

The Lane Report[®]

KENTUCKY'S BUSINESS NEWS SOURCE FOR 32 YEARS

MARCH 2017

\$4.50

KENTUCKY IS HATCHING A VALUE PROPOSITION FOR VENTURE CAPITAL

Dollar amounts still small, but the
commonwealth's incentivized environment
is growing an investor community

Page 24

lanereport.com

PAID
Permit #327
Lebanon Junction
KY 40150
FIRST STD
U.S. POSTAGE

201 E. Main St. Ste. 1402, Lexington KY 40507
ELECTRONIC SERVICE REQUESTED

LANE ONE-ON-ONE:
RYAN QUARLES
Kentucky Agriculture Commissioner



Our energies go to:

offering more solar options for customers.

Opportunities are growing for customers who are interested in solar energy – from helping businesses install solar at their facilities to offering a subscription-based Solar Share program. Recognized as a top utility leader in the U.S. for economic development, LG&E and KU are committed to providing customers with a variety of energy options. **Our energies go to serving you.**



PPL companies

lge-ku.com/solar

- ☐ Corporate
- ☐ Estate Planning
- ☐ Government Access
- ☐ Healthcare Regulation
- ☐ Litigation
- ☐ Real Estate

201 East Main Street, Suite 900
Lexington, Kentucky 40507
(859) 231-8780 | www.mmlk.com

A FIRM WHOSE DOOR IS ALWAYS OPEN
TO HELP CLOSE THE DEAL.

[MCBRAYER]



24 COVER STORY

A VALUE PROPOSITION FOR VENTURE CAPITAL

Dollar amounts are still small, but Kentucky's incentivized environment is growing an investor community

28 SEARCHING FOR THE KEY TO ALZHEIMER'S

No effective treatment yet, but Kentucky researchers are helping unravel its pathology

32 SOLAR ECLIPSE PUTS SPOTLIGHT ON TOURISM

Hopkinsville, THE center of August's total eclipse, has spent a decade preparing for the event

36 KEEPING KENTUCKY AG WELL ROOTED

Co-op lenders finance a third of farm operations, then share the profits



On the Cover

Years of organizational effort boosted now by state incentives are beginning to build a start-up community where entrepreneurs and the investors who fund them find their money goes further than in the bigger-dollar venture capital centers on the East and West Coasts. (Photo illustration by Paul Blodgett/pjb marketing)

Departments

4 Perspective

6 Fast Lane

16 Interstate Lane

17 Kentucky Intelligencer

18 On the Boards

19 Corporate Moves

20 Lane One-on-One:
Ryan Quarles
Kentucky Commissioner
of Agriculture



38 Banking Outlook

42 Wealth Management Outlook

44 Emerging Lane

46 Lane List

47 Opinion

48 Exploring Kentucky

50 Passing Lane

52 Kentucky People



lanereport.com

Kentucky Business News Online

Read up-to-the-minute Kentucky business news stories, current and archived copies of *The Lane Report*, *Market Review*, *BG – A way of life*, *Next – Your Future After High School in Kentucky*, *Health Kentucky*, *Research Kentucky* special reports, white papers and community profiles.

Faster Lane

Email news bulletin

Three or more times a week, the editors of *The Lane Report* publish Faster Lane – email bulletins of fast breaking and important Kentucky business and economic news.

Visit lanereport.com to sign-up for this free, must-have, at-your-fingertips news service.

IN 2015, TOURISTS SPENT
MORE THAN JUST TIME IN KENTUCKY.
THEY SPENT \$13.7 BILLION.



Tourism is the third largest revenue generator in our state, making it a vital part of Kentucky's economy, culture and quality of life. Tourism also supports 186,204 jobs in Kentucky – up 6,241 good-paying jobs since 2014.

It's clear – tourism works for Kentucky.



kentuckytourism.com

EXECUTIVE EDITOR/VICE PRESIDENT

Mark Green

ASSOCIATE EDITOR

Karen Baird

DIGITAL EDITOR

Jonathan Miller

CREATIVE DIRECTOR

Jessica Merriman

CREATIVE SERVICES

Stone Advisory

Paul Blodgett

CORRESPONDENTS

Michael Agin; Katherine Tandy Brown;
Russ Brown; Chris Clair; Shannon Clinton;
Kevin Gibson; Frank Goad; Robert Hadley;
Lorie Hailey; Debra Gibson Isaacs; Kara Keeton;
Abby Laub; Tim Mandell; Esther Marr;
Greg Paeth; Robin Roenker; Josh Shepherd;
Sean Slone; Katheran Wasson;
Gary Wollenhaupt; Dawn Yankeelov

PUBLISHER/CEO

Dick Kelly

ASSOCIATE PUBLISHER

Donna Hodsdon

Melissa McGarry

BUSINESS DIRECTOR

Nicole Conyers

MARKETING CONSULTANT

Curtiss Smith

CIRCULATION/IT

Josiah White



FOUNDER

Ed Lane

SYNDICATED COLUMNS

Creators Syndicate

PRINTING & CIRCULATION SERVICES

Publishers Printing Co.

WEB MARKETING & PUBLISHING

Able Engine

IT SERVICES

NetGain Technologies

INTERNET SERVICES

QX.net

Lane Communications Group
is a member of

THE ALLIANCE

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.

© 2017 Lane Communications Group

All editorial material is fully protected and must not be
reproduced in any manner without prior permission.



PERSPECTIVE

TAX REFORM HARD; NO REFORM WORSE

Fair, pro-business code will
take bipartisan compromise

BY DICK KELLY

ONE of the dominate topics in legislative conversations these days is fundamental tax code reform at both the national and state levels, and it is also one of the ripest areas for big legislation this year. The common chorus is that taxes are too high for individuals, families, businesses and investors. But it's a complicated, multifaceted issue that's been tweaked then stalled and tweaked again in "small ball" reforms for the past two decades.

Historically, analysts point to the 1986 Reagan tax reform as the most impactful action in recent history. That plan reduced the rate on ordinary income from 50 percent to 28 percent while raising long-term capital gains rates from 20 percent to 28 percent. But modifications on ordinary income is but one of the variables that has to be considered.

On the corporate side, the way the tax code treats corporations remains one of the biggest drains on domestic growth; the U.S. rate of 39 percent is the highest of any of the 34 most industrialized countries in the world. This not only prevents foreign companies from expanding operations to America, it motivates U.S. companies to relocate some activities abroad. Additionally, the U.S. is the only major nation that taxes income companies earn in foreign operations; effectively suppressing job creation and wage growth at home for American workers.

Another discussion regarding how the current tax code impacts business is the different treatment given to corporations verses small businesses that make up the vast majority of the U.S. economy. The so called "pass through firms" are made up of sole proprietors, partnerships, limited liability companies and S-corporations. These businesses are not taxed through the corporate tax system, but on their owners' individual tax returns. Therefore, high tax rates on small businesses reduce their ability to expand operations, hire additional workers and increase wages.

Multiple layers of taxes, likewise, inhibit investors from backing promising opportunities for new business development. These C-corporations pay a rate of 35 percent, and investment return is then subject to taxes on capital gains and dividends. Combined, it all can have a dampening influence

on entrepreneurship, which is a dramatically growing focus of the millennial generation that is projected to be 75% of the workforce by 2030.

Adding to the incredibly complicated current corporate and individual tax codes are the dizzying array of deductions, exemptions, credits and carve-outs generally initiated and retained by special interest pressure. This malaise of conflicting and overlapping exceptions make the current rules not only incomprehensible but patently unfair across the board. One of the key objectives of tax reform needs to be to create a code that is simple, transparent and more fair.

But these simplifications mean making unpopular choices. Lower rates, broadening the base and simplifying the tax code dictates the triangulation of the House, Senate and President on the national level and the Kentucky House, Senate and Governor on the state level.

Alternatives put forward to replace some elements of the current tax regulations include consumption taxes that tax purchases and service taxes that tax business operations. Each of these are alternatives that can replace the exemptions/deductions scheme in the current system. However, while they can accomplish simplicity and ease of administration as proponents say, opponents line up to protect special interests that benefit from those tax breaks. Additionally, some argue the consumption and service tax idea negatively and disproportionately affects lower and middle income groups.

Meaningful reform should have a series of goals:

- To lower rates in order to strengthen the economy by improving incentives to work, save and invest.
- To establish the correct, neutral tax base, one which doesn't pick winners and losers.
- To establish a simple, transparent code that demonstrates how taxes fund the government.

Ideally, the end-game objective is to accomplish meaningful reform without blowing up deficits. Achieving successful tax reform begins with a genuine commitment to a common bipartisan goal reached through compromise driven by pressure from the citizenry. Doing comprehensive tax reform is hard; not doing comprehensive tax reform is dangerous. ■



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

Wealth Management
Financial Planning
Trust Services
Insurance Services
Investment Banking
Lending
Cash Management
Personal Investing



Need a motivated buyer for your business? Hire a motivated advisor.

If you have a business to sell in the middle market, make sure your investment banking firm truly understands the economic and competitive terrain of that market. With significant M&A experience, Hilliard Lyons can guide you through the entire process - from identifying a strong group of potential buyers to maximizing enterprise value and securing the highest possible price for your business. And because we take a holistic approach to financial advice, you can also count on us for wealth management, insurance, lending, trust services and more. **888-373-6392**

HILLIARD LYONS
INVESTMENT BANKING

FAST LANE

A compilation of economic news from across Kentucky

LOUISVILLE: ERNST & YOUNG HIRING 125 TO STAFF NEW \$4.3 MILLION NATIONAL EXECUTIVE SUPPORT CENTER

ERNST & Young LLP, one of the world's largest business-services organizations, is investing more than \$4.3 million to open a 125-member office for executive assistants and other shared professional functions in downtown Louisville.

The office will house members of the firm's expanding national executive assistance team, which supports EY partners across the country, as well as creative digital services employees. The firm operates similar centers in Dallas, Cleveland and Tucson, and expects to have its full complement of Louisville employees in place by mid-2018.

"We were very impressed with the level of talent in Louisville and commend efforts by the city, state and local learning institutions to grow the talent base even more aggressively and in new areas," said Brent Summers, EY's Americas enterprise support services leader. "That, along with Louisville's affordability and quality of life, were important factors in our location decision. We are also excited to be locating our new center in the downtown area. There is so much new development and energy. We think it will be a great environment for our new team."

The firm traces its roots to the early 1900s with the founding of two accounting firms: **Ernst & Ernst** in Cleveland, and **Arthur Young & Co.** in Chicago. Their 1989 merger created Ernst & Young, which then became Ernst & Young LLP. The firm is a member firm of the global EY organization, whose members provide assurance, tax, transaction and advisory services to many of the world's largest companies. They operate in 152 countries, including 30 countries in the Americas, and employ 231,000 people globally.



PIKEVILLE: AG START-UP APPHARVEST UNVEILS PLANS FOR HI-TECH GREENHOUSE THAT WILL CREATE 140 JOBS



AppHarvest's Pikeville greenhouse will grow a variety of vegetables, with a focus on cherry tomatoes and bell peppers.

AN agricultural startup company plans to build a \$50 million high-tech greenhouse in Pikeville that will create 140 full-time jobs.

AppHarvest plans to locate the 2 million-s.f. greenhouse on a 60-acre site that was once a surface coal mine. The company plans to grow fresh vegetables year round and will grow a variety of produce with a focus on cherry tomatoes and bell peppers. The high-tech facility will feature computerized monitoring and hydroponic, above-ground growing systems.

