B. Rogers Beasley** has announced that he will retire as Keeneland's vice president of racing effective June 30.

■ **Scot Walters** has retired as program manager of the Kentucky Heritage Council/State Historic Preservation Office.

■ **Vera Hall** has been named senior vice president and chief nursing executive for Edgewood-based St. Elizabeth Healthcare.

Vera Hall

■ Dr. **Phillip K. Chang** has been selected chief medical officer for UK HealthCare.

INSURANCE

■ **Justin Lash** has been named assistant vice president, branch production leader for CNA Financial Corp. Lash is responsible for leading the company's Kentucky branch.

LEGAL

■ **Michael P. Abate** has been appointed chair of Dinsmore & Shohl's Appellate Group.

■ **Douglas Barr** has been elected managing partner of Stoll Keenon Ogden. Barr succeeds **Bill Lear**, who is continuing his law practice at SKO and assumes the title of chairman emeritus.

■ **David Saffer** has been named office executive member for Stites & Harbison's Louisville office. Saffer succeeds Marjorie Farris, who has been elected to the firm's management committee.

■ **Jared A. Cox**, **James R. Irving**, **Alexis B. Kasacavage** and **William J. Kishman** have been elected partners of Bingham Greenebaum Doll.

MEDIA

■ **Jeff Young** has joined The Ohio River Network, a regional journalism collaboration, as managing editor. The new three-state newsroom includes seven public media stations in Kentucky, Ohio and West Virginia.

TECHNOLOGY

■ NetGain Technologies has named **Reggie Gresham** president of sales for the Louisville market.

■ **Robert "Shannon" Morgan** has joined Bowling Green-based Connected Nation Exchange as vice president of external affairs and general counsel.

UTILITIES

■ **Gina Money** has been named director of financial analysis and decision support for Kentucky American Water's central division. **Justin Sensabaugh** has been promoted to manager of operations-production.

■ **Greg Meiman** has been named vice president of human resources for LG&E/KU. Meiman succeeds **Paula Pottinger**, who has retired.

ON THE BOARDS

Kentuckians named to organizational leadership roles

AVIATION MUSEUM OF KENTUCKY

■ **William Andrews**, **Vince Helm** and **Kent Whitworth** have been named to the board of trustees of the Aviation Museum of Kentucky in Lexington. Those already serving as trustees include: **Ronnie Bastin**, **Lewis Bosworth**, **Gary Campbell**, **Rocky Fazzalaro**, **George Gumbert**, **Jerry Landreth**, **Gary Lowe**, **Mike Malone**, **Bill McKinney**, **Betty Murphy**, **Ed Murphy**, **Margie Riggs**, **Robert Riggs**, **Ali Robinson**, **Marty Schadler**, **Ron Spriggs**, **Doug Steele**, **Roger Storch** and **Gerry van der Meer**.

BAPTIST HEALTH

■ **Brent Cooper**, **Terry Lester**, **Glenn Leveridge** and **Aaron Thompson** have been named to the board of directors of Louisville-based Baptist Health. Cooper is president of C-Forward Information in Covington. Lester recently retired as pastor of First Baptist Church in London. Leveridge is market president for Central Bank in Winchester. Thompson is executive vice president and chief academic officer for the Kentucky Council on Postsecondary Education.

BAPTIST HEALTH FOUNDATION LEXINGTON

■ Baptist Health Foundation Lexington has announced its 2016 board of directors: Chair – **Betty Simms**, Baptist Health Lexington; Vice Chair – **Geneva Donaldson**, community volunteer; Treasurer – **John Franke**, Baptist Health; Secretary **Lindsey Dablow**, Baptist Health Foundation Lexington; Board members – **Cyndi Allen**, Realtor; **Dave Baker**, WKYT; **C. Joseph Beavin**, Stoll Keenon Ogden PLLC; **Sue Brandstetter**, Baptist Health Lexington Auxiliary; **Jeff Fraley**, United States Achievement Academy and SouthEast Printing and Mailing Service; **Doug Hacker**, Congleton-Hacker Co.; **Marta S. Hayne**, Baptist Health Lexington; **Terri A. Jones**, Central Bank & Trust Co.; **Kathy Kioussopoulos**, Baptist Health Lexington; **James E. Miller**, Transylvania University; **Patricia Mohrhusen**, community volunteer; **Preston P. Nunnelley**; **Donald Secrest**, Baptist Health Lexington; **John P. Shasky**, Fifth Third Bank; **William G. Sisson**, Baptist Health Lexington, and **Patricia E. Takacs**, Beaumont Family Dentistry.

BEREA COLLEGE

Nana Lampton

■ **Nana Lampton** has been elected to the Berea College board of trustees. Lampton is chairman and chief executive officer of American Life and Accident Insurance Co. of Kentucky.

CENTRE COLLEGE

■ **Jess Corell**, **Tao Le** and **Brian Mefford** have been elected to serve on the board of trustees for Centre College. Corell, of Stanford, is the founder of First Southern Bancorp Inc. Le is an allergist with Central Allergy and Asthma in Elizabethtown. Mefford, of Alvaton, is the founder, CEO and chair of Bowling Green-based Connected Nation Exchange.

DINSMORE & SHOHL

Barbara Edelman

■ **Barbara B. Edelman** has been elected to the board of directors of the law firm of Dinsmore & Shohl. Edelman is a partner in the firm's Lexington office.

FEDERAL RESERVE BANK OF CLEVELAND

■ **Tucker Ballinger**, president and chief executive officer of Lexington-based Forcht Bank, has been appointed to the board of directors of the Federal Reserve Bank of Cleveland – Cincinnati Branch.

FEDERAL RESERVE BANK OF ST. LOUIS

■ **Ben Reno-Weber** has been named to the board of directors of the Federal Reserve Bank of St. Louis – Louisville Branch. Reno-Weber is CEO of the Kentucky YMCA Youth Association in Frankfort and project director of the Greater Louisville Project. Also serving on the board are: **Malcolm Bryant**, Owensboro; **David P. Heintzman**, Louisville; **Alice K. Houston**, Louisville; **Mary K. Moseley**, Louisville; and **Randy Schumaker**, Russellville.

FOUNDATION FOR A HEALTHY KENTUCKY

■ **Carlos Marin** and **Vivian Lasley-Bibbs** have been appointed to the board of directors of Foundation for a Healthy Kentucky. Marin, of Lexington, is the program director for the University of Kentucky Area Health Education Centers. Lasley-Bibbs, also of Lexington, is acting branch manager and epidemiologist for the Kentucky Department of Public Health Office of Health Equity. **Matt Minier**, **Melissa Slone**, **Michael Keck** and **Randy Gooch** have been named as new members of the organization's community advisory committee, one of the foundation's two guiding bodies.

KENTUCKY BANK

Wes Omohundro

■ **Wes Omohundro** has been named to the board of directors of both Kentucky Bank and Kentucky Bancshares Inc. Omohundro, of Lexington, is controller for The Allen Co. Inc.

KENTUCKY CENTER FOR AFRICAN-AMERICAN HERITAGE

■ **Alicestyne Turley** has been appointed to the governing board of the Kentucky Center for African-American Heritage in Louisville. Turley, director of Berea College's Carter G. Woodson Center and assistant professor of African and African-American studies, has also been appointed to the executive board of the Association for the Study of African American Life and History in Washington, D.C.

KENTUCKY DISTILLERS ASSOCIATION

Chris Morris

■ The Kentucky Distillers Association has announced its board of directors for 2016: Chair – **Chris Morris**, Brown-Forman; Vice Chairman – **John Rhea**, Four Roses Distillery; Secretary-Treasurer – **Rob Samuels**, Beam Suntory/Maker's Mark; Directors – **Rick Robinson**, Wild Turkey; **Pauline Rooney**, Diageo North America; **Larry Kass**, Heaven Hill; **Joseph Magliocco**, Michter's Distillery; and **Eric Gregory**, Kentucky Distillers' Association.

LEXINGTON-FAYETTE URBAN COUNTY AIRPORT BOARD

■ **Russ Hensley** and **Don Mosier** have been named to the Lexington-Fayette Urban County Airport Board. Hensley is a council member with Lexington's Urban County Council and is CEO of Shatterbox, a multidisciplinary design firm based in Lexington and Louisville. Mosier is chief operating officer and executive vice president of East Kentucky Power Cooperative Inc.

LEXINGTON-FAYETTE URBAN COUNTY HUMAN RIGHTS COMMISSION

■ The following individuals have been elected as officers of the Lexington-Fayette Urban County Human Rights Commission: Chair – **Letonia Jones**; Vice Chair – **Bob Orbach**; Secretary – **Theresa Parks**; and Treasurer – **Michael Ades**.

NCAA HONORS COMMITTEE

Michael Benson

■ Eastern Kentucky University President **Michael Benson** has been elected chair of the nine-person NCAA (National Collegiate Athletics Association) Honors Committee, a committee that reviews nominations and selects recipients for five categories of NCAA awards.

NORTHERN KENTUCKY UNIVERSITY RESEARCH FOUNDATION

■ Six new members have been named to the board of the Northern Kentucky University Research Foundation Inc.: **William R. Allen**, Thompson Hine LLP; **Rodney D'Souza**, Northern Kentucky University; **Michael Hales**, Northern Kentucky University; **Dov Rosenberg**, Allos Ventures; **Jordan Vogel**, Cintrifuse; and **Larry D. Williams**, Wood Herron & Evans LLP.

SEWANEE: THE UNIVERSITY OF THE SOUTH

Buck Hinkle

■ **Buck Hinkle Jr.** has been elected to the board of regents of Sewanee: The University of the South. Hinkle, who earned his bachelor's degree from Sewanee, is an attorney in the Lexington office of Stites & Harbison PLLC.

UNIVERSITY OF LOUISVILLE

■ **William E. Summers IV** has been appointed to the board of trustees of the University of Louisville. Summers, who is retired, most recently served as deputy mayor and chief administrative officer for Louisville Metro Government from 2003-2012.

Lynn Allen

Lynn Allen, president and CEO of Bluegrass International Fund, has devoted her career to raising capital to create jobs and expand educational opportunities in the United States and overseas. In 2003, she formed Capital Innovations, a strategic advisory firm that works with public/private stakeholders to raise capital for private equity funds that invest in high-growth-potential companies. Prior to that, Allen was director of institutional marketing at AEGON USA and director of international corporate initiatives for CARE USA. A native of Vine Grove, Ky., Allen is a board member of the Kentucky Association of Economic Development, Purdue University's Emerging Innovations Fund and the Building Committee of the EB-5 industry's national association, IIUSA. Allen holds a Master in International Management from Denver University and a Bachelor of Science from the University of Kentucky.

BRINGING THE FOREIGN INVESTOR CLASS, AND CAPITAL, TO KENTUCKY

EB-5 program can create jobs, finance development and market state globally, says Bluegrass International Fund CEO Lynn Allen

BY MARK GREEN

Mark Green: Bluegrass International Fund, founded in late 2013, invests in economic development projects on behalf of overseas investors who seek permanent green-card status under the Department of Homeland Security's EB-5 Regional Center Program. Investors must put a minimum $1 million into a project creating at least 10 jobs, or $500,000 if the project is in a rural area or an area where the unemployment rate is designated at least 150 percent of the U.S. average. What portion of BiF's participants are EB-5 investors?

Lynn Allen: 100 percent. All of the investments that we attract to economic development projects in Kentucky under the EB-5 Regional Center Program have to come from foreign investors.

MG: No local participants are investing money into these projects? What about BiF's executives or or administrators?

LA: Well, let's look at that two ways. First, there's a group of individuals from Louisville and Lexington, business leaders from both communities, who founded the Bluegrass International Fund. We are investors in launching and operating the overall fund. But when BiF finances a project, when our foreign investors invest, they only make up 25-30 percent of the capital stack of that project. Other sources, including senior lenders, taxable or tax-exempt bonds, private equity, finance the rest.

When the EB-5 program exploded in 2008-2009, when bank credit got tight, a lot of EB-5 capital took senior positions at that time, because the banks were out of the market. But today where you usually find EB-5 capital is in the subordinate position. We're usually coming in in lieu of private equity or in lieu of mezzanine capital or behind a tax-exempt or taxable bond issue.

MG: How much loan participation does BiF have currently, and what is the total value of those projects?

LA: We have a very robust pipeline, but we are just getting ready to go to market with our first project in a targeted employment area. The total value of the project is about $38 million, and our loan participation will be just about $10 million. That's the minimum size loan that we do.

MG: How does BiF fund and assess projects to bring to EB-5 investors?

LA: We look at two things. One is the purpose of the program, and the second thing is what the investors want. Those two considerations align. So first we want to invest in targeted employment areas. That's because 98.8 percent of investors invest in targeted employment areas. Why? Because they can invest at the minimum, $500,000 amount and still create 10 jobs and get their green card. They're making the investment to secure a green card for themselves, their spouse and their children and not to get a return necessarily. Their primary concern is, "How many jobs am I going to create?"

In an overseas conference center, often the first question you'll get from prospective investors is, "How did you calculate your job projections?" That's because if they don't create the 10 new jobs, they don't get the green card. Their second priority is security: They want to make sure they're going to get their money, their principal, returned in five to seven years. Their third concern is the return on their money, and they're not looking at that as a priority; we loan their investment to project sponsors and developers at a competitive rate.

MG: What is the significance of BiF being a certified EB-5 Regional Center?

LA: A regional center may pool a large number of investor commitments into a fund and loan to large-scale economic development projects, thereby creating a large number of jobs. After the EB-5 program was established in 1990, Congress authorized regional centers in 1992. Before that, the investor had to invest directly in a project; they had to be part of the management of the commercial enterprise, monitor the job creation themselves. A regional center can do all that for the investor.