AppHarvest employees will be trained in agronomy and agricultural science. Positions will include management, human resources, logistics and picker/crop worker.

AppHarvest Founder and CEO Jonathan Webb cited Pikeville's proximity to retail markets, quality of the regional workforce and opportunities created as the coal industry transitions as reasons for locating in Eastern Kentucky. Building near its markets will significantly reduce shipping costs, Webb said, and also lower costs for consumers. As a gateway between the Midwest and South, Kentucky's borders lie within a day's drive of 65 percent of the U.S. population and income.

Construction on the new facility is expected to begin in June.



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



ERLANGER: DHL ADDING 900 EMPLOYEES, 16 GATES AS CVG HUB DEMAND GROWS

DHL Express is in the process of adding 900 new positions as the company completes the latest expansion of its **Americas Hub** at the **Cincinnati/Northern Kentucky Airport (CVG)**.

DHL's \$108 million expansion to a new day sort operation and projected growth in shipments is expected to increase the hub's workforce from 2,400 to more than 3,300. The company has said the new positions will be an equal mix of full- and part-time positions and will offer health benefits, tuition reimbursement and a variety of flexible work schedules.

The expansion will include a new north ramp built on 45 acres of land and provides parking space for 16 additional planes, bringing the hub's total capacity to

DHL photo



DHL's latest expansion at CVG will enhance the hub's ability to handle the growing shipment volume DHL is seeing throughout the Americas.

65 aircraft gates. The project also includes additional automated sorting capability and 40 new reload positions that will enhance the hub's ability to handle the growing shipment volume DHL expects to see in the United States and throughout the Americas. It also adds new storage and warehouse space for ramp equipment and shipping containers.

The expected shipment growth will require DHL to add a new day shift seven days a week, beginning in May, to complement the evening shifts currently running at the hub.

DHL has invested more than \$280 million in its Americas Hub at CVG since 2009. The company's latest announcement comes just weeks after **Amazon** unveiled its plan to build a centralized air hub at CVG that will create more than 2,000 new jobs.



A different breed of IT security.

integrity
www.integrityky.com

3080 Harrodsburg Rd. Suite 104, Lexington, KY 40503
Contact us for a Free consult **859-253-4284**

- Security Risk Analysis
- Managed Security Program
- Intrusion Detection/Prevention
- Employee Competency Programs
- Incident Response Readiness Plans

BUSINESS BRIEFS

BARBOURVILLE

■ **Xerox Federal Solutions LLC** has filed papers with the state indicating its intent to lay off 62 workers at its facility in Barbourville by mid-April. Xerox was awarded a three-year, \$16 million contract in 2013 by the **Department of Homeland Security** to provide records digitization services for the **U.S. Citizenship and Immigration Services**.



BOWLING GREEN

■ **Western Spirits Beverage Co.**, the Bowling Green-based maker of **Bird Dog Whiskey**, **Lexington Bourbon** and **Calumet Farm Kentucky Bourbon Whiskey**, has joined **The Bardstown Bourbon Co.**'s collaborative distilling program. The partnership affords Western Spirits the opportunity to work with Bourbon Hall of Fame Master Distiller Steve Nally and Bardstown Bourbon to produce their bourbon products.

BULLITT COUNTY

■ Online fashion retailer **Nasty Gal** has filed papers with the state outlining plans to close its distribution center in the Cedar Grove Business Park by April, eliminating 70 jobs. The Los Angeles-based company filed for Chapter 11 bankruptcy in November.

CYNTHIANA

■ Henderson-based **Field & Main Bank** has donated its historic building on East Pike Street to the City of Cynthiana and opened a new banking center that features the company's new design concept that uses freestanding service desks in place of traditional teller counters. Field & Main Chairman and CEO Scott Davis said the service pods remove the barrier created by traditional teller lines and allow bankers to interact more directly with customers and demonstrate electronic services on computers and mobile devices. Cynthiana plans to use the former Field & Main building to house municipal offices.



EASTERN KENTUCKY

■ The **University of Louisville School of Dentistry** is collaborating with the **Red Bird Clinic** to provide comprehensive general dentistry for both children and adults in the southeastern Kentucky counties of Clay, Bell and Leslie. Dental and dental hygiene students from UofL are now part of clinical rotations at the clinic each week. Red Bird Clinic Executive Director Kari Collins said the partnership increases the availability of dental treatment for the underserved and hopes that some of the students participating in the rotations will be drawn to practice in rural areas. The clinic has also been awarded a \$20,000 grant from benefits administrator **Avesis Inc.** that will be used to operate a mobile dental clinic at schools, senior centers, nursing homes and other remote locations in the area.

ELIZABETHTOWN

■ **MainSource Bank** has acquired Elizabethtown-based **First Service Capital Management Inc.**, an independent firm that offers securities through **Raymond James Financial Services Inc.** First Service will become part of MainSource Investment Services, which operates within the Indiana-based bank's wealth management division, and will continue to operate out of Elizabethtown.

FRANKFORT

■ **Kentucky State University's** spring semester enrollment has seen a significant increase, with undergraduate enrollment up 34.3 percent over last spring and graduate enrollment up 17.8 percent. KSU's current total enrollment is 2,268, an increase of 532 students from fall semester.

STATE: NEW WORKFORCE REPORT OFFERS DATA TO HELP SHAPE EDUCATION NEEDS

KENTUCKY has released the state's first interactive report on workforce supply and demand, designed to use data to better determine the needs of employers across the commonwealth and develop a workforce that can meet those needs.



Education and Workforce Development Cabinet Secretary Hal Heiner

Education and Workforce Development Cabinet Secretary Hal Heiner said the report provides much-needed feedback to policymakers, practitioners, the business community and the public about the future of Kentucky's workforce. "It's the first time in the commonwealth and possibly the United States that a report has been this comprehensive when linking actual education and workforce data," Heiner said.

The report outlines historic workforce supply, current employment outcomes and future workforce demand.

"The Kentucky Future Skills Report is a tool that can be used by the Kentucky Department of Education and local schools and districts to make informed decisions regarding career pathway opportunities for students that lead to high-demand, high-wage career opportunities," Commissioner of Education Stephen Pruitt said. "It will be a great resource as we continue to focus on the creation of regional career academies throughout the state."

"There is no question that finding and retaining a skilled workforce is the top priority for many businesses. That's why the Kentucky Future Skills Report will prove so valuable to our cabinet and to employers," said Terry Gill, secretary of the Kentucky **Cabinet for Economic Development**. "Not only will it help fill current openings, but it also will help us prepare for future workforce needs, and will enable the state to encourage more students to go into professions in the greatest demand. This tool promises to be a significant asset for us in economic development."

To use the interactive report in its entirety, visit kcwvs.ky.gov.

ERLANGER: FRONTIER, DELTA ADD FLIGHTS AT CVG AHEAD OF SOUTHWEST'S LIFTOFF

AS Southwest Airlines prepares to enter the Cincinnati/Northern Kentucky market for the first time beginning in June, competitors **Delta Air Lines** and **Frontier Airlines** are expanding their presence there as well.



Frontier Airlines is expanding its flight service out of CVG by 20 percent.

Frontier Airlines is growing its flight service at the **Cincinnati/Northern Kentucky International Airport (CVG)** by 20 percent with the addition of three nonstop destinations. Nonstop flights between CVG and New York/LaGuardia and Minneapolis/St. Paul will begin April 21, with nonstop service to San Diego beginning May 16.

Meanwhile, Delta is adding more daily flights from CVG to Atlanta, Chicago, Houston, Orlando and Toronto and reworking its flight schedules between CVG and Charlotte, Hartford, Newark and Philadelphia to allow for more convenient day trips. In addition to providing morning departures and evening returns, the flights will be more evenly distributed for improved coverage through the day.

Make Banking Easier

with Community Trust Bank

Electronic Banking Services...



- Mobile Banking
- Internet Banking
- Apple Pay™
- People Pay
- e-Statements
- Passcode & Touch ID
- External Transfers
- Mobile Remote Deposit Capture
- Online Bill Payment Option
- Place Stop Payments
- Transfer funds between CTB accounts and other financial institutions

Find out more at www.ctbi.com



1.800.422.1090



Member
FDIC

BUSINESS BRIEFS

GEORGETOWN

■ **Country Boy Brewing** has opened a brewery and taproom in Georgetown's Lanes Run

Business Park that will enable the company to increase its craft beer production by approximately 25 percent each year. The new location is the second site for the Lexington-based business, which first opened there in 2012.



GRAY

■ The Kentucky Public Service Commission has granted **Cumberland Valley Electric** a rate hike but for a lesser amount than what the electric distribution cooperative had requested. The PSC directed Cumberland Valley to examine how it can reduce expenses and suggested the possibility of a merger with another electric utility as a possible way to improve the co-op's financial viability. The PSC also criticized Cumberland Valley for providing excessive benefits to its salaried employees and disallowed recovering a portion of the cost of those benefits from the utility's ratepayers. With the rate increase, the co-op's 23,600 customers in southeast Kentucky will see their average monthly bill increase by approximately \$5.40.

HARDINSBURG

■ **Whitworth Tool Inc.**, a manufacturer of precision-machined components for the tool and die industry, is investing more than \$3.5 million to purchase and install specialized machinery at its Hardinsburg headquarters. Whitworth Vice President Jared Whitworth said the new equipment will include a large CNC gantry mill capable of precisely machining parts up to 14 feet long and weighing 35,000 pounds.

HIGHLAND HEIGHTS



■ **Northern Kentucky University** has developed a nurse anesthesia program to help fill the local and national shortage of certified

registered nurse anesthetists. The program is a 36-month curriculum that culminates in a doctor of nursing practice (DNP) nurse anesthesia specialization with a population focus of the family/individual across a lifespan. Graduates will be eligible for the National Board of Certification and Recertification of Nurse Anesthetists National Certification Exam and to assume the role of an advanced practice registered nurse (APRN) as a certified registered nurse anesthetist (CRNA). The first cohort of students will begin taking classes in May.

LEXINGTON

■ The **University of Kentucky** has partnered with **iGrad** to open a Student Financial Wellness Center that will provide students with tools to build a strong financial future. The iGrad platform includes articles, videos, calculators and games that cover topics such as budgeting, saving and investing, scholarships and financial aid, and creating a solid financial strategy after college.

■ A record 1,309,765 of passengers traveled through Lexington's **Blue**



Grass Airport in 2016, a figure that represents a 5.5 increase over the previous year. It is the third consecutive year that the airport has seen a record number of travelers. Blue Grass Airport Executive Director Eric Frankl said air service in Lexington is at an all-time high, with 18 nonstop destinations being served.

■ Lexington-based **Tempur Sealy International** has issued a statement saying it has terminated its contract with **Mattress Firm**. Tempur Sealy said Mattress Firm Holdings Corp. and parent company **Steinhoff International** notified the company of their intent to end their contracts with Tempur Sealy in the United States if they did not agree to changes in their agreements, including what Tempur Sealy called "significant economic concessions." For 2016, Tempur Sealy's net sales to Mattress Firm were approximately 21 percent on a worldwide basis, a figure that was 11 percent lower than the previous year.

EASTERN KY: PROMISE ZONE INVESTMENTS ARE DRIVING MORE ECONOMIC GROWTH

MORE than \$453 million in funding has been announced in the eight-county **Kentucky Highlands Promise Zone** since the federal designation began three years ago, providing a much-needed boost for economic growth in Bell, Harlan, Letcher, Perry, Leslie, Clay, Knox and Whitley counties.



Nearly half of the funding commitments were pledged in 2016 alone.

The Kentucky Promise Zone initiative was created to give the area a competitive advantage in applying for federal funding as well as additional assistance from several federal agencies.

"Investments announced in the Promise Zone for 2016 set a record," said Jerry Rickett, president and CEO of **Kentucky Highlands Investment Corp.**, which is coordinating and managing the federal Promise Zone. "There is more work to be done, but we continue to gain momentum as additional partnerships are forged, and we attract new private and public funding. As a result, there have been tremendous investments announced in areas such as jobs, education and training, tourism, technology and health."

The top highlights for the \$220 million in commitments made in the Promise Zone counties in 2016 include:

- **Berea College** will receive \$30 million to fund an effort to improve educational achievement and healthy development children in three Knox County school districts.

- A \$12.5 million grant from the U.S. Office of Surface Mining and Reclamation Enforcement will help develop the **Appalachian Wildlife Center** in Bell County. It is expected to attract 638,000 annually visitors by the fifth year of operation and generate more than \$1 billion in regional economic activity in the first 10 years.



The Appalachian Wildlife Center is scheduled to open in Bell County in 2019.

- **Euro Sticks Group**, a French manufacturer of ice cream and coffee stir sticks, has selected Corbin as its presence in North America. It will invest \$15 million and create 90 jobs.

- **Harlan County Industrial Development Authority** has received a \$2.52 million grant for an alternative-energy manufacturing center. The funds will be used to leverage an additional \$10.5 million in private investment from **Harlan Wood Products** to create 30 to 35 new jobs and approximately 60 new indirect jobs.

- Promise Zone communities have been collaborating and planning for ways to extend the **KyWired** middle-mile dark-fiber system into downtown areas, industrial parks and centers of commerce. The "final-mile" system is critical for providing high-speed, high capacity internet access.

- The **Uplift America Fund** has awarded \$50 million to **Fahe** and \$25 million to **KHIC** to be used as loans for community facility projects. It leverages federal low-interest loans, bank financing and private grants to target much-needed capital to persistently low-wealth areas.

IT'S SIMPLE.
YOU WORK TO MAKE MONEY. WE WORK SO YOU CAN KEEP IT.



Making money is hard. Keeping it is harder.
That's why people like Dale Torok choose Central Bank
Wealth Management services. With a seasoned team of
investment and trust experts working together, Dale keeps more
of what he earns. To find out more, contact Charlie Rush
at 859-253-6423 or crush@centralbank.com.

BANKING • WEALTH MANAGEMENT • INSURANCE • INVESTMENTS



Member FDIC

300 West Vine Street, Lexington

centralbank.com

Wealth Management Services are provided by Central Bank & Trust Co. CBIA, Inc., dba Central Insurance Services (CIS),
is a wholly-owned subsidiary of Central Bank & Trust Co. Insurance products, investment products and securities:

NOT FDIC Insured	NOT Guaranteed by the Bank	MAY Lose Value	NOT Insured by any Federal Government Agency	NOT a Deposit	Subject to Risk
------------------	----------------------------	----------------	--	---------------	-----------------

BUSINESS BRIEFS

LEXINGTON

■ Lexington-based **Lexmark International Inc.** has introduced a new imaging solution that connects Lexmark multifunction printers to **EDCO Health Information Solutions'** Solarity platform, one of the leading scanning and indexing software solutions for medical records. The **Solarity Connector** enables hospitals to capture clinical information into the workflow, improving quality of care and patient safety.



■ **Baptist Health Lexington**, in conjunction with **Bluegrass Care Navigators** (formerly **Hospice of the Bluegrass**), is now offering inpatient hospice services so that patients nearing the end of life can stay in the hospital – usually in the same room they've been in for acute care – and receive specialized hospice care. Baptist Health Lexington plans to establish a unit with designated beds for hospice care later this year.



■ The Lexington-Fayette County **residential real estate market** continues to be hot, with January sales up 21 percent over January 2016. The residential median sales price decreased 1 percent from \$151,000 to \$148,900. The residential average days on market decreased 12 percent from 77 days to 68 days.

LOUISVILLE

■ **The McMahan Group**, along with lead contractor **Messer Construction Co.**, has broken ground for a 100,000-s.f. medical office building at Old Brownsboro Crossing in Louisville. The four-story structure is the third medical office building at the development and will begin leasing space to multiple tenants in spring 2018. **TEG Architects**, **CMTA Engineers** and **BTM Engineering** have been hired to design the project.

■ The **Kentucky Exposition Center** in Louisville once again hosted the **National Farm Machinery Show** in February, drawing more than 300,000 to what is billed as the nation's largest indoor farm show. Spanning 1.2 million s.f. and featuring 880 vendor booths, the event ranks sixth in attendance for the top 10 largest U.S. trade shows and produces an economic impact of \$17 million to Louisville each year, filling local hotels and restaurants with attendees from across the country.



■ Two \$125,000 donations – one from the **The Bufford Family Foundation** and the other from **Trilogy Health Services** – will help fund a major lab renovation at the **University of Louisville School of Nursing**. The renovation will include creating a four-room simulation suite and home healthcare space that is expected to be complete by fall. The funds will also help purchase a fourth patient simulator, enabling more hands-on learning for more students. The simulators present numerous conditions to which students respond, including difficulty breathing, seizures and heart attacks, and are essential for preparing students for real-life situations.

■ Louisville-based **Humana Inc.** formally announced on Feb. 14 that it was terminating its merger agreement with **Aetna Inc.**, following a ruling from a federal court that blocked the \$37 billion deal. Under the terms of the merger agreement, Humana is entitled to a breakup fee of \$1 billion, or approximately \$630 million. Humana will move forward as an independent company and plans to intensify its focus on people living with chronic conditions, particularly those aging into or already in **Medicare Advantage** or dual-eligible plans.



■ **Zoo Printing**, a California company that is one of the largest online trade printers in the nation, is closing its manufacturing facility in Louisville. Closing the Louisville plant, one of three manufacturing facilities the company operates, will affect 88 workers. According to paperwork filed with the state, the plant will close by the end of June.

LOUISVILLE: STATE OKS \$15.2M FUNDING ON ADVANCED MANUFACTURING CENTER

KENTUCKY'S Work Ready Skills Advisory Committee has approved setting aside \$15.2 million dollars in bonds that will go towards the construction of a new advanced manufacturing and information technology center (AMIT) at **Jefferson Community and Technical College**.

JCTC estimates that more than 3,000 students and adults could be trained annually as a result of the project, significantly increasing the reach of the college's workforce training. The new 50,000-s.f. facility will house multiple flexible labs, classrooms and support areas, and will house JCTC's manufacturing-related programs, allowing for the renovation and expansion of the college's automotive technology program at its technical campus.

The total cost of the projects is approximately \$24 million. JCTC has contributed approximately \$4 million in property acquisition and equipment and has held preliminary conversations with private entities and foundations to help cover the remaining costs.

The combined impact of the projects will allow JCTC to increase the number of students by more than 55 percent by 2022.



Recent figures released by the U.S. Bureau of Labor Statistics show that the Louisville Metropolitan Statistical Area added 17,300 manufacturing jobs over the past five years. Ford Motor Co. (pictured here) has two major facilities in the Louisville area.

LEXINGTON: OUTLOOK FOR A&W FLOATING UPWARD WITH REVENUE, STORE GROWTH



FOR the first time in more than 10 years, **A&W Restaurants** is reporting systemwide revenue and store count growth and has announced a new franchise sales initiative designed to take that growth even further.

Lexington-based A&W, one of the nation's oldest restaurant chains, was owned by **YUM!** for nine years. In late 2011, with sales suffering and the system losing units, a core group of franchisees purchased the brand. Kevin Bazner, A&W's president prior to the YUM! acquisition, returned as president and CEO.

Bazner has overseen a comeback that includes opening 15 new U.S. locations and 21 international stores in 2016 and 20 more U.S. are planned for 2017, along with 25 new international locations. The company has seen sales at its standalone locations rise more than 28 percent in the last five years, with sales at co-branded restaurants up 20 percent.

"Today, our franchisees are more profitable than ever before," said Bazner, "which sets the stage for a new phase of growth."

A&W just kicked off an aggressive development program that includes a new franchising website, the hiring of a public relations firm, increased advertising and greater visibility at trade shows. A&W is targeting gas and convenience stores, as well as traditional franchisees nationwide.

There are currently more than 625 U.S. A&Ws, with approximately 375 of those co-branded with **KFC** or **Long John Silver's**. There are 87 gas and convenience store locations.

Powering Kentucky

Providing energy options for Kentucky

From parents who want a greener world for their children, to corporations striving to meet sustainability goals, our cooperatives are working to meet our members' needs.

We are building Kentucky's largest community solar farm, providing affordable, not-for-profit, hassle-free renewable energy for co-op members.

Kentucky's Touchstone Energy® Cooperatives 

Big Sandy RECC Blue Grass Energy Clark Energy Cumberland Valley Electric Farmers RECC
Fleming-Mason Energy Grayson RECC Inter-County Energy Jackson Energy Licking Valley RECC Nolin RECC
Owen Electric Salt River Electric Shelby Energy South Kentucky RECC Taylor County RECC

POWERED BY  EAST KENTUCKY POWER COOPERATIVE

BUSINESS BRIEFS

LOUISVILLE

■ **Kindred Healthcare Inc.** has been named one of the world's most admired companies by *Fortune* magazine and ranked third for innovation among the companies in the "Health Care: Medical Facilities" category. To determine the best-regarded companies in 51 industries, *Fortune* partner **Korn Ferry Hay Group** asked executives, directors and analysts to rate enterprises in their own industry on nine criteria, from investment value and quality of management and products to social responsibility and ability to attract talent. A company's score had to rank in the top half of its industry survey to be listed. It is the eighth time the Louisville-based company has been named to the list.



■ **Coastal Cloud**, a Florida-based IT consulting company, has opened a new office in Louisville headed by former Kentucky **Cabinet for Economic Development** Secretary **Erik Dunnigan** that will serve Kentucky and the Midwest. Coastal Cloud designs and deploys software tailored to improve a range of enterprise operations, including customer relationship management, business workflow, internal and external communications, analytics enterprise resource planning and automated marketing. Dunnigan said the Louisville office expects to staff up to 30 employees within the next two years.



Erik Dunnigan

OWENSBORO

■ **Kentucky Wesleyan College** has partnered with the **University of Louisville Brandeis School of Law** on a new program that will allow Wesleyan students to obtain a juris doctorate within six years. With the 3+3 Accelerated Law Program, students in select academic majors will enroll at Wesleyan as undergraduates. In their fourth year of study, those admitted to Brandeis will fulfill their senior year of undergraduate study and earn their bachelor's degree by completing their first year of law school. They will receive their juris doctor degree from UofL two years later.



■ Demand for the bourbon produced by the **O.Z. Tyler Distillery** in Owensboro – which opened last September in the former **Charles Medley Distillery** – has been so strong that management is already planning to expand production. "We are currently producing 25,000 bourbon barrels per year and have already sold or received

commitments for all our 2017 production," said Earl Hewlette, CEO of the distillery's parent company, **Terressentia Corp.** "The demand we are seeing from our new and existing customers has caused us to begin an expansion to increase our annual capacity to 75,000 barrels by this summer."