The program hummed along, essentially, until 2007-2008, and at that time it exploded in growth. When I first started consulting to the EB-5 market, before we founded Bluegrass, there were about 150 regional centers across the United States. Most were concentrated on the East and West Coasts. Today there are nearly 700 regional centers across the country.

We operate a lot like a private equity fund. We manage the investment, report back to the investors, monitor the job creation, do all the due diligence. The difference is, instead of raising the money per an investment strategy, we source projects that we think will appeal to investors, and then we go raise the money overseas. We go market the project overseas. It's a lot like a private equity fund, except we market the projects individually and we raise money for the projects individually.

MG: What is BiF's geographic area of operation?

LA: In applying for U.S. Citizenship and Immigration Services (USCIS) authorization to operate as a regional center, you apply for certain geography. Our geography aligns with the 22 counties of the Bluegrass Economic Advancement Movement (BEAM): Jefferson, Fayette, all the counties around Jefferson and Fayette; it follows the I-64 corridor and then jumps over the Ohio River to Floyd and Clark in Indiana. We're really committed to Kentucky and Southern Indiana. Having said that, we will expand our territory throughout Kentucky when projects are identified. For example, if there was a project at Bowling Green or Northern Kentucky, if that expansion is project-driven, the USCIS will generally approve.

We have every intention of working hand-in-hand with the folks that represent BEAM. This is just one piece of that puzzle, to generate increased investment from overseas in Kentucky, but it's an important piece. Not only are we creating a significant number of new full-time jobs, we're also attracting talented and value-added investments into the regions. It's really a win-win for our region and for the foreign investor.

MG: How is the participation of out-of-state, or in this case foreign investors, important to Kentucky's business community?
LA: It's extremely important in that to be a city or an area that competes globally today to a large extent depends on whether you can attract outside investment, whether that's domestic or international. We play a critical role in attracting foreign direct investment into Kentucky. Through that, we develop relationships with foreign nationals who are the creative class of their countries. They're wealthy; they have built their own businesses. Their primary reason for obtaining a green card, the No. 1 reason cited by these investors, is they want to send their children to U.S. universities. These children are very creative and ambitious, too. So it's good in the short term to attract foreign investment to Kentucky, but it's also good in the long term because it diversifies our population and includes many well-educated foreign nationals.

MG: So there's anticipation that this would create ongoing, long-lasting relationships locally with this foreign investor business class?
LA: Yes. In the BEAM report that just came out, the Brookings Institution talks about how important these foreign investors are if you want to become a global city, if you want to attract foreign investment. Cities that are growing the most are cities that can attract foreign interests. A lot of growth and wealth is happening in other parts of the world now. However, who would not want to bet on the United States? If you were a wealthy Chinese or a wealthy Mexican and you were concerned about local politics, why wouldn't you want to bet on the United States? Right now, the demand in China for EB-5 visas exceeds the supply, and that's a challenge our federal legislature will have to deal with.

MG: The EB-5 program has a cap of 10,000 annually, but the demand exceeds that?
LA: Yes.

MG: Is this demand primarily from China?
LA: Yes. About 85 percent of investors come from China, Taiwan and South Korea. Brazil and Mexico are also producers of EB-5 capital.

MG: What is a typical timeframe for an EB-5 project and investment? You mentioned that investors hope to get their principal back within five or six years.
LA: The investment is at risk for the investor. It's an equity investment. The program requires that it be an at-risk investment, so you cannot guarantee a return of the investment and you cannot guarantee a return on the investment. We pool those investments into a fund and loan it to the project sponsor or the developer. When we loan it to them, they pay us interest only for five to six or seven years. The reason that loan term is at least five years is, that's generally how long it takes, from start to finish, to process the investors and have them screened by the Department of Homeland Security, to illustrate that permanent jobs have been created, and then to secure the permanent green card. The investor doesn't receive the permanent green card until they've illustrated that they've created at least 10 new full-time, permanent jobs that lasted at least two years.

MG: Do EB-5 investors participate in specific projects, rather than investing in BiF in general?
LA: That's exactly right. They are a limited partner. We have this loan fund; they're the limited partners, and we're the managing partner.

MG: Who performs and certifies the compliance? Is that something BiF does or the federal government?
LA: With each project we file an application for approval with USCIS. Once participants make their investment, it sits in escrow until USCIS screens them – the money cannot have been loaned to them; it cannot be terrorist money. It takes USCIS from six months to a year or more to screen investors. To make sure at closing that we have money available even though we may still be raising money for the project, we leverage a bridge lender. The bridge loan comes in lieu of our loan at closing, and when all of our investors are approved, then the bridge lender is paid off. There are a lot of regional centers, and there's an established set of bridge lenders – in places like New York and so forth – that EB-5 regional centers use. They're expensive. For a best-effort approach to fundraising, we piggybacked onto Cleveland (Ohio) International Fund, and a track record that shows they've always raised all their money all the time and all their investors have been approved. Still, a lot of bridge lenders are hesitant. We have brought in a local bridge lender because when we founded Bluegrass International Fund, we made a commitment that not only were we going to invest in large, job-generating projects but we were going to cycle our capital and our opportunities back into the Kentucky economy. One of the first significant ways we've done that is working with a local syndicate to secure bridge lending for our projects, which is big, because it's putting money back into the economy. Bridge financing that might just last a year or a year and a half, lowers the overall costs. But by sourcing this local bridge lender, we're pumping that capital back into the local economy.

MG: How did the partnership between BiF and Cleveland International Fund come about? What are the key aspects of this partnership?
LA: When Mike Mountjoy and Barrett Nichols came to me and said they wanted to do this, I had had experience in EB-5 regional centers; not a lot, but enough to know it was going to be a big challenge for Kentucky and Southern Indiana to market themselves among all the regional centers that already had a brand-name, already had access to the best immigration attorneys, the best economists – many of whom were not taking any new clients because of this explosive growth. We also wanted to make sure we were going to do things right. Out of 700 regional centers, about 15 percent have been very successful, have deployed millions of dollars in their local economies. We wanted to make sure we were one of those.

On the local front, we recruited a group of individuals from Louisville and Lexington who each had expertise and had networks and relationships that would be important. One piece of EB-5, to be successful, is having access to quality projects locally. The other piece that's really important is to have access to the overseas broker networks, to be able to sell your product to them. These broker networks, this infrastructure in China where most of the money comes from, is very sophisticated – think of maybe the Hilliard Lyons of Shanghai. They have relationships with wealthy people; they help them immigrate through the process. And they are the ones who sell your product, your project. Many regional centers already had an established track record with them. If we were going to start fresh, we knew we needed to plug into one of those quality regional centers, such as Cleveland International Fund, piggyback on their track record – which demonstrates that 100 percent of their investors have been approved and they've raised $250 million in the Cleveland economy alone – and be able to access their broker networks overseas.

MG: Did you have an existing relationship with some of the individuals with the Cleveland International Fund? You were able to talk with them, and they agreed to provide expertise?

LA: Yes. I had worked with a couple of regional centers, and I learned pretty quickly the ones that were doing things right and the ones that were doing things wrong. I wanted to make sure that if I was going to stay in this industry, I was working with folks who did things right.

MG: How formally established is the referral network by which foreign investors find out about EB-5 projects to participate in?

LA: It's different in each country. China produces a lot of investors because of the enormous wealth, because of the political situation, but also because they have a built-in infrastructure of these broker networks that are approved by their government to do this. But if you go to Central or South America, many of the investors are referred by immigration attorneys. It varies by country how the investors are recruited or secured. The market is still changing, but for now China is the only one that has a very well-heeled or well-greased infrastructure. A lot of investors come from the United Kingdom; Vietnam is increasingly a producer of EB-5 investors, but a lot of those come through immigration attorneys and family offices.

We've leveraged the Cleveland International Fund's networks. We distribute our projects through their distribution networks, through their broker networks. Having said that, we also have our own relationships that we leverage to sell our product, and we intend to build on those networks that we currently use with Cleveland to expand out to other networks through our own relationships.

MG: Will EB-5 investors in BiF projects become residents of Kentucky when they get a green card?

LA: Even though they invest in a Kentucky project, they can live anywhere in the United States. Having said that, sometimes the investors will come over and want to see the project themselves, or they'll develop an interest in the area in which they've invested. So there is this ancillary or secondary benefit of attracting interest in our region and securing further investment after their green card. If they're pleased with their investment through the regional center program, there's always good opportunity to attract additional investment from them.

MG: Would projects such as the foreign owned auto-supplier developments in Kentucky the past few years be candidates for BiF financing?

LA: Absolutely. One of the segments in which we're focused is manufacturing. We have four primary market segments in which we're investing. The first is healthcare: hospitals, large clinics, senior living facilities. The second segment is university research and education: That includes technology centers, healthcare facilities on campus, campus development generally. The third is advanced manufacturing. And the fourth one is mixed-use development.

There is sweeping legislation in Congress right now – we were working with our leadership in the Senate and in Congress – to add three new categories for the $500,000 minimum EB-5 investment. Right now it's a "targeted employment area" that has an unemployment rate of 150 percent of the national average. This legislation says the investor could invest in any manufacturing facility anywhere. Not only in that, but also in public infrastructure – roads, bridges, that sort of thing. And the third one is closed military bases.

MG: Does BiF have any such new category projects on its radar?

LA: We're also enthusiastically interested in financing projects in rural Kentucky. Vermont has leveraged EB-5 to create significant jobs in rural areas by building year-round ski and golf resorts – and an airport to shuttle people to and from the resorts. Kentucky has beautiful state parks but is losing a lot of money on them every year. We could play a role in turning some of those parks around, working with private developers, working with the commonwealth to privatize those parks, and follow in the footsteps of Vermont to generate new jobs that have been lost in coal country, for example. We had discussions with the prior administration, and expect to have discussions with the new administration soon.

MG: Are there other important issues for foreign nationals looking to participate in an EB-5 program?

LA: I didn't fully answer earlier, and I'd like to. First they look for security. The second thing is, they want to know that the project has community support. They like to see either federal, state or local participation. That can be in the form of a historic tax credit or a new market tax credit or a local loan fund or a TIF district. When they see that, they know the community supports the project. Third, they want to see experience – developer experience – and they want to see that the developer has some skin in the game. And finally, they want to make sure there are plenty of jobs. We build in a cushion of between 13 and 15 jobs, generally, just to overcompensate and raise their comfort level that they're going to create at least the 10 jobs. ■

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COVER STORY

Turning Rupp Arena from a Dream to a Landmark

Jim Host, center, addresses and Lexington Center board meeting in the early 1970s as they discuss a preliminary design for Rupp Arena and the Lexington Convention Center complex.

'Gamechanger, The Lexington Center Story' captures the struggle and passion behind bringing an economic engine to life

BY ESTHER ZUNKER

RUPP Arena has long been an iconic facility, revered across the commonwealth and a fixture on many U.S. sports enthusiasts' bucket list – as well as an economic linchpin of Lexington and Central Kentucky today. For years in the early 1970s, however, it existed only in the dreams of a clutch of passionate local instigators.

Because they wouldn't give up – though doubted by many and facing numerous obstacles – Lexington now has not only a basketball palace but a convention center and a historic performance site, the Lexington Opera House, that together generate about $75 million in annual economic impact as 1.2 million people attend entertainment, civic, business and community events.

To commemorate the 40th anniversary of Rupp Arena and Lexington Center opening their doors in November 1976, a documentary titled "Gamechanger, The Lexington Center Story" was created to tell the fascinating story of how the project came to fruition. And yes, it includes the almost-obligatory scrawling out of the plans on cocktail napkins over dinner with the project's future developer.

But it is no exaggeration four decades later to call Rupp Arena and Lexington Convention Center the heart of a vibrant downtown scene, as well as a major economic engine for the city.

"The Lexington Center has been a true workhorse for our community and a mainstay of our tourism industry since its inception," said Mary Quinn Ramer, president of VisitLex. "Through conventions, athletics, concerts and more, the Lexington Center has contributed significantly to the positive growth of our visitor economy."

Mary Quinn Ramer, President, VisitLex

An October 2015 report on an analysis by Convention Sports & Leisure, a leading convention financial consultant, measured the annual economic impact from only conventions at $42 million, said Bill Owen, president and CEO of Lexington Center Corp.

Bill Owen, President/ CEO, Lexington Center Corp.

"I would think the economic activity from Rupp Arena, while not measured in the study, is a similar number – maybe not quite as high – so combined I would think $75 million annually is a good number," Owen said.

Rupp accounts for 850,000 of the 1.2 million annual attendance for all events at all of Lexington Center's facilities, he said.

The undertaking to bring it into existence truly was a "gamechanger."

"Navigating the turbulent waters of urban change in the 1960s and '70s, a group of civic-minded individuals pursued their dreams and, in the process, created a beacon of culture and an economic engine in what was then a dying city core," the familiar voice of the narrator, University of Kentucky Wildcats broadcaster Ralph Hacker, intones as the documentary opens.

Airing multiple times in December and January on KET, the one-hour program by award-winning filmmaker Arthur Rouse captures recollections of the 16 individuals instrumental in the creation and development of Lexington Center, Rupp Arena

Local students were invited to participate in the groundbreaking for Rupp Arena and Lexington Convention Center on June 21, 1974.

and the revival of a crumbling Lexington Opera House then facing demolition. More than a retelling of history, it is a tribute to the dedication and tenacity of the men and women who conceived, designed, opened and operated those landmark facilities.