■ **Tessenderlo Kerley Inc.** (TKI) **Crop Vitality**, one of the world's largest producers of sulfur-based liquid plant nutrition products, is investing more than \$500,000 to build a 1-million-gallon liquid fertilizer storage tank in Owensboro. The tank will store **Thio-Sul**, a liquid plant nutrient that delivers nitrogen and sulfur to crops.

RICHMOND

■ **Eastern Kentucky University** will offer a master's degree in industrial-organizational psychology as an online program, beginning this fall. Industrial-organizational psychology is a rapidly growing field that merges psychology and business to benefit the workplace. The master's degree in industrial-organizational psychology has been offered on-campus at EKU for more than 15 years.

WINCHESTER

■ Winchester-based **Delta Natural Gas** has entered into a definitive agreement to merge with an affiliate of **Peoples Natural Gas**. Delta serves approximately 36,000 customers in central and southeastern Kentucky. Peoples, headquartered in Pittsburgh, Pa., serves approximately 700,000 customers in Pennsylvania, West Virginia and Kentucky. Following the closing – which is expected to take place by the end of the year – Delta will be a wholly owned subsidiary of **PNG Companies LLC**, the parent company of Peoples, and will continue to be regulated by the Kentucky Public Service Commission. A statement announcing the merger said that current Delta employees will continue with the company following the transaction.

HAZARD: GALEN, ARH DEVELOP PROGRAM TO ADDRESS AREA NURSING SHORTAGE

In response to a continued and growing nursing shortage in the Eastern Kentucky region of the state, **Appalachian Regional Healthcare** and **Galen College of Nursing** have partnered to offer an associate degree in nursing that will be located in the ARH System Center building in Hazard.

"The need for nurses to support the growing demand of healthcare throughout the country is a frequent conversation. We hear concerns regularly from our partner hospitals and healthcare facilities in our campus communities," said Audria Denker, executive vice president of prelicensure nursing education at Galen. "Through connections within state nursing organizations, we had a relationship with nursing leadership at ARH and often discussed the dire need for nurses in Eastern Kentucky. Together, we asked a 'What if?' question, which brought us to this exciting partnership."

A two-year program for those new to nursing will be offered first, with the goal to include a 15-18 month program for licensed practical nurses (LPN) to continue their education in pursuit of an registered nurse degree, called an LPN to ADN Bridge, within the year as well. In addition, Galen offers an online RN to BSN (bachelor of science in nursing) program and can support area nurses who hold an associate degree to pursue their BSN online while they continue to work.

The inaugural class will begin March 30.

HIGHLAND HEIGHTS: UK TO DEVELOP A 3RD MED SCHOOL CAMPUS IN NORTHERN KY

THE University of Kentucky College of Medicine is teaming with **Northern Kentucky University** and **St. Elizabeth Healthcare** to develop a regional medical school campus in Northern Kentucky.

The program is designed to increase the overall number of physicians in the commonwealth and is the third regional medical school campus announced by UK. UK's regional medical school campus in Bowling Green is projected to begin enrolling in 2018, with the Morehead campus slated to begin sometime thereafter.

The UK College of Medicine currently has 547 enrolled, including 139 in its most recently admitted class, and has reached its capacity at the Lexington campus, said Dr. Robert DiPaola, dean of the UK College of Medicine. DiPaola said that while there is a deep applicant pool for medical students, the college can't expand enrollment without the help of regional partners.

The **UK COM-Northern Kentucky** campus will be a fully functioning four-year campus, utilizing the exact same curriculum and assessments as UK's Lexington campus. On-site faculty will have UK College of Medicine appointments, teach in small groups and provide simulation/standardized patient experiences with lectures delivered on-site from Lexington utilizing educational technology. Clinical experiences will occur at St. Elizabeth Healthcare and surrounding community practices.

UK photo



The University of Kentucky is working to address the state's physician shortage by adding a third regional medical school campus to expand its total enrollment.

STATE: FELONS WON'T HAVE TO REVEAL RECORD ON KY GOVT JOB APPLICATIONS

GOV. Matt Bevin issued an executive order in February that removes questions about criminal history from the initial application for state jobs in the executive branch.

morguefile photo



The order – known as the **Fair Chance Employment Initiative** – means that applicants will not be required to check the box for criminal convictions on the initial state application.

Bevin stressed the importance of Kentucky leading the way in removing barriers for felons to become gain-

fully employed, which helps reduce recidivism and improve public safety.

“Ours is a nation of second chances, founded upon core principles that include mercy and redemption,” said Bevin. “The simple act of removing this box will help to level the playing field for all applicants, and it is my sincere hope that many of the private employers in our state will consider doing the same thing.”

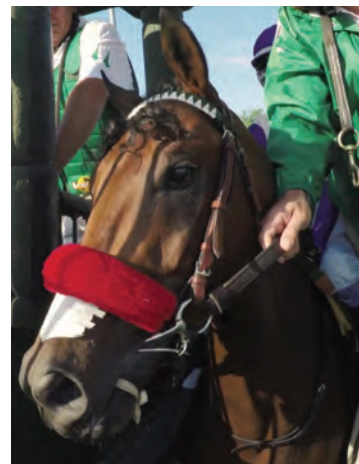
Executive branch agencies may still inquire about criminal records before interviewing an applicant, and may consider criminal history when making hiring decisions. However, postponing that inquiry until after the initial application provides applicants with a better opportunity to explain their backgrounds.

BUSINESS BRIEFS

STATE

■ The Kentucky Horse Racing Commission

announced on Feb. 14 the release of the **2016 Kentucky Thoroughbred Breeders' Incentive Funds**. The 2016 awards total approximately \$10.8 million for Kentucky breeders. The KBIF was implemented in 2005 to ensure the strength of Kentucky's equine industry by awarding funds to individuals who choose to breed a Thoroughbred in Kentucky. To qualify, the resulting foal must remain in the state during gestation; the final award amounts are based on the foal's eventual earnings at the racetrack. Last year Kentucky-bred horses won 266 graded races, including all three legs of the **Triple Crown**, with wins by **Nyquist**, **Exaggerator** and **Creator**.



Greg Magruder/Wikimedia photo

■ **Bluegrass Distillers** in Lexington and **Boone County Distilling** in Independence have joined the **Kentucky Bourbon Trail Craft Tour**, bringing the total number of craft distilleries on the tour to 13. The expansion is further evidence of the strength of Kentucky's bourbon industry, which has increased its economic output by \$1 billion in the last two years and added another 2,000 distillery-related jobs to its workforce. Kentucky's bourbon industry annually contributes \$8.5 billion to the state's economy and supports some 17,500 jobs that provide \$825 million in tax revenue.

A great leader deserves a great education.



Today's business environment is competitive. That's why it's important to seek out an advanced degree. **Sullivan University's MBA** prepares students by teaching them practical leadership, communication, problem-solving and managerial skills.

Prepare yourself by studying with the best, because at Sullivan University, **we believe in you**. Visit **sullivan.edu** to register today.



LOUISVILLE

3101 Bardstown Rd.
Louisville, KY 40205
(502) 456-6505
(800) 844-1354

LEXINGTON

2355 Harrodsburg Rd.
Lexington, KY 40504
(859) 276-4357
(800) 467-6281

ONLINE

2100 Gardiner Lane
Louisville, KY 40205
(502) 413-8830
(866) 755-7887

FORT KNOX

63 Quartermaster St.
Fort Knox, KY 40121
(502) 942-8500
(800) 562-6713

LOUISA

122 S. Main Cross St.
Louisa, KY 41230
(606) 826-2971
(800) 844-1354

NORTHERN KY

207 Grandview Dr.
Ft. Mitchell, KY 41017
(859) 331-1548

INTERSTATE LANE

Business news from Indiana, Ohio, Tennessee and West Virginia

BUSINESS BRIEFS

INDIANA

■ Florida-based **Green Circle Health** is investing nearly \$1 million to locate a client services center in Carmel, Ind., that will create 125 new jobs by 2022. Through the tracking and analysis of medical records and real-time health data, clinical professionals at the client services center will provide remote healthcare and coaching for **GCH Platform** users throughout the U.S. to improve the coordination of care and treatment of chronic disease and illness.

■ **WorkHere**, an Indianapolis company that has developed a mobile app that allows job seekers to find and apply for nearby positions, plans to add more than 160 new jobs to support an expansion of its operations in central Indiana. The company currently serves more than 36,000 users in Indiana and adds between 200-500 new workers to its user base each day. With its rapid success in Indiana, WorkHere plans to expand its service to an additional 15 metro areas, including Chicago and Cincinnati, within the next 12 months. WorkHere was developed by the company's chief technology officer, Rick Wehrle, who created the first web-based job board, **Online Career Center** in 1992. Online Career Center was later acquired by **TMP Worldwide** and rebranded as **Monster.com**.

OHIO

■ **UPS** is investing more than \$175 million to double the capacity of its Columbus, Ohio, ground package hub. When complete in the fall of 2018, the expanded facility will have the capacity to process more than 63,000 packages per hour. Six-sided decoding tunnels will replace traditional scanning to more rapidly capture package information while high-speed applicators will place labels on packages to give personnel instructions for proper routing. The company plans to add 75 jobs to its existing 1,800 Columbus workforce to support the expansion.



TENNESSEE

■ In conjunction with the introduction of a new line of loudspeakers to celebrate the company's 40th anniversary, Nashville-based **Thiel Audio Products** has brought all of its manufacturing back to the United States. The new collection of products features custom-finished cabinetry made in Georgia and upgraded crossovers made in Kentucky, with driver design and final assembly taking place in Tennessee.

■ **Sedgwick Claims Management Services** is investing \$34 million to expand its corporate headquarters in Memphis, where it plans to add 150 new jobs. Sedgwick is a global corporation that provides insurance claims administration services to major employers, Medicare and OSHA solutions and risk consulting. The company has nearly 15,000 employees in 275 offices in the U.S. Canada, the U.K. and Ireland.



■ **Dollar General Corp.**, headquartered in Goodlettsville, Tenn., intends to add approximately 10,000 new jobs this year as the result of 1,000 planned new store openings and two new distribution centers. The new jobs represent a nine percent overall increase to the company's total workforce, one of the largest staffing increases in its 78-year history.

WEST VIRGINIA

■ **ZeroChaos**, a Florida-based provider of workforce management solutions, plans to open a cybersecurity lab this fall on the campus of **Bethany College** in Bethany, W. Va. The lab will allow students to simulate cyberattacks in a controlled environment without harming any networks. "There is a global talent deficiency when it comes to cybersecurity, in part because students have limited opportunities to learn how to prepare for and respond to these attacks," said ZeroChaos Chief Administrative Officer Doug Goin. "Conducting simulated attacks in the lab will help us begin closing the talent gap by providing well-rounded education theory and practical application that equips students in this area."

TENNESSEE: RYMAN HOSPITALITY PLANS \$90M LUXURY OPRYLAND WATERPARK

RYMAN Hospitality Properties has announced plans to build a \$90 million luxury indoor/outdoor waterpark adjacent to the **Gaylord Opryland Resort & Convention Center** in Nashville.



A luxury waterpark at the Gaylord Opryland Resort in Nashville is slated to open in fall 2018.