Early momentum

Before Rupp Arena existed, the UK men's basketball team had played their games since 1950 at Memorial Coliseum. Located on the Avenue of Champions near the university, the 10,000-seat facility was far too small to host near the number of fans who wished to attend UK games.

"The situation with tickets got so bad that they didn't even have a waiting list because it would have been so long," said Joe B. Hall, UK's men's head basketball coach from 1972-1985. "The university just gave up."

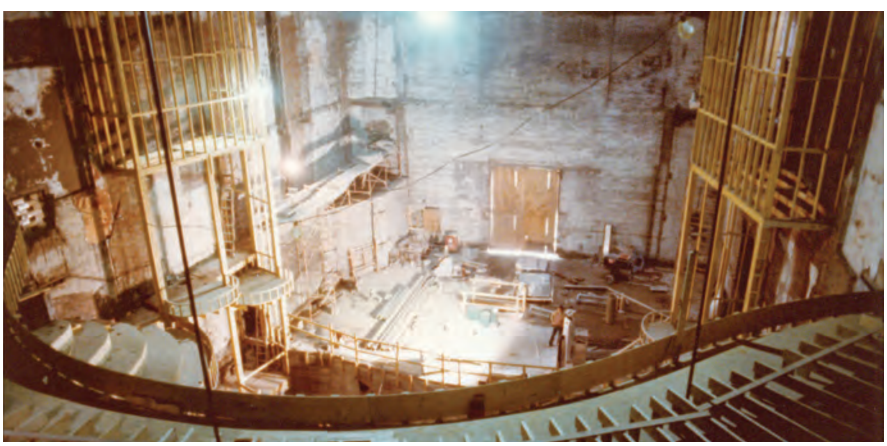
However, a group of diverse individuals – later dubbed "The Alleycats" – with a collective passion for Kentucky basketball began discussing the possibility and feasibility of a new, large arena in downtown Lexington.

"I had a passion for the project and the community itself," said DeWitt Hisle, one of the original Alleycats and a Lexington Center board member for more than 20 years. "It was fantastic – the amount of people devoted to the cause and the time they put in to get it done. I wouldn't take anything for being involved. It was when we were put together (that we made a difference)."

A small but tenacious group, the Alleycats worked tirelessly to collect information to support their ideas, and then presented their proposal to UK's then-President Otis Singletary.

"It was a very difficult, tumultuous meeting (with Dr. Singletary)," said Jim Host, who would serve as the first executive director of the Lexington Center Corp. board, which was formed in 1972. "It almost came to an end a couple of times … but we ended up developing a plan out of that meeting that worked.

"Dr. Singletary made it clear to me that he would not ever agree to an arena being built or UK playing in it unless we were able to guarantee him the same amount of money that was coming in from the basketball team playing at Memorial Coliseum. At that point, he never believed we would ever fill it, and he never believed that fans would support it at a (downtown) location."



The Lexington Opera House interior had to be completely rebuilt when it was saved from final demolition.

Paul Hooper/Rupp Arena photo

Rupp Arena and Lexington Center today, viewed from High Street.

After providing Singletary with a guarantee, the newly formed Lexington Center Corp. board mapped out the details of the project. They would strive to build a complex with a mix of public and private funds – the first major public complex in the nation to combine such financing. And it wouldn't just be a sports arena, but also a complete entertainment and convention facility.

The board faced another major hurdle when trying to find a developer/architect team that would agree to take on the project on a design/build/invest basis to ensure proper funding was available. The first two major building firms that presented proposals wouldn't agree to such an arrangement and said the project should be completed on a traditional architectural fee basis.

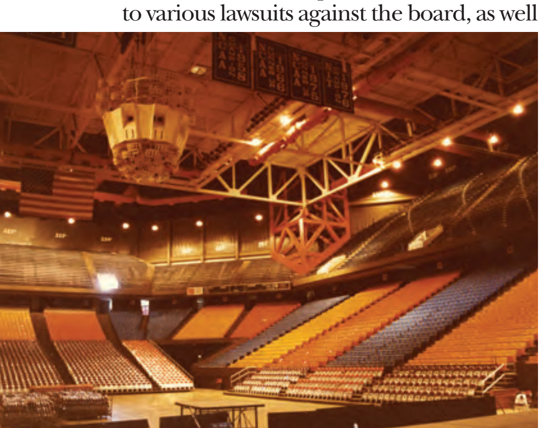
Host, who was worried the third firm would have the same stipulations, approached the group before they presented their proposal.

"I said, 'We just had two great presentations, and we're looking forward to yours, but you must really sharpen your pencils and make a knockout presentation,'" Host remembered with a chuckle.

The architect/general contractor team, Ellerbe Becket and Huber, Hunt & Nichols, did just that, providing a guarantee of the construction costs and revenue flow and including hotel onsite.

"It turned out being a better proposal than we thought we would get and was literally a dream come true for all of us that had worked so hard on it," Host said. "They didn't know the first two firms didn't give us an offer at all."

The next major challenge of the project was acquiring the acres of land needed for parking on East High Street. The board set out to purchase adjacent residential properties to create an adequate parking lot, but they were soon faced with considerable opposition from local residents. The situation became a public debate and led to various lawsuits against the board, as well as people picketing then-Mayor Foster Pettit's home. Once people were offered full value for their homes, however, the uproar eventually died down.



An interior photo of Rupp Arena after its opening in 1976.

Lexington Opera House restoration

It was not part of the original plan, but the restoration of the Lexington Opera House was added to the massive downtown initiative, largely due to the effort of Linda Carey, one of the Lexington Center Corp.'s original board members.

A former singer/actress from Paducah, Ky., Carey had a passion for the arts and was first turned on to the Opera House when she saw a notice in the newspaper that the building had been condemned by the city's fire marshal. Built in 1886 on the corner of Main and Broadway, the Opera House had hosted live performances until the early 1920s, when it fell on hard economic times and was converted into a movie theater. Nearly 50 years later, the building was in disrepair and considered an eyesore to the city.

"It became an exciting project, because we found that we could buy the Opera House with the city's help for less money than (the cost of an additional) room in the Lexington Center," Carey said.

The city purchased the Opera House on behalf of the Lexington Center Corp. Carey, her husband George Carey III and philanthropist William T. Young founded the Opera House Fund Inc. in 1974 to channel financial assistance toward its potential restoration. Carey helped launched private campaigns to educate the public as well as community political and financial leaders about the historic structure's interesting heritage.

A decisive moment came in 1973 when high winds demolished the roof of the existing building. As a result, building inspectors determined the building was essentially sound, and urban planners found it would be cheaper to renovate the structure ($2.5 million) than build a new one ($7 million).

"I became very passionate about it because when I saw the arches and plaster that was restored, it brought back memories of the theater in my hometown where I had sung that got torn down," Carey said.

Helping restore the Opera House became a way for Carey to relive the wonderful memories of her past in Paducah while providing a better arts and culture scene for future generations. Chicago architect Oscar Cobb designed the extensive Opera House renovations, which included removing a false ceiling, reopening its two balconies and restoring theater boxes. The stage was rebuilt and updated to house modern equipment.

Rededicated in 1976, the year Rupp Arena and Lexington Center opened, the restored theater has less than 1,000 seats, but it hosts 85,000 patrons annually and is one of the smallest theaters in the country to host touring Broadway shows. Its 19th-century atmosphere creates a unique aesthetic and remains a premier cultural and historical destination in downtown Lexington.

"(The reconstruction of the Opera House) was a very emotional thing for me," Carey said. "When we re-opened it, there was a lump in my throat the whole week.

"I took my daughter to the first show I thought she would enjoy, and at lunch beforehand I started crying and she asked me why. I said, 'This is just so special.' "

Carey remains on the board of the Opera House Fund, today a nonprofit dedicated to assisting Lexington Center's support of the Opera House. The fund financially backstops the presentation of professional tours booked for the Broadway Live and Variety Live series and subsidizes local performing arts groups. It has provided more than $11 million in funds for local arts.

"When I go to the Opera House now for a show, it's very special to hear people around me say, 'Wow, isn't this beautiful?'

Or, 'When was this built?' " Carey said. "It's very satisfying because my husband was also involved, and he passed away in 1996. He was a tall man and liked to sit up in a box, while I liked to sit in the first balcony. Every time I go, I look up there and it's like he's still there."

The finished products

Construction of the huge downtown arena was completed in 1976, and the facility hosted its first performer, Lawrence Welk, before a crowd of 20,000. Built primarily to be the new home for UK basketball, the arena was named for the program's retired coach Adolph Rupp, whose reign from 1930 to 1972 created the demand that launched the project. The arena that eventually came to pass is part of a larger mixed-use development that includes the 70,000-s.f. Lexington Convention Center, a three-level shopping mall, the 350-room Hyatt Regency Hotel and, a block away, the Opera House.

Troubadour Series music performances at the Lexington Opera House are among its regular events today.

With 23,500 seats, Rupp Arena is the largest facility in the country specifically built for basketball and ranks second for top average annual attendance. This is the final year of use for its specially designed, 12,000-pound sound system, "Big Bertha," which will be replaced by a multimillion-dollar, high-tech video display.

Over the years, Rupp has hosted hundreds of major music entertainers plus circuses, tractor pulls, Monster Jams and hockey games.

"The collaboration and the goodwill that exists between UK and the community really started as a result of the building of Rupp Arena and Lexington Center, and I think that still exists today," Host said. "There never was and never will be again a board that was as strong or worked harder on behalf of the community with no pay or expenses. Good things can happen when you get great volunteer citizens involved who are there not for their own good, but for the public good."

Added Hisle: "It's still an economic engine for not just downtown, but for Central Kentucky. I think that will continue. (The building of Rupp/Lexington Center) turned downtown from what it was into what it is today. We had to have the funds and the will to do it…it was accomplished because of the outstanding people working on it and supporting it."

Present and future improvements

Owen, Lexington Center president/CEO the past 16 years, has seen the facilities go through several changes and improvements. Most recently, Rupp Arena completed the first phase of a $15 million technology upgrade that includes new LED ribbon advertising boards encircling the lower seating level and LED screens to replace four static corner screens. Other improvements at Rupp Arena in coming years will include a new center-hung scoreboard, improved wireless Internet for fans, and stronger roofing infrastructure so the arena can attract more concerts and major events.

"When Rupp was first built, performances usually consisted of just one entertainer with a guitar," Owen said. "But now you've sometimes got 170,000 pounds of production equipment hanging from the ceiling (for a particular performer). That's a lot of the technology we're upgrading right now. Being able to keep Rupp relevant with the dramatically changing requirements of the sports industry and concert and entertainment industry has been a challenge, but it's also been very fulfilling."

Owen explained how the Opera House underwent a significant lobby renovation in 2001, as well as a stagehouse renovation that improved the ability for artists, actors and other performers to use the facility effectively. Also, just a few years ago, with the help of Triangle Foundation, the Lexington Center Corp. rebuilt Triangle Park.

"During my 16 years, the way we've been able to address the aging facilities and make it continue to support activities and the community has been a real privilege to be involved with," Owen said.

Note: The documentary "Gamechanger: The Lexington Center Story" is available for purchase ($10) at the Lexington Center (859) 233-4567. ■

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

'Like a Cruise Ship on Land'

Kentucky's senior living communities are expanding and getting nicer – but pricier

BY CHRIS CLAIR

THE nation's 76 million Baby Boomers and their aging parents are changing the face of the senior care industry in Kentucky and across the country, particularly when it comes to senior living communities. They are demanding more units, more amenities and more community.

The dozens of new developments set to come on line in the coming years in the Bluegrass State won't be your grandparents' old-folks home. The senior living communities being built today are more like hotels or cruise ships, incorporating bars, sit-down restaurants, classrooms, movie theaters, commercial teaching kitchens, music rooms, indoor-outdoor spaces with fire pits and lots of seating and gardens with walking paths. The only limit to what you can get is what you can pay.

The new communities being developed today reflect the demands of a growing market of active seniors who aren't interested in giving up their homes to move somewhere just to grow old.

Some of the fanciest new facilities "are kind of like a cruise ship on land," said Bob White, executive director of the Kentucky Assisted Living Facilities Association. "It depends on the age of it, and the pricing."

Kentucky has not generally been considered one of the major markets for senior living facility construction. The biggest markets for the estimated $350 billion-plus industry are Texas, the Southwest, the Northwest, Northeastern cities like Boston and Philadelphia, and Chicago.

But the commonwealth's demographic trends are undeniable. Between 2000 and 2010, the median age of Kentuckians increased from 35.9 to 38.1, and the number of people over age 80 – the average age at which seniors move into senior living facilities – increased by more than 20,000 to 147,521, according to figures from the Kentucky State Data Center at the University of Louisville. In the past five years, the over-80 population in Kentucky was projected to have increased by another 12,000.

By 2025, about when the first Baby Boomers will become octogenarians, the over-80 population in Kentucky is projected to be nearly 200,000, an increase of 33 percent. By 2045, when most boomers will be over 80, Kentucky's 80-plus population is projected to be more than 339,000 and its median age will be over 40.

Facility numbers rising steadily

There is evidence in Kentucky of senior living development ramping up to meet demand. According to the Department for Aging and Independent Living, which is part of the Cabinet for Health and Family Services and which certifies assisted living facilities in the state, four assisted living facilities opened in 2015. Two months into 2016, a CHFS spokesperson said nine new facilities are already pending.

The state has 113 open assisted living facilities, 17 of which provide memory care. With an average development size, according to White, of about 40 units per facility, that equals 4,500 assisted living units in the commonwealth.

Beth Burnham Mace, chief economist at the National Investment Center for Seniors Housing and Care in Annapolis, Md., said in 2015 the Louisville metro area saw 10 percent growth in the number of new assisted living units. NIC uses a larger average facility size – 100 units – so that's 200 units, or the equivalent of two properties by NIC's calculation. Louisville's five-year growth rate was 32 percent, or 513 units. Nationally, in the 31 largest primary markets tracked by NIC, the one-year growth rate was nearly 8,200 units, or about 4 percent; 15 percent over five years and 26 percent over 10 years. Mace said NIC didn't have figures going back 10 years for Louisville.


Beth Burnham Mace, Chief Economist, National Investment Center for Seniors Housing and Care

Certainly not all of Kentucky's over-80 seniors will be living in senior living communities. Ralph Bellande, chief executive and president of Renaissance Senior Communities in Louisville, said the vast majority of seniors live in homes, condominiums or apartments. Only between 6 percent and 7 percent live in assisted living facilities. The reason is simple: "People want to stay at home," he said.

Anyone who's ever had a conversation with an older parent about moving out of a longtime residence and into an assisted living facility knows the issue isn't as simple as the parent being physically unable to live alone. The perceived loss of independence can be a major obstacle. Often, seniors have lived in their homes for decades and can't imagine moving.

Home health expanding also

Increasingly, they don't have to. The senior home healthcare industry is expanding along with the aging population just like the number of senior living developments. Importantly, Medicare covers in-home healthcare for seniors, provided they meet certain conditions such as being under the care of a doctor, being home-bound or dependent on using a wheelchair or walker to leave, and the agency providing the care is Medicare-certified. Medicare does not cover the costs of assisted living.


Ralph Bellande, President/CEO, Renaissance Senior Communities

Bellande said the growth of the in-home care industry is one factor that could affect demand for space in assisted living facilities in the future. Another is the health of the real estate market. Since Medicare does not cover the cost of assisted living, seniors quite often have to sell their homes in order to have the $2,200 to $6,000 a month needed to live in a senior community.

Mace said while in-home care services could be seen as a competitor to

Atria Stony Brook in Louisville offers a choice of senior apartments and levels of care that include assisted living, independent living and Alzheimer's and memory care in its Life Guidance neighborhood.

assisted living facilities, a number of companies that offer assisted living also offer in-home care services as an extension of their properties.

Sometimes disabled seniors can become isolated and depressed in their homes as they increasingly lose their independence, said Brian Durbin, president of independent and assisted living provider Arcadia Communities. The challenge for their children, he said, is convincing them that they cannot do the things they used to do, but that there are options available. At that point, moving into a senior living community with a variety of amenities designed to promote social engagement can be like a re-set for their systems.

Brian Durbin, President, Arcadia Communities

"People come into our communities and they eat better, get more exercise, talk to people who've been through the same things recently," Durbin said.

Arcadia's Elizabethtown location, RobinBrooke Senior Living, boasts a community baking kitchen and art studio, a fitness center, a library and Internet lounge, a theater room, a happy-hour lounge, a poker parlor, a restaurant with indoor and outdoor seating, and gardens with walking paths.

"From a design standpoint, there's been a battle to see what are the next great things we can bring to these communities," Durbin said. "Right now Boomers are making the decisions for their parents. The facility designs are flexible so when they (the Boomers) are ready it will appeal to them."

Competition means more amenities

Durbin said while RobinBrooke is currently his company's only Kentucky development, Arcadia is in the process of acquiring property for two more facilities in the state. The firm is one of the smaller players, with five communities in Michigan, Kentucky and Louisiana. However, small players like Arcadia dominate the senior living industry.

According to the U.S. Small Business Administration, as recently as five years ago the top four senior living firms – Brookdale Senior Living Inc., Sunrise Senior Living Inc., Emeritus Corp. and Atria Senior Living Group – controlled just 13 percent of the market share. The SBA said all that competition is fostered by low barriers to entry for the industry, which leads to tight profit margins.

Arcadia, however, is expanding. Some of the newest ideas it is looking at include an art theater combined with a baking kitchen, a music room and an indoor/outdoor dining concept with fire pits and rose gardens connected by walking paths.

"Many of our residents grew up loving art and cooking," Durbin said. "We're trying to create some lifestyle amenities where they can continue to do that."

The amenities in today's senior communities are designed to promote interaction and wellness, Mace said, with an emphasis on getting people out and socially engaged. She calls it the "wow factor," and she says it's geared to appeal to adult women, who are most often the children working with their parents on the decision to move to a senior development.

Other trends in construction include locating facilities close to dense urban areas for easier access to entertainment and activities and devoting more space to wellness programs and rehabilitation and exercise areas.

Nationally, Mace said, some concerns have begun to surface about overbuilding in certain markets like Texas, which has some of the lowest barriers to entry of any state when it comes to building and running senior living facilities.

Mace said overall construction costs have been on the rise mostly due to higher labor costs because subcontractors in growing markets are busy working on other residential and commercial projects. The change in facility designs to accommodate new amenities doesn't have nearly the effect on the budget as labor costs.

Highest demand 10 years off

Despite the concerns about overbuilding, higher construction costs and the fact that the real bulge in demand won't appear for another 10 years, construction is happening and financing for new senior living developments is relatively easy to get.

KALFA's White said it costs between $75,000 and $80,000 per unit to build senior developments. "Lots of bankers out there specialize in senior housing, and provide financing or refinancing," White said.

It takes 12 to 18 months following the completion of a project to achieve 95 percent occupancy, he said, and his best guess is that Kentucky's vacancy rate is around 8 percent. Think about it this way: Right now, according to the Kentucky State Data Center, there are roughly 147,500 Kentuckians over the age of 80. If Bellande is right and roughly 6 percent of them could make up the market for senior living facilities, that's nearly 8,900 people. With roughly 4,500 units, Kentucky has about half the number of units it needs to satisfy potential demand today. Even adding another nine facilities – or about 3,600 units – won't eat in to demand too much.

Price and the ability to sell one's home are two key factors that can keep people out of senior communities. When it comes to finding a facility, price equals amenities. At the lower end of the price range, White said, $2,500 a month buys a room and minimal amenities. At the $6,000-a-month end of the scale, a senior patio home or apartment comes with evening happy hours in the bar, a theater, a concierge – basically all the new trendy things.

"It never ceases to amaze me what people will pay," White said.

Another trend Mace said she has seen is some developers building facilities with, say, a bathroom shared between two independent rooms as a way to reduce costs. With many more people in different income brackets about to need senior facilities, developers, it seems, are trying to build something for everyone. ■

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

The Art of Workforce Development

Louisville became home to the VEX Robotics World Championships in 2015 and attracted top teams from more than 1,000 local and regional VEX Robotics competitions. The 2016 championships are April 20-23 in Louisville.

STEAM injection into curricula and training programs builds innovative thinking into math and science skills

BY DAWN MARIE YANKEELOV

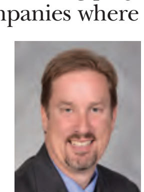
Editor's Note: Part 2 of a two-part look at the incorporation of STEAM (Science, Technology, Engineering, Arts and Math) into education curricula and workforce training in Kentucky.

KENTUCKY employers increasingly are aligning with educators who understand workforce development trends and how economic development occurs. As a result, they are becoming champions of innovative learning strategies in the commonwealth's most rural and economically challenged settings.

Rather than rote memorization and quizzes, career paths are being charted around hands-on undertakings: building robots and 3-D printers; planning a satellite payload; constructing a building, wiring a circuit board; designing and crafting skateboards.

This educational approach is known as STEAM, which stands for Science, Technology, Engineering, Art and Math. The term STEM – sans art – is better known; some argue that art and creativity already are inherent elements of science-based disciplines. STEAM more overtly promotes creativity in school curricula, the thinking being that this will stimulate innovation as the STEM skills play out in the working world, to the benefit of us all.

This outreach also encompasses after-school programs, specialty internships, field trips, nonprofit and club-based maker spaces, in-classroom year-long projects, and field work for companies where mentoring is possible. STEAM concepts are gaining traction in diverse settings.



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

It's woven into many of the Shaping Our Appalacian Region (SOAR) initiatives.

Many of the plans SOAR is pursuing, said Brad Thomas, associate manager of economic development for East Kentucky Power Cooperative, were born over an evening out in a bar discussing the re-creation of education approaches for today's workforce needs.

It's no secret that Appalachia represents some of the poorest counties in America today, Thomas said.

"Dollars, resources and expertise will be foundational in moving the needle in STEAM initiatives," he said. "Companies like Toyota and Qk4 (engineering) in Louisville are already on board, but we've only gotten started."

Kentucky legislators and other state government officials are getting actively engaged. In September 2015, educators from 22 Eastern Kentucky school districts joined U.S. Rep. Hal Rogers and former Gov. Steve Beshear, co-chairs of SOAR, at Clay County High School to launch an initiative aimed at building a STEM-skilled workforce by creating new opportunities for teachers through National Board Certification. Project Lead The Way curriculum, which will be brought to schools in the SOAR region, is endorsed nationwide, Thomas said, as a premier approach to STEM education that will support new manufacturing, biomedical and technology careers.

It's one of a number of programs from the workforce and education populations in Kentucky to take initial innovative steps to transform learning mechanisms.

Robotics for kids builds buzz

The real issues of achieving progress, according to Jason Morella, president of the REC (Robotics Education & Competition) Foundation, go to project scope, training the trainers and scaling, which are matters of persistence and effective rollout.

Meanwhile, Louisville in 2015 became the home of the VEX Robotics Worlds Championships. VEX is a leading provider of educational and competitive robotics products to schools, universities and robotics teams. With grants and other support from NASA, Jefferson County Public Schools will roll out the VEX Robotics program to educators and students at 30 schools each year, reaching all 135 of its schools by 2019. NASA is providing the robotics kits, teacher training workshops and technical assistance.

The 2016 VEX championships set for April 20-23 will feature top teams from over 1,000 VEX Robotics tournaments around the world. Kentucky has 237

One program employing STEAM curriculum concepts is the Rad Science Skateboard Build at Marwood Veneer in Jeffersonville, Ind., where participants use math, science, engineering and tool technology to build their own board from design to completion.

teams through REC Foundation programs, up from 60 teams in 2012.

Robotics education has come to the state in many forms, which are referenced in acronyms. Kentucky has nine FRC teams. FRC is FIRST Robotics Competition, and FIRST robotics is For Inspiration and Recognition of Science and Technology. FIRST is a Manchester, N.H.-based nonprofit founded in 1989. Corporations such as Xerox help the Kentucky teams, for example, providing the Central Bluegrass Region High School team with a $7,500 check in the fall to support its activities

Tech partnership expands around STEAM

Jim Martin, president of Marwood Veneer in Jeffersonville, Ind., came into STEAM program development as a volunteer committee chair for TALK, the Technology Association of Louisville Kentucky.

"The Rad Science Skateboard Build project can bring all the facets of math, science, engineering and tool technology into the middle school and high school populations," Martin said. "It's great to see how the students light up when they see how it can be done. This keeps me interested in how we can find the funding through TALK to continue more of these types of programs."

Jim Martin, President, Marwood Veneer

In partnership with the Louisville Free Public library under federal grant dollars, TALK will offer more RAD Science Skateboard Builds within the library system during spring break 2016. The tech council also is pursuing other foundation, philanthropist and corporate support to plan for new STEAM outreach for opportunity youth, cancer children and scouting badge programs in Kentucky and Indiana. Both Girl Scout and Boy Scout councils now have STEM-specific coordinators and maker spaces.

UofL's Speed School engineering garage was home to the first Rad Science Skateboard Build in August 2015 during Louisville's inaugural TechFest. Speed School has had an active summer after-school program for years to build STEM outreach and feed the engineering education pipeline.

This year it begins a partnership with Lexington-based Newton's Attic, a nonprofit also offering STEAM curriculum through Central Kentucky school districts, UK, Berea College, Carter G. Woodson Academy and the Christian Appalachian project.

Newton's Attic pressing out into the state

Newton's Attic, a nonprofit operating since 1998, served over 1,300 students in its after-school programs and summer camps this year, primarily in Fayette and Woodford counties.

Bill Cloyd, Co-Founder, Newton's Attic

"Schools stopped doing project-based learning for a number of years, and now educators are coming back to its value," said Bill Cloyd, a mechanical engineer and co-founder with his wife, Dawn. "New federal standards in science will drive more hands-on project-driven science."

Newton facilities now include two buildings on five acres, courses such as bowmaking, and even girls-only Camp Katniss programs – derived from the popular "Hunger Games" movies. Transportation is always an issue for after-school programs, the Cloyds said, so field trip groups are more frequent outside the summer months.

TechTown Global eyes Kentucky

The UofL Foundation is exploring partnership with TechTown Global LLC, which launched in Chattanooga in June 2015, for a proposed on-campus TechTown Louisville. TechTown Chattanooga is a 23,000-s.f. technology and entrepreneurial learning center offering year-round afterschool programs and summer camps with a focus on underserved children 7 to 17.

Competitiveness in math (and science) adds up

Interest in better math and science curricula escalated in Kentucky under the

2008-09 National Math and Science Initiative competition. Today, AdvanceKentucky is a statewide math-science initiative dedicated to helping Kentucky's students reach new heights in rigorous academic achievement. It encourages advanced placement (AP) coursework allowing for college credit in high school.

Begun in 2007, AdvanceKentucky is designed to accelerate students through advanced placement in math, science and, for communication skills, AP English. (Computer science is being added to the AP curriculum this year, with coursework including data analytics, how the Internet works and computer programming languages.) It is a partnership among Kentucky Science and Technology Corp., the Kentucky Department of Education and the National Math and Science Initiative with several sponsors, like Exxon Mobil. Joanne Lang is executive director and has raised a $13 million match required over five years for an initial $13 million federal grant.