The proposed project includes nearly 111,000 s.f. of upscale indoor water attractions and activities over three levels and another 106,000 s.f. of outdoor water amenities. The waterpark will have dedicated indoor and outdoor recreation zones for adults,

young children and families, as well as dining options and private cabana rentals. Year-round indoor attractions will include slide towers, a double flow rider, rapid and lazy rivers, and an activity pool with rock climbing. Seasonal outdoor features will include a wave pool with a giant LED movie screen, a 45-foot slide tower, an adults-only pool and a kids pool with a multi-level play structure.

According to an economic impact study conducted at the **University of Tennessee**, the proposed **SoundWaves** project is expected to produce a total, annual economic output of \$57.1 million, create 699 full-time equivalent jobs and increase state and local tax revenue by \$4.6 million annually. These figures are in addition to Gaylord Opryland's current estimated annual impact to the Tennessee economy of \$866.5 million and \$70.7 million in state and local tax revenue (based on 2015 tax data).

The waterpark is tentatively slated to open in fall 2018.

OHIO: NESTLÉ MOVES MAJOR FUNCTIONS, 300 JOBS TO NORTHEAST OHIO CAMPUS

NESTLÉ USA has announced plans to move its technical and production organization and all supply chain teams to its multi-functional Solon, Ohio, campus, bringing 300 jobs to the area.



Nestlé produces a broad range of well-known food products.

The decision moves those functions closer to Nestlé USA factories, 75 percent of which are located in the eastern half of the United States. Nestlé's U.S. headquarters are located in Glendale, Calif.

"We're experiencing one of the most profound shifts in how people eat, shop and engage with brands right now," said Nestlé USA Chairman and CEO Paul Grimwood. "To address the ever-changing landscape, we're striving to make our products healthier and tastier, using unmatched R&D capability, nutrition science and passion for quality in everything we do."

While the 60-acre Solon campus – located just outside of Cleveland – has been established as the Center of Excellence for the Nestlé frozen and chilled foods businesses, Solon also serves as home to a number of other Nestlé businesses and functions, providing employment to more than 2,000 people.

KENTUCKY INTELLIGENCER®

A sampling of business and economic data

LOOKING TO RETIRE EARLY? READ ON...

If you're thinking about retiring early, you're likely already living in one of the best states in the nation to make that dream financially feasible. Kentucky ranked No. 2 in SmartAssets' recent report on the best states for early retirement, a study that evaluated each state based on tax rates, cost of living, access to and cost of healthcare, and the number of arts/entertainment/recreation establishments. Of the eight metrics included in the methodology, Kentucky ranked in the top 20 in six of those metrics.

THE BEST STATES FOR AN EARLY RETIREMENT

Rank	State	Average Effective Tax Rate ¹	Annual Health Insurance Cost ²	Non-Housing Cost of Living	Median Annual Housing Costs	Average Effective Property Tax Rate	Average State and Local Sales Tax Rate	Index ³
1	Wyoming	0.0 %	\$ 11,705	93	\$ 10,296	0.6 %	5.4 %	100.00
2	Kentucky	1.0 %	\$ 6,593	94	\$ 8,628	0.8 %	6.0 %	96.67
3	Mississippi	0.0 %	\$ 6,922	89	\$ 8,136	0.8 %	7.1 %	95.28
4	South Dakota	0.0 %	\$ 8,208	95	\$ 8,964	1.3 %	5.8 %	87.22
5	Tennessee	0.0 %	\$ 7,447	95	\$ 9,576	0.7 %	9.5 %	77.78
6	Florida	0.0 %	\$ 7,243	102	\$ 11,976	1.0 %	6.7 %	75.56
7	Pennsylvania	0.0 %	\$ 6,547	103	\$ 11,184	1.6 %	6.3 %	74.17
8	Texas	0.0 %	\$ 6,626	95	\$ 11,636	1.8 %	8.2 %	65.28
9	Louisiana	1.9 %	\$ 9,002	95	\$ 9,060	0.5 %	9.0 %	65.00
10	Nevada	0.0 %	\$ 8,016	110	\$ 12,312	0.7 %	8.0 %	64.17
11	New Mexico	2.9 %	\$ 5,244	99	\$ 9,324	0.8 %	7.5 %	64.17
12	New Hampshire	0.0 %	\$ 6,792	115	\$ 15,168	2.2 %	0.0 %	59.17
13	Ohio	1.7 %	\$ 6,494	97	\$ 9,912	1.6 %	7.1 %	58.61
14	Michigan	3.2 %	\$ 6,622	96	\$ 10,182	1.6 %	6.0 %	58.33
15	Colorado	2.4 %	\$ 7,166	97	\$ 14,240	0.5 %	7.5 %	56.94
16	North Dakota	1.0 %	\$ 8,340	102	\$ 9,276	1.0 %	6.8 %	55.83
17	Delaware	3.1 %	\$ 9,060	106	\$ 13,176	0.5 %	0.0 %	55.00
18	Alaska	0.0 %	\$ 18,300	127	\$ 15,012	1.1 %	1.8 %	53.99
19	Montana	4.0 %	\$ 8,239	98	\$ 9,540	0.8 %	0.0 %	52.78
20	Iowa	3.2 %	\$ 7,375	95	\$ 9,324	1.5 %	6.8 %	52.50
21	Arizona	2.5 %	\$ 7,054	98	\$ 11,436	0.7 %	8.3 %	51.67
22	Washington	0.0 %	\$ 6,166	106	\$ 14,400	1.0 %	8.9 %	51.67
23	Utah	4.6 %	\$ 6,163	95	\$ 12,576	0.7 %	6.7 %	50.56
24	Illinois	0.0 %	\$ 6,766	99	\$ 12,624	2.3 %	8.6 %	46.94
25	Virginia	3.4 %	\$ 7,390	95	\$ 14,520	0.8 %	5.6 %	45.83
26	Arkansas	3.5 %	\$ 7,409	96	\$ 8,172	0.6 %	9.3 %	45.56
27	Kansas	2.3 %	\$ 6,547	94	\$ 10,056	1.4 %	8.6 %	44.17
27	West Virginia	4.1 %	\$ 9,358	104	\$ 6,864	0.6 %	6.2 %	44.17
29	Idaho	4.9 %	\$ 7,321	96	\$ 9,948	0.7 %	6.0 %	43.06
30	Vermont	3.1 %	\$ 5,616	112	\$ 13,020	1.8 %	6.2 %	40.83
31	Alabama	4.1 %	\$ 7,380	95	\$ 8,724	0.4 %	9.0 %	40.56
32	Indiana	4.5 %	\$ 7,027	92	\$ 9,636	0.9 %	7.0 %	39.72
32	Maine	3.0 %	\$ 7,817	112	\$ 10,608	1.4 %	5.5 %	39.72
34	New York	2.9 %	\$ 4,428	111	\$ 15,060	1.7 %	8.5 %	38.06
35	Rhode Island	2.6 %	\$ 6,708	107	\$ 13,740	1.6 %	7.0 %	36.39
36	Oklahoma	3.8 %	\$ 7,603	95	\$ 9,072	0.9 %	8.8 %	36.11
37	District of Columbia	4.7 %	\$ 6,300	108	\$ 18,924	0.5 %	5.8 %	35.56
38	South Carolina	3.6 %	\$ 7,757	102	\$ 9,756	0.6 %	7.2 %	32.22
39	Georgia	3.9 %	\$ 7,286	97	\$ 11,364	0.9 %	7.0 %	30.83
40	Hawaii	6.0 %	\$ 6,672	145	\$ 18,396	0.3 %	4.4 %	28.33
41	Missouri	3.7 %	\$ 7,757	96	\$ 9,744	1.0 %	7.9 %	27.22
42	California	2.6 %	\$ 7,346	111	\$ 17,256	0.8 %	8.5 %	26.11
43	Maryland	6.5 %	\$ 6,418	100	\$ 17,280	1.1 %	6.0 %	21.39
43	Nebraska	4.0 %	\$ 8,285	95	\$ 10,116	1.8 %	6.9 %	21.39
45	Wisconsin	4.4 %	\$ 7,726	100	\$ 10,884	1.9 %	5.4 %	16.39
46	Oregon	7.1 %	\$ 6,991	117	\$ 12,432	1.0 %	0.0 %	15.00
47	New Jersey	2.0 %	\$ 8,347	113	\$ 18,000	2.4 %	7.0 %	13.99
48	Massachusetts	4.5 %	\$ 5,306	119	\$ 16,920	1.2 %	6.3 %	13.06
49	Minnesota	4.5 %	\$ 6,916	107	\$ 12,192	1.1 %	7.3 %	10.83
50	North Carolina	4.7 %	\$ 10,272	100	\$ 10,392	0.9 %	6.9 %	5.83
51	Connecticut	3.7 %	\$ 8,945	120	\$ 16,776	2.1 %	6.4 %	0.00

1. The average effective income tax rate includes state and local income taxes, based on income from retirement accounts for persons age 55-64.
2. Annual health insurance costs are equal to the average cost of a silver plan on the individual market for a 60-year-old in each state.
3. The final index also includes doctors offices per 10,000 residents and arts, entertainment and recreation establishments per 10,000 residents.

Source: SmartAssets

THE RISING INFLUENCE OF SOCIAL MEDIA

There's no question that social media has not only changed the way people communicate but also impacted their buying habits as well. A recent study looked at how various aspects of social media impact online shopping.

WHICH OF THE FOLLOWING ASPECTS OF SOCIAL MEDIA INFLUENCE YOUR ONLINE SHOPPING BEHAVIOR?

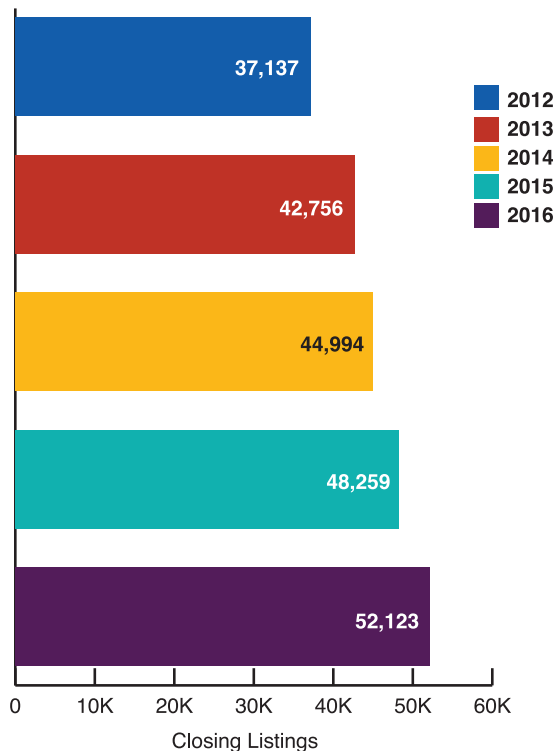


Source: PwC Total Retail Survey/Statista

REAL ESTATE MARKET HITS ALL-TIME HIGH

After a record-breaking year in 2015, Kentucky's residential real estate market continued its upward trend, setting new highs in 2016. Total home sales were the highest ever recorded in the state at 52,123, an 8 percent increase over the 48,259 sold in 2015. The Kentucky Association of REALTORS reports that over the past five years, home sales have increased monthly, year-over-year, in all but seven months.