Joanne Lang, Executive Director, Advance Kentucky

"We replicated the Texas model focused on minorities and low-income students," Lang said. "This was 180 degrees different from 30 years ago when accelerated learning was for the talented kids only."

After a national competition, AdvanceKentucky was one of six programs NMSI initially selected to scale up. Statewide results of the program thus far find students are going to school at a higher rate, have higher GPAs, persist into higher education, and graduate from college at higher rates.

"We want that talent to stay in our state," Lang said, noting that some 90,000 students have been served under the initiative in Kentucky. (However, Lang added, there is some duplication in that number as a student can earn more than one qualifying AP score.)

It is a voluntary participation initiative in 101 public high schools in the state – a third of which are in the Appalachia region, where the need is greatest.

AdvanceKentucky also participates in promoting National Computer Science Education Week in December and helped orchestrate more than 500 hours of code events in classrooms across the state.

STEAM curricula a Kentucky profit-maker

The state is beginning to see for-profit companies join the STEAM bandwagon by designing specialty kits and curriculum, with several headquartered here in Kentucky. Weston Hagan, lab director of Louisville-based Durham Labs, talks excitedly about working with a middle school math teacher to complete a project using his company's Let's Start Coding circuit boards and related parts.

Another Louisville company, Whitebox Learning, is exporting curriculum nationwide to educators looking for the next rung on the ladder. It has a complete standards-based STEM learning system for engineering, science and technology education classrooms for grades six to 12.

Never too young for STEAM

Some companies are investing at the child-care center level in true STEAM curriculum, including the Lexmark Center for Children, managed through Bright Horizons. Lexington-based Lexmark International Inc. is a global corporation that creates printing and imaging products, enterprise software, and related hardware solutions. With more than 1,500 engineers at its research and development center, the facility is only for its employees who need childcare. Most of those attending are infant age through pre-school, and after-school up to the fifth-grade level.

Since 1998 in Lexington, Newton's Attic has given students creative, hands on insight into science, technology, engineering and math via methods such as its G-Force, a bungee-powered ride that is the facility's most requested activity for STEM field trips, birthday parties, summer day camps and after school programs.

"We believe it gives the preschoolers an advantage, making them school-ready when they are jumping to kindergarten," said Amanda Stamper, a company public relations specialist. ■

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

Change, Transition, Volatility, Inconsistency in 2016

Slow-growing U.S. economy might offer opportunity, but wealth managers wary as landscape shifts

KENTUCKY wealth management professionals expect the turbulence with which 2016 began to continue in varying degrees for the rest of the year. While they largely agree that the U.S. economy should see continued low to moderate growth this year, there is no uniformity in what strategy this might suggest. The volatility in equity markets likely offers opportunity to the investor who understands that quality stocks will be available during market dips. A changing world economy, especially China's shift from manufacturing to consumer spending as its prime driver, will provide the ongoing uncertainty to keep markets riding the waves. One suggestion is that investors need to keep closer watch on their portfolio and rebalance more often to stay on course for specific personal goals.

Todd Parker Lowe
President, Parthenon LLC

"Following a year in which domestic markets were flat, emerging markets suffered significant declines and global markets in general were lackluster to poor, the role of the investment manager is as crucial as any time in recent memory. Many investors have fatigue from recently increased levels of volatility across markets with seemingly nowhere to hide from daily moves, up and down, frequently in excess of 1 percent. After some years of underperformance, alternative investments, such as hedge funds, may have an opportunity to perform relatively well. Following the rally for domestic stocks since the 2008 financial crisis, it appears for domestic investors to be a year of the 'stock picker' rather than expecting all markets to rise smoothly."

James R. Allen
Chairman and CEO, Hilliard Lyons

"An uneven global recovery is likely to keep equity markets on edge and volatility high as 2016 unfolds. Given the unsettling and confusing combination of market factors, investors need to be patient and focused on achieving their longer-term goals. As always, an emphasis on quality and income-producing equities should help to mitigate risk. The early 2016 equity market decline should be viewed as a buying opportunity. The Fed is likely on hold with regard to additional rate hikes during 2016. With the 10-year Treasury yield below 1.75 percent, bonds are not likely to provide much price appreciation potential."

Andy D. Waters
President/ CEO, Community Trust and Investment Co.

"We believe the U.S. economy will continue with slow to moderate economic growth and in the end, providing a strong backdrop for owning U.S. equities. However, the year will have challenges as higher volatility and lower returns will persist throughout 2016. Global markets need time to digest the changing landscape in interest rates, Chinese GDP and the current oversupply of oil. The Fed will continue to raise interest rates but at a more gradual pace than previously conveyed. As an active manager of individual securities, CTIC sees these periods of higher volatility as opportunities to pick up high-quality assets at inexpensive valuations."

Ernest Sampson
CEO, Private Client Services

"The market headwinds have been turbulent for some time. The market is down year-to-date in a classic tug of war just before a bull or bear market breakout. The convergence of market influences is a perfect storm for the market. Domestically speaking we have a (one for the ages) presidential election, historical low interest rates and a Federal Reserve changing direction, wage stagnation and social issues abounding. Internationally, we have

ISIS and Middle East turmoil, massive migration from war-torn areas to European countries, Chinese economic turmoil, and Russia, North Korea and Iranian issues. Without a significant change in the variables listed above, it is difficult to anticipate anything but a down year for the market."

Jim Elliott
Senior Vice President, Director of Wealth Management, Kentucky Bank Wealth Management

"We project continued modest U.S. economy growth for 2016 and slowing growth globally. Labor markets will continue to improve, although not with higher paying jobs. The Federal Reserve would like to normalize interest rates, but we foresee a next increase delayed until later this year, and fewer increases this year than were expected last fall. Investment markets have gotten off to an 'interesting' start in 2016. Falling oil prices, a slowing global economy, slower growth in China and an unusual presidential primary situation all contribute to a high level of uncertainty that markets don't like. In turbulent times, we give clients the same advice as always: Sit with your financial advisor at least annually, determine your needs, aspirations, time horizon and risk tolerance, and develop the appropriate asset allocation. Rebalance to that allocation regularly. This will carry you through all situations."

David Harris Jr.
Senior Partner, MCF Advisors

"We believe 2016 will be marked 'Volatility Returns.' Volatility returns to more average levels, which unfortunately means an increase from the historically low volatility we enjoyed the past three years. We expect the Federal Reserve to gradually increase/normalize interest rates based upon stabilized employment and growing inflation. Markets are in a transitioning period – from no inflation to low inflation to moderate inflation and on to average inflation. This creates significant asset re-pricing activity, as each future dollar of cash flow gets discounted by each step-up in inflation, thereby creating valuation headwinds on almost all asset classes with the exception of real assets. We expect it to continue for the next few years as asset classes adjust to the changing economic environment."

Travis K. Musgrave
Managing Director, Musgrave & Associates, Merrill Lynch, Pierce, Fenner & Smith Inc.

"We believe 2016 will represent a year of global transition. Many economies both local and around the world will wrestle with the transition from a manufacturing-based economy to a consumer-driven economy. This transition will most likely create higher levels of global volatility around currencies, interest rates and equities. Stubbornly low interest rates and lower energy prices on top of an expanding and growing economy will set the stage for many terrific opportunities. There will be clear winners and losers during this transition, making security selection increasingly important. Investments with a focus on quality income and long-term growth will be rewarded." ■

Making Lots of 'Cents'

Hitcents is still proving that 'experience' is no factor in success

BY ABBY LAUB

CALL it twin power or sheer will and determination, but Chris and Clinton Mills, 33, are now nearly two decades into running a successful business – at an age when many of their peers are just starting to gather steam with ventures.

"We were sophomores in high school and we were looking at doing something for fun," said Chris Mills, the president of hitcents. "It was never about making money or even about starting a business. It was just, here's a new thing happening with the Internet when it comes to marketing, and we had the skill set to build a website to do it."

They sat down to do a proof of concept and came up with their Bowling Green-based web design firm hitcents almost immediately. Not bad for twins who fight hard.

"It only took us four days," he remembered. "There were a few technological gaps we had to make sure we could bridge, but it happened very, very quickly. Our name: We were, at the time, before the dot-com crash, doing cost-per-clicks marketing and getting paid per hit."

It's funny that people so at odds with each other could accelerate together so quickly.

"We were the worst enemies, and we had totally different friends," Mills recalled. "We didn't like each other and fought all the time, even fist fights. This was a common ground for us, programming. It brought us together."

He said his parents were excited that they had something to bond over together. In fact, the twins have been very close ever since and now consider themselves best friends.

"If you can have a business with a friend or family member, as long as you don't keep it personal or take it personal, it can work," Mills said. "We'll get in a big argument about a business decision, and it might create a screaming match between us, but we'll get dinner later. We never take the arguments personal and realize we are each trying to do the best for the company. It's worked out really well."

A Bowling Green product

Something that usually works out really well, but not always, is the fact that the Mills brothers' high-tech business is based in Bowling Green. Mills said there is constant pressure to move the company and recruiting enough talent can be difficult.

"It comes up every time in almost every conversation," Mills said. "The first thing they ask is, 'Do they have power there?!' It comes up every time. We use the argument (that) we're geographically located in the middle of the country. It's easy for us to get to California.

"Our dad worked for General Motors in the Bowling Green plant. We're a product of where we are."

Mills said hitcents has moved a lot of people to Bowling Green, but the process is tough.

"It's not like being in San Francisco or Los Angeles where you can get 25 overly qualified candidates for a position," he said. "We have an office in Shanghai (China), and we will have 500 qualified applications there. Here we put out a job opening, and it's hard to get someone."

Hitcents has a total of 70 employees around the world, with offices in Los Angeles, San Francisco and Shanghai. Mills said they have been spending a lot of time in India also.

Their firm specializes in web development, app development, gaming, marketing and branding. While it looks like many other online companies, Mills said, "One of the unique things we do is really focus on partnerships with our clients. It's not a traditional hire-us-to-do-things; we like to have some sort of partnership with the builds we get into."

Enjoyment equates to success

He said they used to be more focused on following the money, but they weren't happy with the results and weren't having successful projects. The change in approach paid off, however, and hitcents even recently partnered with Tom Hanks for a project called Hanx Writer.

The domestic and international success has come with hard work and a bit of luck.

Chris Mills

"There was never a grand scheme, and unfortunately there's still not a grand scheme," Mills said. "We enjoy what we do every day and we have goals and things, but there's not some overall arching thing. For us, if we're enjoying what we are doing then those things aren't that important."

Enjoying what he does is key, and it's the advice he gives to young people searching for their golden ticket.

"I feel like the answer may be what people hear over and over again, but it's so important to me that you have to do what you love," he said. "Whatever your career path is; whether it's graduating and going through the education system, whatever it is, do something you love to do, that every day you're happy to come to work. Money is not going to buy happiness, and you're going to spend 75 percent of your life working."

Both of the Mills brothers are married with young children. Being so successful so young has afforded Mills the chance to dream realistically of a "second act" career.

"I have a lot of personal goals for an act two," he mused. "I think living in China and experiencing a different culture [would be great]. I would love to work on a project where we were using technology to spread empathy across culture and language. I think a lot of the problems we face today are because we lack empathy of people around the world. I would love to use technology to work on that particular problem. Technology is getting to that point where we can do that and cross languages."

SuperChef Ferguson Pushes Forward After Fire

Darnell Ferguson went from on top of the world to devastation and back again in just a few months. Last summer, Ferguson and his business partner Rodney White opened the first-ever full-service, permanent Louisville version of his concept that started as a breakfast diner only.

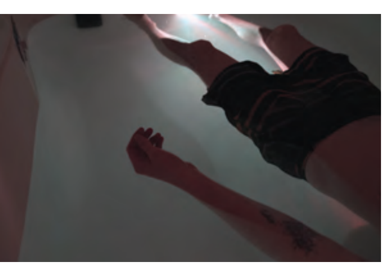
And then in the wee hours of the morning on Sunday, Jan. 10, a fire broke out in the kitchen that destroyed not only the thriving SuperChefs, but the adjacent Chef Maria's Greek Deli, both located in a strip commercial center at 106 Fairfax Ave. in St. Matthews. What appeared to be a terrible and complete loss, however, has since turned into a story of inspiration.

The Louisville restaurant community rallied around Ferguson and deli owner Maria Bell with moral support and fundraisers. Representatives of Stout, Macaroni Grill and Down One Bourbon Bar all offered to provide employees with temporary jobs. Joella's Hot Chicken, J Harrods and Ten Tables all offered to help financially.

Less than a month after the fire, Darnell realized a dream by appearing on "The Rachael Ray Show," where he met his hero Emeril Lagasse. Bell has already reopened in a new space located in Derby City Antique Mall.

"When I first got there and saw the fire … that was a lot," Ferguson told InsiderLouisville.com. "But I've been through the crying and stuff. Now I've got to get back to thinking about God and look for what He's got planned. Only thing I've got to worry about now is getting it built back up."

Ferguson said the goal is to re-open on July 9; one year after the restaurant's original opening date.



Float Your Worries Away

Source on High in downtown Lexington is home to the region's first float tanks – a zero-gravity, sensory deprivation therapy that is rapidly gaining popularity in the United States. Source on High owner Corinne LaReau likened the experience to being "cradled" by water.

Float tanks are a fiberglass pod filled with about 200 gallons of water and 1,200 pounds of medical grade epsom salt. It is like floating in the Dead Sea, but the water is skin temperature and floaters have the option of total darkness and no sound.

"Everyone's been very excited to see these get here," LaReau added. "It's something that is so cutting edge that I think a lot of people are looking for something new, something very different."

Visit sourceonhigh.com for more information.

Dry Stack Coffee Co.

Danville-based coffee startup Dry Stack Coffee Co. aims to give everyone access to the highest quality coffee in the world, freshly roasted.

"I love drinking different coffees from around the world," said founder Aaron Ranson. "I want people to have access to the highest quality, freshly roasted coffees from all over the world no matter if they live in a big city or a small town."

Offering free delivery for Danville residents, Dry Stack believes coffee is at its best when it's consumed as close to roasting as possible. Also, it's roasting unique flavors from around the world, giving the taste buds a journey to crops that so many farmers worked so hard to produce.

Visit drystackcoffee.com for more information.

DRY STACK 20 15 COFFEE CO.

A Safe Haven of Horses

Ministry utilizes horse therapy for teens with depression

BY KIM KLIMEK

DEPRESSION and anxiety bled much of the color from Allie Barnett's teen years, but the friends, family and horses in which she found a safe haven helped return the vibrancy to her life. Today, she and her husband, Jeremy, want to offer that same refuge to other teens at their Safe Haven Equine Ministries.

Safe Haven combines a spiritually based curriculum with the restorative friendship that can be found with a horse. Young adults ages 12 to 18 battling with cognitive, emotional and behavioral issues are encouraged to apply.

"There are only around 10 therapeutic riding centers across Kentucky, and we are the first program to focus on middle school and high school students struggling to live healthy lives," Allie said.

Jeremy brings to Safe Haven his experience as a youth pastor, and Allie contributes as a registered nurse who has worked in adolescent mental health treatment. She holds a therapeutic riding certification from PATH (Professional Association of Therapeutic Horsemanship) International.

Healing with horses

Working with and earning a horse's love and trust is something that can be very healing.

"A therapy horse doesn't have to be of a standard breed, age, appearance or training," Allie said. "A good therapy horse is made of its intelligence and willingness to participate; he's looking to make a connection with you."

Allie and Jeremy currently have six horses, many of which are rescues from the Kentucky Equine Humane Center.

"Teens who feel broken can more easily identify with horses who have broken pasts," she said.

No resource left behind

Equine-assisted exercises work in tandem with other outdoor activities, such as gardening and construction projects, to provide a balanced approach to remediating mental health issues. This includes lessons on minimalism and recycling resources by using rain barrels, composting and more.

The message of sustainability pervades Safe Haven's program, and to lead by example Allie and Jeremy live in what has become known as a "tiny house." Just big enough to fit the necessities and one to two people, tiny houses are generally no larger than a flatbed trailer or shipping container.

Likewise the couple have let no resource go to waste in learning to run their first business and nonprofit organization.

"Surround yourself with people who not only share your passion and encourage you, but who also point out the holes in your plans," Allie said. "You might not enjoy the criticism, but you need these people."

When the gates to Safe Haven Equine Ministries open this spring, a chapter of Allie's life will come full circle. She and Jeremy look forward to sharing with teens the healing that Allie once found in horses.

For more information about Safe Haven Equine Ministries, visit safehavenequineministries.com.

Metro Areas Faring Best in 2016

Kentucky bankers see modest growth overall, but loss of coal jobs will hurt regionally

KENTUCKY bankers have mixed views of this year's economic prospects, due to different experiences expected regionally. Overall, continued modest growth is expected for the state, but this is driven by strong labor statistics in urban/metro areas as manufacturing, especially of light vehicles, thrives while an ongoing loss of energy-sector jobs means continued deterioration in Eastern Kentucky.

Luther Deaton Jr.
Chairman, President/CEO, Central Bancshares Inc.

"Kentucky's economy will continue its slow recovery in 2016. Modest growth is most likely to occur in the central and northern regions of the commonwealth. Employment will improve slowly, and unemployment will likely remain at its current level. Consumer spending has not rebounded and isn't likely to increase unless the economic climate improves. We are seeing modest housing growth, mostly from sales of existing homes. Apartment construction has been very strong as younger consumers continue to delay home ownership. The soft economy is making our banking environment extremely competitive as community banks seek to promote consumer and business opportunities."

Dorsey Hall
President/CEO, South Central Bank

"The Federal Reserve Board raised its Fed Fund target a quarter point late in 2015 based on indications of economic stability and improvement. Equity markets, in conjunction with low oil prices, responded somewhat erratically. This will stabilize. In recent years, there has been a structural problem versus a monetary/fiscal policy issue. Baby Boomers started retiring, stopped buying and decreased participation in the labor pool. Subsequent generations have, as of yet, been insufficient contributors to fill the void. However, the Millennials are now some 11 million persons stronger and maturing as consumers; demand should pick up, and the economy will strengthen."

Mike Ash
Kentucky Regional President, Fifth Third Bank

"Contrary to the prediction of many "doom-and-gloomers," we don't see the usual red flags – high interest rates, inflation and energy prices – that would suggest a recession is on the horizon. Fifth Third Bank's investment management team expects modest growth in the United States, between 2 and 3 percent, for the intermediate term. Granted, concerns over the energy sector and the slowdown in China are warranted. However, we feel a strong labor market and low gas prices have rejuvenated the U.S. consumer. These tailwinds, against the backdrop of accommodative monetary and fiscal policy, will be the engine of growth for the domestic economy."

William "Bill" Craycraft
Market President, City National Bank

"The economic outlook for the Central Kentucky area is strong. That's why City National Bank entered the market last fall. The diversity of the Lexington regional economy and the growth the market is experiencing is stronger than many areas of the nation. This allowed us to grow commercial loans in the market 15 percent over the past six months. Our bullishness over Central Kentucky includes the housing market. Home purchases are anticipated to increase by 13 percent this year due in large measure to Millennials, who are reentering the market and comprise over one-third of home buyers."

William "Bill" J. Jones
Division Manager Community Banking, U.S. Bank

"The optimism created by a 25-basis-point Fed rate hike in December was quickly replaced with market uncertainty and turmoil, due to declining energy prices, economic slowdown in China and other macro-economic factors. Because of these factors, the role of the bank for retail, small business, merchant and institutional customers in Kentucky remains more important than ever. We believe individuals, families and businesses in Kentucky will find opportunities for growth in 2016. U.S. Bank is focused on helping customers convert back-of-the-envelope drawings into new businesses; directing commerce efficiently, conveniently and securely; aiding large commercial enterprises in managing daily activities and expanding when opportunities occur."

Steve Trager
Chairman & CEO, Republic Bank

"We consider ourselves cautiously optimistic as we begin 2016. From a banking perspective, loan demand has been solid if not robust, with rates remaining at historically low levels in spite of the Federal Reserve's contrary efforts. With the lack of construction over the last several years, there seems to be a lot of pent up demand in multiple categories, including single-family owner occupied, multifamily apartments and hotels. We have access to more customers in more places through alternative delivery channels, including mobile/digital. This creates a lot of opportunities for financial institutions and customers alike. We look forward to pursuing these opportunities."

Tucker Ballinger
President/CEO, Forcht Bank

"Kentucky's economy continues to show signs of improvement but is still not back to pre-recession levels. The metro markets are experiencing a higher concentration of growth and economic recovery, which Forcht Bank has seen through increased lending requests out of Lexington, Louisville and Northern Kentucky. However, many of the rural markets continue to be challenged with moderate unemployment rates and a general lack of economic development. The global economy has everyone taking a deep breath, but we remain positive on the outlook for Kentucky as we move into the rest of this year."

Bill Alverson,
CEO, Traditional Bank

"Uncertainty is the buzzword. Negative interest rates in Europe, weaker output in China, falling commodity prices, and a strengthening dollar conspire to increase economic volatility. Though the domestic economic expansion is growing old, continued improvement in unemployment, housing, wages and consumer spending contribute to an upbeat outlook. The U.S. is one of the few, if not only, safe harbors. Central Kentucky will benefit from continued low interest rates; low commodity prices will fuel the housing market and consumer spending. This bullish outlook is tempered by recent stock market volatility, and lower consumer sentiment would negatively impact spending. Anecdotal evidence from our business community is upbeat for 2016; activity remains much improved over 2015."

Louis Pritchard
President, Kentucky Bank

"As we enter 2016, the global and national economies are facing a great deal of uncertainty. The early decline in the respective equity markets reflects that uncertainty. Economic forecasts for the U.S. economy are predicting a GDP growth of 2 percent or less. The unemployment rate in Kentucky is likely to remain at around 5 percent, and in the markets in which we operate we are anticipating a year much like 2015. Rates will likely remain relatively low and a flat yield curve will continue. Lending will be on a slight uptick but it will be erratic in terms of demand. Businesses and individual borrowers continue to be cautious. While the coal industry will continue to suffer, healthcare-related businesses and automobile manufacturing in our markets should show growth in 2016."

Charles P. Denny
Greater Louisville and Tennessee Regional President, PNC Bank

"Louisville's economy will grow more quickly than the nation's in 2016. The U.S. economy's continued moderate growth will support our area's core economic drivers, as many of them respond strongly to national trends. Growth will include manufacturing, transportation, education, healthcare, finance and professional services. Housing recoveries, stronger consumer finances and rising auto sales will underpin solid performances for manufacturers at Appliance Park and for auto producers, parts suppliers, transportation and distribution firms. The drop in gasoline prices will boost consumers' disposable income and reduce expenses for manufacturers."

Lloyd C. Hillard Jr.
President/CEO, Farmers Capital Bank Corp.

"The economic and business environment outlook for 2016 is positive, although individual indicators are mixed and some uncertainty remains. Real GDP growth for Kentucky is forecasted around 1.5 percent, which is below the U.S. projection of 2 percent. Kentucky's unemployment rate has declined to 5 percent and is around 4 percent in Central Kentucky. Inflation is ticking up, but we do not expect any further interest rate hikes until the second half of 2016. The Central Kentucky market is improving, led by Lexington and Louisville. We are seeing better loan opportunities in commercial real estate and residential mortgages. The wild card is the success or failure of the proposed budget by Gov. Matt Bevin."

Frank B. Wilson
President/CEO, Wilson & Muir Bank & Trust Co.

"Bardstown-based Wilson & Muir Bank & Trust Co., has locations across Central Kentucky. The economies in each of our markets are very strong and the near future looks solid, driven by the success of the bourbon and automotive industries, two of the largest employers. As the Bourbon Capital of the World, Bardstown is the trailhead to the Bourbon Trail, and bourbon tourism's incredible success has made a huge economic impact on contractors and service providers. A strong regional economy has Bardstown's historic downtown enjoying a very vibrant retail economy that has few rivals across the state."

Jean Hale
Chairman, President/CEO, Community Trust Bancorp

"The economic indicators for Kentucky overall have improved significantly, however, certain state regions are not experiencing this. The eastern and northeastern regions, continue to experience significant loss of jobs in energy and related fields such as steel production and railroads as well as suppliers. During 2016, we expect conditions for most of the state will remain basically the same as 2015 except for the eastern and northeastern regions, which are subject to continued deterioration. Improvements in unemployment and business have been positive for banking; we have seen increases in loan demand and reductions in problem loans. However, we will continue to experience pressure on our net interest margin as long as the Fed continues to hold interest rates low."

John Gohmann
Lexington and Central Ky. Regional President, PNC Bank

"Lexington's economy is on track for moderate economic growth in 2016 thanks to a diverse manufacturing base and the anchor provided by healthcare and the University of Kentucky. As the national labor market approaches full employment and income growth continues to pick up, 2016 will likely be an even better year for auto sales. Although the overall outlook is sanguine, cuts to state spending and potential changes to Kentucky's Medicaid program are downside risks to the outlook." ■

Ernest Sampson founded Private Client Services in 2001. Its platform provides support services such as research, secure IT, trade clearing, compliance and professional education to around 50 independent wealth management branches across the United States.

Louisville Firm Invests in Integrity

Private Client Services is the back office for independent wealth managers across the nation

BY MARK GREEN

AS the wealth management sector has evolved since the jolting near economic meltdown of 2008-09, a Louisville company that provides back office support services to independent brokers is thriving. Private Client Services is a broker-dealer and registered investment advisory (RIA) firm now closing trades, providing compliance and other services to around 50 independent financial advisor branches across the nation from Seattle to Boston.

It's a specialty niche, but one that is growing as more of the individual advisors at the nation's 3,500-plus wealth management firms opt to leave the large "wire houses" that operate nationally to be their own boss and keep much more of the revenue they generate, said Ernest Sampson, founder and CEO.

An employee agent for a national brand "wire house" firm such as Morgan Stanley, Wells Fargo, Bank of America or Merrill Lynch typically will retain about 40 percent of the gross revenue they generate in providing wealth management advice and service. The other 60 percent goes to the firm for whom they work, he said.

"An (independent) individual advisor on average will keep 85 percent," Sampson said. "That is the big motivation to get a bigger share of the gross revenue."

The "wire house" firms have to fan their 60 percent split of revenues out across a lot of expense lines. Overhead includes not only physical office space and associated costs from IT to utilities but also complex back-office operations to execute trading, keep detailed individual records and conduct compliance operations for multiple federal and sometimes state regulatory agencies – for their dozens or hundreds of locations.

Independent firms are usually one office and often one individual financial agent. Many are niche operators to some degree – they do not attempt or want to offer every financial product that exists, especially not the complex exotic products.

Founded in 2001, Private Client Services is a registered investment advisor with the federal Securities and Exchange Commission, whose regulatory functions are conducted by the Financial Services Regulatory Authority. It is a business to business broker dealer and RIA that works with independent hybrid financial advisor groups.