Year-to-Date 5-Year Trend



Source: Kentucky Association of REALTORS

ON THE BOARDS

Kentuckians named to organizational leadership roles

BEREA COLLEGE

■ **Michael D. Flowers** has been elected to the Berea College board of trustees. Flowers recently retired as president and chief executive officer of American Bridge Co.



Michael
Flowers

BIG BROTHERS BIG SISTERS OF THE BLUEGRASS

■ **Adam Smith** has been elected to the board of directors of Big Brothers Big Sisters of the Bluegrass. Smith is a member with the law firm of Stites & Harbison in the Lexington office.



Adam
Smith

EDUCATION PROFESSIONAL STANDARDS BOARD

■ **David Whaley**, dean of Murray State University's College of Education and Human Services, has been elected board chair of the state's Education Professional Standards Board.



David
Whaley

FOUNDATION FOR KENTUCKY INDUSTRY

■ **Paul Schreffler** has joined the board of directors of Foundation for Kentucky Industry, a nonprofit foundation aligned with the Kentucky Association of Manufacturers that works to attract, educate and retain talent for the state's manufacturing industries. Schreffler is vice chancellor for economic development and workforce solutions at the Kentucky Community and Technical College System.



Paul
Schreffler

GREATER LOUISVILLE INC.

■ Greater Louisville Inc. has announced its officers for 2017: Chair – **Steve Hanson**, Baptist Health; Immediate Past Chair – **John Crockett**, Frost Brown Todd; Chair-Elect – **Evelyn Strange**, AES Advanced Electrical Systems; Treasurer – **Mike Ash**, Fifth-Third Bank; Secretary and Legal Counsel – **Jeff McKenzie**, Bingham Greenebaum Doll, Spencer Bruce (Louisville Water Co.) and **Russ Cox** (Norton Healthcare) have joined GLI's board of directors.

GREEN RIVER AREA COMMUNITY FOUNDATION

■ **Crystal Patterson** has joined the board of directors of the Green River Area Community Foundation, which serves the charitable interests of donors who have established charitable funds as part of a permanent, collective, philanthropic resource for the current and future needs of the region. Patterson serves as counsel to the law firm of Wyatt, Tarrant & Combs and is also employed as general counsel of Gulfstream Commercial Services and MidAmerica Jet Inc. and their affiliated entities.



Crystal
Patterson

HENRY CLAY CENTER FOR STATESMANSHIP

■ **Merl Hackbart**, **Charlie Grizzle** and **Bob Babbage** have been named to the board of directors of the Henry Clay Center for Statesmanship, a nonprofit organization dedicated to educating a new generation of leaders in the skills of negotiation, dialogue, and compromise. Hackbart is a professor of finance and public administration at the University of Kentucky. Grizzle is the chairman of The Grizzle Company, a Washington-based lobbying firm. Babbage is the leading lobbyist of Babbage Cofounder, a firm specializing in government relations and business strategies for public decisions.

KENTUCKY COMMISSION ON WOMEN

■ **Krista Amy Fennel**, **Sarah Cameron**, **Brenda Lee Gluck**, **Miranda Leigh Aavatsmark**, **Greta Greenwade Jones** and **Danette J. Wilder** have been appointed to the Kentucky Commission on Women.

KENTUCKY COUNCIL ON POSTSECONDARY EDUCATION

■ The Kentucky Council on Postsecondary Education has elected **Sherrill Zimmerman** as its new chair. **Ben Brandstetter** has been elected vice chair.



Sherrill
Zimmerman

KENTUCKY HOUSING CORP.

■ Louisville banker **William E. Summers** has been appointed to the board of directors of the Kentucky Housing Corp.



Ben
Brandstetter

KENTUCKY PRESS ASSOCIATION

■ **Deborah T. Givens** has been named to the Kentucky Press Association/Kentucky Press Service board of directors. Givens is an assistant professor of journalism at Eastern Kentucky University.



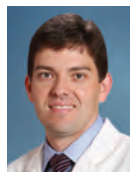
Deborah
Givens

LEXINGTON CLINIC

■ The Lexington Clinic board of directors has named its officers for 2017: President – **Dr. Stephen C. Umansky**; Vice President – **Dr. Michael T. Cecil**; Secretary – **Dr. Kimberly A. Hudson**; and Treasurer – **Dr. Andrew C. McGregor**. Other members of the board include



Stephen
Umansky



Michael
Cecil



Kimberly
Hudson



Andrew
McGregor

Childers, **Dr. Shailendra Chopra**; **Dr. Robert Davenport**; **Dr. Jamil Farooqui**; and **Dr. Gregory Osentinsky**. **Nick Rowe** and **Alan Stein** have also joined this year's board, becoming the first non-physicians to sit on the board on the directors.

NATIONAL ASSOCIATION OF WOMEN MBAS

■ The Louisville Chapter of the National Association of Women MBAs has announced its board of directors for 2017: President – **Jill Morzillo**; Co-Directors of Communications – **Laura Z. Hatfield** and **Bethany Miller**; Co-Directors of Membership – **Gina Scott** and **Lisa Britton**; Director of Sponsorship and Outreach – **Tracey Purifoy-Moneypenny**; Director of Finance – **Linda Sullivan**; and Director of Programming – **Amanda Leonard**.



Jill
Morzillo



Laura
Hatfield



Bethany
Miller



Gina
Scott



Lisa
Britton



Tracey Purifoy-
Moneypenny



Linda
Sullivan

PASSPORT HEALTH PLAN

■ **Christian Furman** and **Douglas A. Winkelhake** have been appointed to the board of directors of Passport Health Plan. Furman is a professor in the University of Louisville's Department of Family and Geriatric Medicine and is medical director of the university's Institute for Sustainable Health and Optimal Aging and administrative director of UofL's Geriatric Evaluation and Treatment (GET) program. Winkelhake is president of the hospital division for Norton Healthcare.

SUNRISE CHILDREN'S SERVICES

■ The following individuals have been named to the board of directors of Sunrise Children's Services, the state's largest private child-services provider: **Michael Edwards**, senior pastor of Adairville Baptist Church; **O'Neil Harrell**, founder and president of South State Contractors Inc.; **Joe A. Owen**, chief executive officer and president of Guardian Group; and **Leigh Ann Siener**, co-founder of Parents with Hope.

UK GLUCK EQUINE RESEARCH FOUNDATION

■ **Stuart Brown** has been named chair of the University of Kentucky Gluck Equine Research Foundation. **Michael Banahan** has been named vice chair. Brown is a veterinarian and partner at Hagyard Equine Medical Institute. Banahan is director of farm operations for Godolphin LLC (USA).

CORPORATE MOVES

New leadership for Kentucky businesses

ECONOMIC DEVELOPMENT

■ **Whitney Risley** has been named manager of existing industry and workforce development for Kyndle, the regional economic development organization for Henderson, McLean, Union and Webster counties and the chamber of commerce for Henderson and Henderson County.



Whitney Risley



Larry Ferguson

EDUCATION

■ **Larry Ferguson** has been named vice president of the Kentucky Community and Technical College System.

■ **Susan Donovan** has been named president of Bellarmine University in Louisville.

FOOD/SPIRITS/HOSPITALITY

■ **Mike Nettles** has joined Louisville-based Papa John's International Inc. as senior vice president, chief information and digital officer.

GOVERNMENT

■ **Beth Shields** has been appointed state archivist and records administrator.



Beth Shields

■ **Donna L. McNeil** has been appointed executive director of the Kentucky Infrastructure Authority.

INSURANCE

■ **Katy Grachek** has been promoted to director of Kentucky Employers' Mutual Insurance. **Ryan Worthen** has



Katy Grachek



Ryan Worthen

been promoted to director of communications for the Lexington-based company.

■ **Joseph F. Miller** has been promoted to chief executive officer of Louisville-based Market Finders Insurance Corp. **Vickie Smith** has been named secretary-treasurer of the company.

LEGAL

■ **Brian W. Chellgren** and **Benjamin J. Lewis** have been elected partners in the firm of Bingham Greenebaum Doll LLP. Chellgren practices in the firm's Lexington office. Lewis practices out of the Louisville location.



Brian Chellgren



Benjamin Lewis

■ **Christopher G. Colson** has become a member of the Lexington law firm of Fowler Bell PLLC.



Christopher Colson

MANUFACTURING

■ **Amy Porter** has been named plant manager of Corning Inc.'s Harrodsburg facility.

■ **Scott Kearns** has been named national sales manager for The Candleberry Co., a Frankfort-based manufacturer of scented candles and home accessories.



Scott Kearns

MEDIA

■ **Sarah Wilkins** has been promoted to director of adult education and workforce training for Kentucky Educational Television (KET).

■ **Mike Medalia** has been named director of interactive media for Louisville-based visual solutions company Kitestring.

■ **Beth Gaunce** has been named program manager of KET's new distance learning program.

PHARMACEUTICAL

■ **Robert E. Dries** has been appointed executive vice president and chief financial officer of PharMerica Corp., a national provider of pharmacy services headquartered in Louisville.

TECHNOLOGY

■ **Jason Jacobson** has been named chief executive officer of Lexington-based NetGain Technologies. **Brendan Jacobson** has been named president of the company. **John Mehlovitch** has been named business controller.



Jason Jacobson



Brendan Jacobson



John Mehlovitch

■ **Marshall Fall** has been named manager of business development for Blue Chip Consulting Group's new Louisville office.

■ **Erik Dunnigan** has been named managing director of Coastal Cloud's new regional headquarters in Louisville.



Erik Dunnigan

OTHER

■ **Ward G. Wilson** has been named executive director of the Kentucky Waterways Alliance. Wilson succeeds **Judy Petersen**, who is retiring after 20 years of service.



For the community that believes in itself, there's a bank that does, too.

At U.S. Bank, we're dedicated to helping improve the lives of those in our community, because when people come together with a common goal, the impossible suddenly becomes possible. Our support means funding and volunteering in the programs and organizations that make our community a better place to live.

Visit one of our conveniently located branches throughout Kentucky.



800.USBANKS (872.2657)
usbank.com

the POWER of POSSIBLE.™

Equal Housing Lender. Credit products offered by U.S. Bank National Association. Deposit products offered by U.S. Bank National Association. Member FDIC. ©2016 U.S. Bank 160146 2/16

LANE ONE-ON-ONE

Kentucky's leaders express their opinions



Ryan Quarles

Ryan Quarles was elected Kentucky's commissioner of agriculture in 2015 and at 33, is the youngest statewide elected official in the country. A 2006 graduate of the University of Kentucky, Quarles completed three undergraduate majors and two graduate degrees in the span of four years. He attended Harvard University on a full scholarship and in 2009 graduated with a master's degree in higher education before moving back to Kentucky to finish his last year of law school. Prior to being elected commissioner of agriculture, the Scott County native served in the Kentucky General Assembly, representing Scott, Owen and Fayette counties. During his time as a state representative, he was named vice chairman of the House Judiciary Committee and served on the Agriculture and Small Business Committee, the Tobacco Master Settlement Oversight Committee and the Banking and Insurance Committee.

INCREASED FOCUS ON PROCESSING WILL ADD JOBS, GROW VALUE OF AGRIBUSINESS

Agriculture Commissioner Ryan Quarles says Kentucky's family-farm culture is key to diversity and operation quality

BY MARK GREEN

Mark Green: What's the Kentucky Agriculture Department budget, and how many employees does the department have?

Ryan Quarles: We're around 215 employees, but we have some open positions now. We're always looking to hire talented people at the Department of Agriculture. For a lot of folks, it's a career where you're not sitting behind a desk all day. Our hardworking inspectors may be out there working gas pumps or farms. Roughly half our staff are dedicated to fieldwork all across Kentucky.

The budget is usually around \$33 million, give or take. Some of that money is pass-through money from federal sources like the EPA. We administer some of their programs when it comes to chemicals or pesticides; other money flows through us. Our state General Fund dollars are around \$16 million, but our budget is around \$33 million.

MG: Agribusiness in Kentucky remains a significant portion of a state economy whose GDP is \$190-200 billion. What portion of that is ag?

RQ: Our direct farm cash receipts are usually around \$6 billion a year. That's dollars going into the pockets of farmers. However, due to low commodity prices and low cattle prices,

that number is around \$5.4 billion right now. We're actually down 17 percent over the past two years.

You mention Kentucky's GDP is around \$190 billion. The total economic output nationally for agriculture is about the same number. Despite Kentucky being a small state with only 4.3 million people, our ag numbers usually have us ranked in the top tier of all states when it comes to the economic impact.

MG: Many elements of Kentucky business are directly connected to farm operations, but people might not think of them as agribusiness. Can you mention some of those?

RQ: We have a thriving bourbon industry in Kentucky, and a recent study showed that 15 to 20 million bushels of Kentucky corn go into Kentucky bourbon each year, which constitutes roughly 7 percent of our total corn output. As that industry grows, so does opportunity for Kentucky farmers. Another great example is Big Ass Solutions (formerly Big Ass Fans). That company has its roots in agriculture, as they developed those large, low-RPM fans for dairy barns. So there are a lot of agribusinesses that don't necessarily come to mind at first but have deep agricultural roots.

MG: What today are the broad market forces that most affect farm revenue?

RQ: It's sometimes said that farming is the only industry that pays for all of our inputs at retail cost then sells its products at wholesale, and we pay the freight costs both ways – I think I have to attribute that quote to (Kentucky Agriculture Development Board Director) Warren Beeler (August 2016 One-on-One interviewee, see tiny.cc/kqojjy). We're one of the few industries that produces a good without knowing what our sale price is going to be. Kentucky's car producers have an idea what they're going to sell that vehicle for; they know what their inputs are going to cost, and they're able to project revenues. With farming, there's oftentimes a year lag between putting seeds in the ground and knowing what price you're going to get. In the global economy, the weather in South America very well could affect corn prices here in Kentucky this fall. So in one respect we're very integrated with the international global economy, but the other respect is that Kentucky farmers continue to persevere through a high-risk occupation.

MG: How is the strong U.S. dollar on world currency markets affecting Kentucky's farmers' market prices?

RQ: A strong dollar always hurts exports, and we are an export-dependent agricultural economy: One in four rows of corn you see in Kentucky ends up overseas. About the same is true with soybeans, and 80 percent of our tobacco ends up overseas. We are sensitive towards the elasticity of the strength of the American dollar. Right now, agriculture represents about 5 percent of the total of Kentucky's export portfolio, which is about \$28 billion.

MG: Fewer exports then increases supply in the United States and causes lower prices?

RQ: That's part of it. There seems to be a trend of commodity prices being lower not just in ag but also in metals right now and other commodities that are sold through Chicago (Mercantile Exchange). Oftentimes there's a connection between other raw commodities and agriculture as well. You also have to remember that farmers respond to market forces. If they know corn prices were high, say, three years ago, more people are going to start growing corn. With our cattle prices right now (up 76 percent since 2009 to the highest on record), our beef herd has grown nationally over 2 million head recently; the supply has grown and that has caused a little dip in prices as

well. We're always responding to market forces greater than what you see on individual farm gates.

MG: Has Kentucky become more of a grain crop producer in recent years?

RQ: We're about stable. There was obviously a run with the grain market back about three or four years ago when it hit its 2013 peak. People were growing grain in areas you traditionally wouldn't see, particularly in Central Kentucky. However, we've always been a strong grain state. We consistently rank in the top 15 nationwide when it comes to our grain production. Corn is a billion-dollar industry. Soybeans is about a billion dollars. Wheat is still very strong as well. And particularly when you get out in Western Kentucky, we are part of the "breadbasket" that most people associate with the Midwest.

MG: Land in the Western Kentucky is similar to the Midwest?

RQ: The thing that's unique about Kentucky, compared to the Midwest, is that a lot of our grain doesn't leave the state. We export a lot, but we also process a lot of it here because we have a lot of livestock and about half of our grain is used for livestock feed. That's one reason why we're so efficient at producing cattle. That's why poultry is our No. 1 livestock in the state, at \$1.2 billion; it's well on its way to becoming a \$2 billion industry in our state because we're able to lower our input costs on the feed side.

MG: Traditional family farms have long been consolidating and becoming part-time operations. How many farms are there in the commonwealth today, and what is the trend in operations?

RQ: We have 76,000 farms. That's a lot of farms. That ranks us fifth or sixth in the nation in the number of farms. And 95 percent of our farms are owned and operated by families, so the corporate agriculture presence is quite small in Kentucky. We are a state of small family farmers. That sets us apart from most other agricultural states because we have a lot of people involved, and they're used to growing specialty crops and have a focus on value. We grow everything from apples to zucchini and everything in between because we have such a large number of small family farms.

MG: Poultry has been the state's top ag revenue producer for a decade or so. Corn, livestock, soybeans, equine, pork and tobacco are all significant also. What are your expectations about these sectors for the next five years?

RQ: Poultry will continue to grow in Kentucky. We have indications there will

be even more investment in our state, particularly from the processors locating here. Well over 100 chicken barns are either under construction or planned in Kentucky, and each one of those barns represents a long-term contract, usually with a beginning farmer. Poultry oftentimes gives beginning farmers an entry point into agriculture, especially folks who may not have the ability to inherit a farming operation. Getting started with a poultry barn gives that young farmer a stable income, gives them the ability to start their own farming operation. So that's an area of growth.

We have more beef cattle than any state east of the Mississippi, and we'll continue to hold that strategic advantage because we've made the investments to make sure we have high-quality cattle herds in our state. Grain is kind of stable right now. The fate of tobacco really depends on how aggressive people get with marketing, so I think that will continue to dwindle. And of course our equine industry is strong and thriving; well over half of the Thoroughbreds born in the United States were sired by Kentucky horses. As long as we have the American Pharoahs of the world residing in Central Kentucky, that's going to be an area of growth.

MG: How is Kentucky doing at attracting agribusiness processors to the state so that the value-add occurs in the commonwealth?

RQ: I sell agriculture as economic development. If we're going to be serious about this, we need to make sure that we focus on processing. About 20 percent of every dollar you pay at the grocery store today actually goes to the farmer. If we want to create jobs and track investment, we need to continue to focus on processing. If you go to Christian County, you'll see where we take corn and turn it into ethanol. That's a multimillion-dollar operation now. We supply the Greater Nashville area with ethanol. If you go right next door to the next plant, Kentucky wheat is being milled for McDonald's; their biscuits come from Kentucky wheat. Those are two shining examples of processing. We've also seen an uptick in the number of meat processors in our state; we're at 27 USDA-inspected meat processors. Since we're so good at livestock, let's process them here, use that Kentucky Proud label and get them in front of more Kentuckians. During my administration, we'll have a concerted effort on attracting more processing to our state.

MG: There was news a year or so ago was that a canola processor was looking at coming in. Did that happen?

RQ: Yes. They're operating in Todd County right now. We're still investigating the viability of canola here, but that's just one of many different crops. Industrial hemp continues to be a focus of the department. We have the largest industrial hemp program in the nation, and we have attracted 40 processors into Kentucky. We're also focusing on kenaf, a fibrous plant that can be grown just about anywhere. We have some innovators, particularly in Eastern Kentucky, looking at using kenaf as an alternative crop in that area. And of course the craft beer industry is growing, not just in Kentucky but nationwide, so we are researching the viability of hops production in Kentucky this year and connecting them with a market that we know is going to continue to grow.

MG: Agriculture was the world's first industry and is considered one of the most rustic, but today it has adopted a wide variety of high-tech, digital tools. Which Kentucky ag sectors are the most teched-up?

RQ: Farmers were on mobile devices long before Siri was. Kentucky farmers are early adopters of technology, and our grain producers exemplify the latest and greatest in technology. Our grain operators were the first to put GPS on moving vehicles after the military declassified the global positioning system. Because we're a state that has challenging terrain, we have to be efficient. We can't afford not to be. That's why you see the emphasis on early adoption of technology. If you attended the National Farm Machinery Show last month in Louisville, you saw that more vendors each year push agricultural technology products, software management, those small changes farmers can make that can create efficiencies across our commonwealth. If you go to a modern dairy operation, each cow is electronically monitored to control their feed rations; automated feeders recognize which calf has already had its fill for that day and which calf needs to have a little bit extra. They can all be monitored via mobile devices.

MG: Across all areas of business, Kentucky is conservative and can be a slow adopter of "the new." How does Kentucky agribusiness's adoption of technological change compare with its peer or competitor states?

RQ: I'd say we're right in the middle with our peers. Kentucky agriculture is large, and we're fortunate to have ag leaders who are known nationally, who have made Kentucky a destination state. The National Farm Machinery Show is the biggest indoor farm show in the country. We had over 300,000 people come to our state to

look at what's latest and greatest in ag technology. That's a testament that's been true for the past 50 years. We have the reputation, along with collaboration with our land grants research institutions such as UK, where we have a culture of innovation, new technology and research.

MG: You have initiated a Kentucky Hunger Task Force. What are the goals?

RQ: It's an unfortunate reality that one in six Kentuckians and one in five Kentucky schoolchildren are considered food insecure. As agriculture commissioner, representing an industry that is blessed with an abundance of food, I know we can do a better job. The Hunger Initiative seeks to collect an inventory of what's working and what's not working across our state, build a collaboration among our organizations that are already addressing this, and build consensus on strategies that can reduce hunger in our state. This legislative session we'll be passing what's called a food donation immunity bill, which will help encourage our grocery stores and other entities to donate more food to our food banks. It also encourages farmers to let volunteers on their farms to harvest food that otherwise would rot in the field and get it into the hands of those less fortunate.

MG: What legislation or initiatives are you advocating to enhance international trade for farm products?

RQ: International trade is imperative if we want to expand Kentucky agriculture revenue; we need to expand our markets. And as the Trump administration considers trade deals or bilateral agreements, we need to make sure our policymakers understand that farmers can benefit by getting access into new markets. In 2017 we will put an emphasis on international trade as a state-level priority and start connecting farmers with those emerging markets. We provide technical assistance for farmers and agribusinesses to connect them with importers and exporters, to help them explore whether their products can be sold internationally. I recently served on the Trump Agriculture Advisory Committee and plan to continue to be active, particularly on trade issues, in Washington, D.C.

MG: You are an advocate of diversification and adding new crops to Kentucky's farmers' options. What do you want to see happen?

RQ: We're always on the lookout for new opportunities for our farmers and agribusinesses. We have several crops being researched in partnership with our universities, which are hops, kenaf, industrial hemp. We have an open-door policy

towards anyone who seeks our guidance towards a new agribusiness or a new processing plant. It's important that we don't stand still. The innovative process may have failures on the way, but Edison didn't invent the light bulb on his first try.