One of the latest to join the Private Client Services brokerage platform, announced March 1, is The Russell Group

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Ernest Sampson and senior PCS team in November 2015: from left, John Taylor-Jones, chief compliance officer; Paul Ohlin, chief financial officer; Sampson; Mary Wescott, operations officer; and Steve Higdon, chief development officer.

wealth management firm, which is part of Atlas Brown Family Wealth Management of Louisville. Others are literally all across the nation. Testimonials on the PCS website are from Crystal Wealth Management of New York City, Private Client Wealth Advisors of Denver, and Blue Ocean Global Wealth in Rockville, Md.

The largest firm with PCS has about 30 representatives, while the average is three to five, said Steve Higdon, chief development officer.

Large-firm tools for independents

The platform includes the tools, technology and research to operate within a range from lone practitioner to multi-office group. PCS has no proprietary products such as specific funds or annuities – an imperative to push proprietary products often motivates agents to leave the wire houses, according to Sampson and Higdon. PCS does see to it that client partners maintain their continuing education, various state-mandated insurance courses, professional credentials, tax law changes and market trends. It also secures data systems.

"The safeguarding of data is one of the most important things we do every day," Higdon said.

Meanwhile, an emphasis on ethical purity has been a key PCS business strategy, according to Sampson. Fewer than half the advisors who contact PCS about joining its platform are eventually accepted and registered, he said.

If a potential client has an allegation of fraud, bankruptcy, a compromised debt, has ever forged a signature, been accused of lying about the prospects of a product, churned an account or has other such "dings" on their record, PCS rejects their business.

"He or she can taint the firm and blow us up," Sampson said. "We have historically turned people away. We turn away far more than we accept. There is a cleansing that has been going on in the industry for a number of years."

Especially since the 2008 financial panic – made possible by widespread disregard for compliance standards in writing mortgage loans during the housing boom – even a slight ethical impropriety can sully the reputation not just of an individual but their firm and parties to its business dealings.

More Kentuckians vetting advisors

Shonita Bossier, Director, Securities Division, Kentucky Department of Financial Institutions

Kentucky financial regulatory officials do get more inquiries from the public today than in the past.

"We have seen an increase in that," said Shonita Bossier, director of the Securities Division within the Kentucky Department of Financial Institutions. "You have the public definitely taking more of an active role in vetting any financial service provider, which is great."

The Securities Division promotes outreach to investors and conducts investor education programs.

"The resounding thing is: Check out your financial service provider," Bossier said.

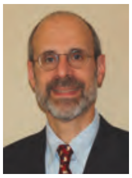
Kentuckians or those using a broker-dealer in the state can inquire online at kfi.ky.gov or call (800) 223-2579 to confirm that they are registered to do business in the commonwealth and details of any regulatory action in which they've been involved, she said.

Don Mullineaux, Emeritus Economics Professor, University of Kentucky

There is a heightened sensitivity toward operations since 2008, said Don Mullineaux, emeritus professor of economics with the University of Kentucky Gatton College of Business and Economics.

A lower cost of entry into the business is helping encourage the trend of brokers leaving large "wire house" firms to launch their own wealth management advisory operation. His own wealth manager, who oversees Mullineaux's retirement funds, "did exactly that. It's very common."

A former faculty colleague also entered the wealth management business, he said.



David Dubofsky, Finance Professor, University of Louisville

Schools also have become more strict in their screening of potential faculty, said University of Louisville finance professor David Dubofsky.

"Money management is one of the most highly regulated industries in the country," Dubofsky said, and appropriately so. "It's so easy to be a charlatan, and the whole industry is tainted by these con men and women."

Private Client Services has reached its current size, approaching 50 branches on its platform, by guarding its reputation.

It receives referrals from the national custodian firms that hold investment funds for registered investment advisors: Fidelity Institutional Wealth Services; Schwab Advisor Services; TD Ameritrade Institutional; and Pershing, Advisor Solutions, which is part of The Bank Of New York Mellon.

Higdon calls the company one of Louisville's best kept secrets and believes it is positioned especially well to grow.

"We have the opportunity to grow very big," Higdon said. ■

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

A Musical Evolution

Participation in arts council directory part of singer-songwriter's success

THE Kentucky Arts Council's Performing Artists Directory is one avenue for Kentucky performers to help them improve their craft and business acumen.

Singer-songwriter Marcus Wilkerson has been in the Performing Artists Directory since 2010, and he also maintains membership in the arts council's Teaching Artists Directory. He said being a part of both directories has benefitted his career as an artist.

Wilkerson joined us for a question-and-answer session recently.

KAC: How long have you been performing?
MW: Probably more than 20 years. My performance has evolved through the years. I play other instruments I didn't play before. I'm a singer-songwriter; that's something I've always done. I gravitate to acoustic guitar and African and Latin percussion. Those instruments are very intimate. I developed that relationship with those instruments before I even started playing. I held reverence for people who played them. Those folks inspired me to become someone who wrote songs that mattered.

KAC: What made you want to make the jump to professional musician?
MW: It wasn't really a jump. It was something I thought I had to do. When I think about the things I'm passionate about, it was the only thing I wanted to do: write songs that mattered and perform them. I'd look for ways to do that within my ability and reach. I was always inspired to become a professional. What motivated me to move on it was coming back to Lexington after living in Louisville. I moved back to Lexington in 2008 and I had a lot to write about at the time.

It seemed logical. I had an internal confidence. I didn't really have that conversation with myself; it just happened.

KAC: How did you develop a business plan?
MW: I can't say I had a business plan. You think about what you're going to do in the next week and the next month. I looked at it as a great way to supplement my income. Deep down what I like to do is play my own music. It's a confession you make when you decide to entertain your passions and entertain your community. My plan was "I'm going to do it and figure out a way to keep doing it." That enables me to keep honing my craft.

Now, I probably spend more time on the business side. Not even sure I stop doing it. It's probably at least three hours a day. I answer every phone call I get. That's important.

I think about the people who are hiring me, where I'll be, what I'll play. While I'm practicing, I think about how I'll interact with the audience. You can't get away from the business side.

KAC: What has your participation in the arts council's Performing Artists Directory meant for your business?
MW: It's important to me to have support from the arts council. What I do is in Kentucky, and it's good to know you have support from people around you at the arts council. That there are people you know and love that support you. Being in the directory holds you accountable for getting compensation for what you do; that you don't give it away for free. Directory members do not do pro bono work. It's an afterthought for some people to actually pay an artist.

KAC: What kind of continuing education do you do as a business person to make that side more manageable?
MW: Part of the education is actually doing the performing. The other part is from programs the arts council offers: things like what to put on your contract, what to insist on before the work has begun, how to write your curriculum if you're a teaching artist. Those are major ones.

Year by year you have a greater sense, you're empowered more and more just by being among artists and knowing that you've gotten through another year supporting yourself on your craft. That's an education as well. You're still alive.

In addition to the education the arts council provides, I also have that Performing Artists Directory credential that means something to organizations looking for an artist.

I wouldn't be exposed to these opportunities if not for my inclusion in the directory. ■

Lori Meadows is executive director of the Kentucky Arts Council.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A $60 million renovation of the Speed Museum doubled the size overall and tripled its gallery space.

Up to Speed

Kentucky's largest art museum reopens following $60 million makeover

BY KATHERINE TANDY BROWN

AFTER an amazing, $60 million transformation, the Speed is back!

For the past three years, Kentucky's oldest and largest art museum has been closed for an extensive makeover. During the venerable institution's hiatus, its drastically scaled down, 6,000-s.f. Local Speed has offered art and educational programming in NuLu, Derby City's hip, growing East Market District.

"Closing the museum for three years was a huge risk for us, but it paid off," said Ghislain d'Humeries, who has served as Speed's chief executive officer since 2013. "Local Speed has been a fabulous opportunity to reach out to a community demographic that's new for us. Right now, we're focused on the new building, but in the future we won't say no to something in a different part of Louisville or even a different part of Kentucky."

As of March 12, the Speed Museum's doors adjacent to the University of Louisville Belknap Campus are open once again, and the metamorphosis – one that doubles its overall size and triples its gallery space – is mind-boggling.

There are gorgeous new North and South buildings; a sculpture-filled Art Park and Piazza; an indoor/outdoor cafe, Wiltshire at the Speed, created by Louisville restaurateur Susan Herschberg; facilities for collection care and research; and a state-of-the-art, 142-seat movie theater with the capability to show 16 mm, 35 mm and digital films. An eclectic program of weekend runs includes American independent and international art house films, partnerships with film festivals and universities, films for children, outdoor screenings and experimental cinema. Pure movie buff nirvana.

As for the art, the Speed's collections cover 6,000 years of history and include Flemish, Old French and English Masters, Impressionists, Kentucky art and decorative arts, and Native American art. Upping the ante of gallery space, the new Speed has added 10,000 s.f. for contemporary art; another 10,000 for national and international traveling exhibits; and 5,600 s.f. dedicated solely to Kentucky works.

"Because the Speed has been here for 90 years, we are part of the history of Kentucky," d'Humeries explained. "We can't remain stagnant. If we don't move ahead with the present generation, the museum will be a lost gift. As the most important art museum in the state, we have a duty for our resources to be available not just for Louisville, but for Lexington, Bowling Green, the entire state."

As for programming, the Speed offers creativity connections for kids and adults alike.

For schoolchildren, Art Detectives allows art educators to take original art into the school classroom. This wildly popular program began in 2014 with 500 participants, grew to 4,600 in 2015 and this year will touch around 7,000.

In an outreach called Wall Together, the Speed connects disparate community groups for five to eight weeks, then displays their co-created artwork. One recent coupling paired teen artists at Presentation Academy and ethnically diverse elders at Kentucky Refugee Ministries. Their collaborative art will be the first such exhibit in the new museum.

"It's important to Ghislain that we encourage people of different ages and backgrounds to interact," said Anne Taylor Brittingham, chief engagement officer for the museum. "This project models one way we're doing that in the community and bringing it back into the museum."

The director added, "We want to make certain that everybody – especially underserved communities – have access to the Speed. To encourage that, during our first year of re-opening, every Sunday will be free to the public."

Kids can take museum tours followed by art activities and can attend Speed's annual summer camp. A youth apprentice program offers high school students a chance to peek behind the scenes in the running of a museum.

Art Sparks uses an interactive learning space that was once for kids only, now redesigned for adults with or without kids. Here, participants notice, create and talk about art. And during Social Speed on the second Thursday of each month from 6 to 9 p.m., grownups of any age can revel in hands-on artmaking, tours of the collections, a cash bar and live music.

If the museum's founder – Hattie Bishop Speed – could see her creation now, she'd no doubt be pleased. Begun as a memorial to her husband, James Breckinridge Speed, a prominent Louisville businessman and philanthropist, the J.B. Speed Museum, as it was known, opened in 1927. Funding for the not-for-profit museum comes entirely from donations, endowments, grants, ticket sales and memberships. A 1996 gift of more than $50 million from J. B.'s granddaughter, Alice Speed Stoll, made it one of the top 25 endowed facilities in the country.

Though the Speed is not a part of the university, the visionary Hattie chose the location so that students pursuing higher education might gain access to art from around the world. The museum and the university now often partner to present concerts, lectures and other events. Look for more creative, cutting-edge exhibits and collaborations in the near future.

"The new museum will be a hub of creativity. We will open the channels of creativity for those who visit and participate in art programs and who go back home and continue to create. We will provide a bridge between generations. We want to be a place where grandparents bring their grandchildren. We want to bring the world to Louisville, to Kentucky, to expose them to our treasures of art and to connect the commonwealth to the rest of the world. We have a responsibility to the commonwealth to do that."

The new Speed is revved and rolling to meet that responsibility head on. ■

Get up to Speed!

The Speed Art Museum
speedmuseum.org
(502) 634-2700

Hours:
Tues.-Sat., 10 a.m.-5 p.m.
Sun., Noon-5 p.m. (free)
Closed Monday

Free Highlights Tours:
1 p.m., Tues.-Sat.

Kentucky Online Arts Resource (KOAR):
Online website access to 1,600 Kentucky Collections works

Artsy event space rental:
(502) 634-2978
specialevents@speedmuseum.org

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



PASSING LANE

Commentary on Kentucky

Louisville Unveils Trash Bins that Function as Wi-Fi Hot Spots

TWO trash bins in a west Louisville neighborhood now also function as free Wi-Fi hot spots for Internet users.

Louisville Mayor Greg Fischer unveiled the units in the Russell neighborhood in February while launching Phase 2 of the West Louisville Neighborhood Wi-Fi Project, which uses innovative technology to provide free Internet to citizens.

Two Big Belly trash and recycling units in Russell have been transformed into 4G Wi-Fi hot spots units, the first Big Belly 4G hot spot units in the world. And, they are solar powered.

"For Louisville to successfully transition to a high-tech and advanced manufacturing economy, everyone in every neighborhood must have access to the Internet," said Fischer. "Today's announcement is one step toward getting our entire city wired into the 21st-century economy."

Louisville's new Big Belly 4G hot-spot trash bins are the first of their kind in the world.

The trash/recycling bins are located along one of the city's most popular public transit routes, and each hot spot emits a radius of about 100 feet of coverage. Residents and businesses within the coverage area also will have access to the free Internet service.

The Big Belly Wi-Fi hot spots will operate between 8 a.m. and 6 p.m. Those hours will lengthen during the summer months.

In addition, the Big Bellies are solar-powered compaction units that increase station waste capacity by five times that of conventional bins. Smart sensors notify the city when the station is getting full so that collections are done only on an as-needed basis, reducing waste collection costs by up to 70 percent per year. Additional environmental and social benefits include reduced truck traffic and cleaner streets.

EKU Facility to Help Single Parents Overcome Obstacles


PublicDomainPictures.net photo

A top priority for any state is an educated workforce. But for many students, a number of obstacles get in the way of obtaining the education necessary to chart a successful career path. To help Kentuckians overcome some of those hurdles, Eastern Kentucky University is planning to open a $9.5 million Scholar House that will focus on providing the housing and services needed to help single parents pursue a college education.

The Scholar House will feature 36 two-bedroom apartments as well as an on-site, certified child-development facility for up to 80 children. Residents will also receive free counseling services and life-skills workshops. The cost of housing and childcare will be income-based.

The project is primarily funded by the Kentucky Housing Corp. (KHC) and will be managed by Kentucky River Foothills. EKU provided the land via a long-term lease and the City of Richmond has received a $1 million community development block grant for construction costs. Fahe, a Berea-based 501(c) nonprofit, has steered the project since its inception.

KHC Executive Director Kathy Peters said studies show that families dependent on a single parent without education are increasingly facing homelessness. "Parents who want to pursue college degrees will now have the support they need to work toward a better life for themselves and their families," she said.

The facility "takes a lot of stress off, so the students can focus on their studies," said David McFaddin, executive director of EKU's Office of Engagement and Regional Stewardship. "As a school of opportunity, there's no better way for us to help single parents become productive and break the glass ceiling."

Support Kentucky's Equine Industry with Specialty Plate

IF you'd like to support Kentucky's equine industry, consider purchasing a specialty license plate that will benefit the Kentucky Equine Education Project (KEEP).

The KEEP Foundation has been approved for a Kentucky special license plate featuring a photo of Kentucky-bred Triple Crown winner Seattle Slew, one of Thoroughbred racing's greatest champions. In order to make the "Horses Work" Seattle Slew plate available, KEEP must collect 900 applications. (As of mid-February, the foundation has collected more than 700 of the 900 preorders needed for the Kentucky Department of Transportation to make the plate available in courthouses across the state.)

Once the license plate is available, applicants will receive a postcard confirming that they have already paid $25 toward the plate's $44 initial cost. When the plate is renewed the following year, the fee will go down to $31.

If the license plate is produced, the first $10 of the cost of each plate will go directly to the educational activities of The KEEP Foundation and the Grassroots Funding Program, which provides grants to nonprofit Kentucky equine organizations throughout the commonwealth.

To sign up for a KEEP plate, visit http://thekeepfoundation.org/license-plate/.

(If the goal of 900 is not met, the $25 application fee will be considered a tax-deductible contribution to The KEEP Foundation Inc.)

Corvette Museum Adds Car Preservation to Tour Experience

A 1962 Corvette that was damaged in the 2014 sinkhole disaster that occurred at the National Corvette Museum is being restored to its original condition.

IF you're a car enthusiast, you now have yet one more reason to visit the National Corvette Museum in Bowling Green.

The museum is remodeling an area that will be dedicated to the care and maintenance of its car collection. Visitors will have the opportunity to watch work in progress and, in some cases, interact and ask questions. The new Maintenance and Preservation area will also provide a location for seminars and training classes on car care, maintenance or just basic mechanics.

In recent years the museum has received a number of Corvette donations, bringing the collection to 72 cars owned, so last year a full-time maintenance and preservation specialist was hired and tasked with the upkeep of the cars.

"Some of the cars that were donated did not run when we received them, so we are excited that Daniel Decker was able to bring them all back to running condition," said Katie Frassinelli, marketing and communications manager for the museum. "Each of the cars is now on a maintenance rotation so we can stay on top of the proper upkeep of the cars."

After the February 2014 sinkhole disaster that swallowed up eight classic Corvettes on display at the museum, the question became: Who is going to fix the cars? General Motors took the reins on the 2009 ZR1 Blue Devil and 1992 One Millionth Corvette, returning them to their former glory and putting them back on display in the Museum's Skydome. The third and final Corvette to undergo repairs is the 1962 Black Corvette.

"It's going to be pretty awesome to work on the 1962, and it's a real big honor to be able to do the work, to bring it back to life from the sinkhole," said Decker, who expects the entire restoration process of the car to take about a year. "We want to do it right. The fiberglass really needs to set and cure so it doesn't shrink later. We want the car to look immaculate."

Dancing for a Cause

DANCEBLUE, the University of Kentucky's annual 24-hour, no-sitting, no-sleeping dance marathon to benefit the Kentucky Children's Hospital's Pediatric Oncology Clinic, drew nearly 800 student participants to the Feb. 27 event and raised more than $1.6 million.

The dance marathon began in 2006, raising $123,323.16. It has since become an annual event, with contributions increasing each year. Counting this year's total, DanceBlue has contributed $9.8 million to the clinic to help children with their cancer and their families.

"DanceBlue has opened my eyes to a whole new way of serving my community," Erica Shipley, 2016 overall chair, said. "It's an amazing organization because it's mutually beneficial. DanceBlue allows students to be involved in something bigger than themselves. Dancers get to partake in the celebration of life and watch the kids at the marathon forget about the worries of cancer. All parties involved are impacted. Over the past 24 hours, we have been one campus united for one cause and it has been awesome."

Report: Coffers Hurt by Early August School Starts

THE results of a recent study show that it's not just school-kids who want their summer vacation to last a little longer – Kentucky's tourism industry is rooting for it too.

The study, commissioned by the Kentucky Marina Association (KMA) and the Kentucky Travel Industry Association (KTIA), found that the drop in tourism business between July 2014 and August 2014 cost the Kentucky economy $432 million – a decrease the tourism industry is attributing to school systems across the state starting their school year in early August. (Readers of a certain age will recall that back in the day, the school year generally started in late August.)

The study – which used data from calendar year 2014 – shows that nearly 6,000 tourism jobs ended in August and that more than $45 million in local and state tax revenue was lost due to the decline in tourism business. Other findings from the study include:

- There was a 27 percent drop in direct expenditures by tourists from July to August. In comparison, a 1985 study found an 11 percent drop in expenditures from July to August.
- August school days cost Kentucky 5,943 jobs due to the lower spending in August. Nearly three-fifths of lodging properties and attractions lost employees in August. All the marinas surveyed indicated they lost employees.
- $96.8 million in lost wages resulted from the reduction in workforce in August.
- $45.2 million were lost in state and local tax revenues between the two months.

"Kentucky tourism drops immediately and sharply upon the opening of schools," said KTIA President and CEO Hank Phillips. "What is a peak in July becomes a cliff in August. This study documents what we already know about that cliff. In doing so it also demonstrates how valuable tourism is to this state."

KENTUCKY PEOPLE

ATLANTA: UK STUDENT ENTREPRENEUR TEAM TAKES FIRST PLACE AT INTERCOLLEGIATE COMPETITION

A team of University of Kentucky students captured first place last month at the Georgia Bowl intercollegiate entrepreneurship competition in Atlanta. UK's Team Race Assured presented a service that provides a blood test that can potentially predict injuries in horses well before serious problems occur. The three-person team includes (left to right) Julia Fabiani, an undergraduate student in equine science and physiology; Stefanie Pagano, a graduate student in biomedical engineering; and Ben Martin, a graduate student in finance and agricultural economics. The UK squad bested six other teams representing five other major universities. Thanks to its first-place finish, Team Race Assured will receive a recommendation to be accepted into Rice University's global competition, the largest competition for startups in the world.

CAMPBELLSVILLE: UNIVERSITY TEAM CELEBRATES AWARD FOR COMMITMENT TO WORKPLACE SAFETY

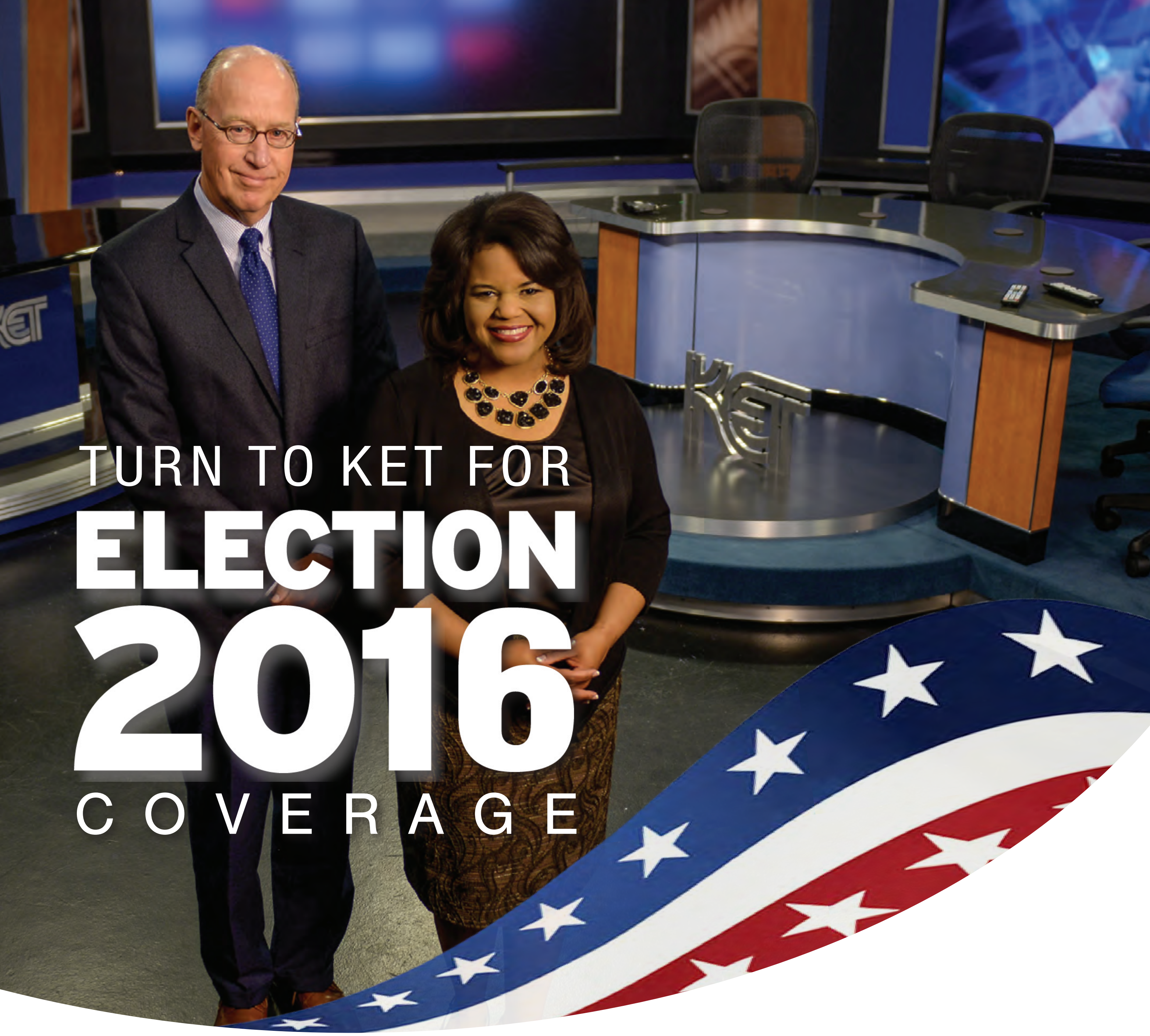
Campbellsville University was one of 14 Kentucky organizations to receive the Kentucky Employers' Mutual Insurance Destiny Award for their commitment and success in maintaining a safe workplace. Pictured here at the award presentation are (left to right) Christiaan Volkert, Van Meter Insurance; Tim Judd, Campbellsville University associate vice president for finance and controller; Lisa Ferguson, Campbellsville University director of purchasing; Otto Tennant, Campbellsville University vice president for finance and administration; Terry VanMeter, Campbellsville University director of personnel services; Eli Roberts, KEMI loss education and safety representative; William Hubbard, KEMI claims relations manager; and Cheryl Hoffer, KEMI senior underwriter.

LOUISVILLE: UofL MEDICAL SCHOOL DEAN HONORED FOR SUPPORT OF MILITARY

Dr. Toni Ganzel (left), dean of the University of Louisville School of Medicine, was recently presented with a U.S. Army Medical Recruiting Brigade Certificate of Appreciation for the support Ganzel and the medical school have shown the Brigade. Those efforts include education and training, discounted training supplies and training to uniformed personnel, access to medical school grounds for Brigade-sponsored deployable rapid assembly shelter (DRASH) exercises showing field medical operations and more. Presenting the certificate of appreciation was Lt. Commander J. Patrick Staley.

WASHINGTON, D.C.: UK DEAN URGES SUPPORT OF E-CIGARETTE LEGISLATION

University of Kentucky College of Nursing Dean Janie Heath (right) joined nursing and public health professionals on Capitol Hill Feb. 4 to voice support for legislation protecting children from the dangers of e-cigarettes. Heath advocated on National Cancer Prevention Day on behalf of the Less Cancer Foundation, a national organization with the mission of keeping prevention at the forefront of the "cancer conversation." Heath emphasized that the known dangers of e-cigarettes are not limited to nicotine exposure, but also include the inhalation of carcinogens such as formaldehyde and the adverse effects of nicotine-brain. Pictured here with Heath is philanthropist and Less Cancer representative Margaret Cuomo.



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March 21 3rd Congressional District Republicans
March 28 6th Congressional District Republicans and 5th Congressional District Republicans
April 11 6th Congressional District Democrats
April 18 1st Congressional District Democrats
April 25 1st Congressional District Republicans
May 2 U.S. Senate Republicans
May 9 U.S. Senate Democrats

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