We want to develop a culture here in Kentucky that our farmers are bold or experimental and that we have a critical mass of resources, such as our universities, that will aid folks in developing new crops and technology. As an example, 40 years ago soybeans were considered an experimental crop in Kentucky, and look at the impact soybeans have today. We want to make sure we don't pass up any good opportunities.

MG: Where specifically does Kentucky stand with industrial hemp?

RQ: Kentucky has the largest research program in the nation. We have approved up to 12,000 acres to be grown in 2017 and have attracted 40 processors who have brick-and-mortar locations in our state and are processing that hemp to intermediate or final products. We continue to have conversations on a weekly basis with other industries about whether or not industrial hemp or kenaf can be used with their industrial applications, such as injection molding, concrete, insulation, makeup, protein shakes, even nutraceutical purposes. We seem to have attracted a lot of interest, and there's no lack of encouragement from Kentuckians about the future of this group of crops.

MG: What is agribusiness's role in helping Appalachian Kentucky diversify its economy?

RQ: Agriculture has a bright future in Eastern Kentucky because it is situated within one day's drive of two-thirds of the U.S. population. If we could attract some processors to Eastern Kentucky that could be a win. We already have large-scale warehouses locating to Eastern Kentucky that are supplying restaurants on the East Coast. The bourbon industry is thriving and needs American white oak to make bourbon barrels, which cannot be reused by federal law. We are in discussions with the timber industry about creating a long-term collaboration with the bourbon industry to get more of that American white oak replenished in Eastern Kentucky.

MG: The Department of Agriculture is the state's largest regulator and the primary consumer protection entity. How much of the department's resources are devoted to that role?

RQ: It may come as a surprise to most Kentuckians that the Department of Agriculture is the state's largest regula-

tory agency. Roughly half of our staff is dedicated towards a regulatory function of some sort. If you fly out of a Kentucky airport, sell gold at a pawn store, buy meat at a grocery or even ride a zip line, it is the Department of Agriculture that plays that consumer protection role. We now are also combating credit card theft. As we inspect our 60,000 gas pumps across the state, we're looking for the installation of skimmers, which have been stealing credit card identity from Kentuckians for years. We caught our first skimmer this past summer.

MG: Are younger Kentuckians entering agribusiness in adequate numbers, and what kind of backgrounds and qualifications do people need nowadays?

RQ: They aren't. We need to develop a better pipeline to encourage the next generation of agricultural leaders to get involved in an industry that accounts for one in five jobs nationwide. We support our premier youth development organizations such as 4H and the FFA financially. We want to develop a pipeline of not just farmers, not just agribusiness owners, but the researchers and the technology specialists that modern agriculture demands. It's so important that we develop a culture in our state that views agriculture as co-equal, as part of our greater economic portfolio. We're working hard to inspire the next generation of leaders.

MG: Are there particular qualifications, education, skills that people who want to go into agribusiness should pursue?

RQ: We hear a lot about STEM and its importance. I like to add an A for agriculture, because agriculture already includes science, technology, engineering and math. If you don't have a mastery of those skills, farming is going to be tough for you, because modern agriculture demands proficiency in so many cross-disciplines. We have several phenomenal agriculture colleges in our state, and they continue to produce top-quality employees who can work not just in agriculture but in other industries. It's important to reach young Kentuckians to remind them about the science behind agriculture, remind them that food doesn't come from a grocery store – it comes from a family farm, and there is a future career opportunity in this industry as well. ■



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

15 QUESTIONS TO ASK *A Potential Financial Advisor*

Kevin Avent, Managing Director-Wealth Management, 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 hold many important industry designations including Certified Financial Planner(CFP®), Chartered Financial Analyst (CFA®), Accredited Investment Fiduciary (AIF®), Juris Doctorate (JD) as well as other degrees and certifications. They are subject to continuing education standards within their fields.

3. How long have you been an adviser?

On average, our advisors have 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.

This article answers the Questions For a Potential Financial Advisor listed by Henry Hebler at marketwatch.com.



Kevin D. Avent,
CFP®, AIF®

Managing
Director-Wealth
Management

Unified Trust

859-514-6161

kevin.avent@
unifiedtrust.com

A Value Proposition for Venture Capital



Dollar amounts are still small, but Kentucky's incentivized environment is growing an investor community

BY MICHAEL AGIN

IS Kentucky finally becoming a startup capital destination for entrepreneurs used to flying over to the East and West Coasts? The best answer is, “We are trying very hard,” according to private investors and government officials.

Kentucky is not going to be Silicon Valley, or an East or West Coast, said Warren Nash, executive director of the Von Allmen Center for Entrepreneurship at the University of Kentucky. However, a value proposition is emerging.

“But if you raise a dollar here, and you can get it done here,” Nash said, “that dollar will go a hell of a lot further than in Boston or in San Francisco.”

Kentucky dollars, meanwhile, are more readily available because of sud-

den growth the past three years in the number of individual private investors and investment firms, also known as angel investors and venture capitalists.

For example, 70 more angel investors registered with Kentucky just this year, making for 344 added since 2015. At least four new angel funds, in which private investors pool their money, were formed since 2015. Kentucky's reality version of “Shark Tank,” the popular television show about venture capitalists making deals with startups, is growing an audience for its entrepreneurial ecosystem.



Warren Nash,
Executive
Director, Von
Allmen Center
for Entrepreneurship

“It was tough to talk about angel investing 10 years ago in Kentucky,” Nash said. Many entrepreneurs “wouldn’t have had the courage” to try to raise funds here then, he said. And while “Shark Tank” gets people talking today about start-up investing, he shrugged, “it is not what happens in Kentucky.”

Many have been working for years to build an innovation ecosystem. However, the recent surge in investment capital is adding energy to Kentucky small-business development programs that are 15 years old.

“It’s many pieces that are coming together, and it takes time,” said Nash. “I think we are on the cusp of many things happening.”

Outsiders are taking notice. Alejandro Cremades, author of “The Art of Startup Fundraising” and executive chairman of Onevest, a leading startup investing platform, spent two days at The Kentucky Angel Investor & Entrepreneur Summit last October in Lexington.



Alejandro
Cremades,
Executive
Chairman,
Onevest

“I am convinced from what I heard here that there are great minds, and a great team of individuals who are executing this,” Cremades said. “I think in 10 years that I’m going to hear that this is a hub for real entrepreneurs.”

The nine people sitting on a panel at the October summit made for a historic moment, Nash said, because they were the largest gathering ever of Kentucky angel investors and regional VC firms on a single program event. Of the nine funds represented, four were created since 2014. In describing their firms and funds, the panelists spoke of investing over \$450 million in start-ups (in Kentucky and elsewhere).

The startups’ new investor support can be defined broadly, said Nash, and vary by region.

Startups that get private investors talking are ones with a unique, new idea that could disrupt the old ways in an industry or business sector, then grow to employ from 50 to 100, maybe thou-

sands. They talk about “scalability,” the potential for rapid growth. They want innovation that creates a new technology, process or invention yielding a unique product, device, scientific procedure or software. Startup founders who’ve created intellectual property protected by patent, copyright, trademark, etc., might need to get out of the way of the stampede of investors.

Ideally a startup can steer a community towards huge economic growth, like the now-iconic firms in Silicon Valley. In the past 25 years, firms less than five years old accounted for all net new U.S. jobs, according to the Kauffman Index of Entrepreneurship, whose in-depth economic research has been published for more than 10 years.

Kentucky targets startup company support in five categories that have demonstrated potential for scalability and innovation: bioscience; environmental and energy technology; health and human development; information technology and communications; and materials science and advanced manufacturing.

“Why should anyone care about startups, innovations, and the funding for research and development that powers them?” asks the Kentucky Annual Economic Report. “The answer is simple: Over the long term our collective standard of living will likely depend on it.”

Local funds sprouting around state

What has kick-started this sudden surge of private angel and VC fund investment in Kentucky startups?

The attraction “is the combination of building jobs, building the technical community and solving real-life problems,” said David Goodnight of Lexington, a retired Lexmark executive and a six-year investor in startups through the Bluegrass Angels funds.



David Goodnight, Investor, Bluegrass Angels

Notice he didn’t specifically include making money. Cash returns are part of the attraction, but investors again and again first stress that building an innovative and entrepreneurial spirit in their communities ranks ahead as a reason for the recent growth in their ranks. They want to support local talent who have great ideas, solve problems and want to keep the companies and jobs they create in Kentucky.

“It’s all about developing that (entrepreneurial) spirit in your community,” said Jim Fugitte, president of the Lincoln Trail Venture Group in Elizabethtown.

In 2008, community leaders wanted a fund in which 100 investors from around Elizabethtown committed

\$10,000 each. That would, Fugitte said, “allow us to say to entrepreneurs that if you want to work and grow your company in Elizabethtown, then we have \$1 million of private startup capital.”

Lincoln Trail Venture Group’s 40 current members have invested to date in 10 companies, such as Jail Tracker, a database management system built specifically for managing jails that has been acquired by a larger company. They meet regularly and listen to pitches, then make personal investments.

This happened recently in Owensboro also. Marshall Ventures raised a \$2 million fund in 2015 from 14 investors in less than 30 days, said founder John Moore.

“People were looking for something like this,” Moore said. “People really got behind what we were doing, and that was pretty cool.”

They have invested in five deals so far, most in the \$200,000 range, he said.

Its portfolio includes eCoach, which offers a commercially available app and platform to “connect athletes of all ages and skill levels to experts in their respective sports through state-of-the-art video analysis coaching software.” Also, there is Nectar Technologies, a clean-coal technology company based in Henderson.

On the east end of Kentucky, Ashland joined the community-based angel investor fund trend when Tri-State Angels formed in 2015 and raised a \$1.2 million fund from 22 members, including two institutions. It has invested in six companies, said Chairman Don Perry.

“Things are really moving well for us. It is a new group, and we are very active,” Perry said. “We are very fortunate to have good members who are really interested in spurring economic development. That was one of the main goals, as well as to make money along the way.”

In Northern Kentucky, Covington’s Connectic Ventures raised a \$5.6 million fund in 2015 with 54 Angel investors, 90 percent of them from Boone, Campbell and Kenton counties, said cofounder Brad Zapp.

“Our goal is to help you start a business so you can change the world,” its website declares. So far, the fund has made 30 investments, nearly half with



Jim Fugitte, President, Lincoln Trail Venture Group



John Moore, Founder, Marshall Ventures



Don Perry, Chairman, Tri-State Angels

minority-owned companies, and counts 230 jobs created.

Connectic Ventures’ portfolio includes ConnXus, a cloud-based supplier management portal, and SuperFanU, a fan loyalty and engagement platform presented in a customizable mobile app for colleges and universities.

In Lexington, members in one of Kentucky’s oldest angel investing funds, the Bluegrass Angels, volunteer and work to grow the entrepreneurial community spirit. They raised the first \$3 million fund in 2004, and followed with two funds that total more than \$6 million. Many of the Bluegrass Angels’ 52 members serve on the boards of the companies they invest in and volunteer their time.

“It’s part civic duty because banks don’t lend to startups,” said Chris Young, volunteer chair of the board of managers for Bluegrass Angels Venture Funds II and III. “We don’t want to lose these businesses to other areas.”

Being a mentor to entrepreneurs offers a lot of satisfaction.

“It is fun to get involved with companies and help them along,” said Young, who shares his experience in the entrepreneurial culture of San Francisco and Silicon Valley, where he cofounded an internet jewelry company and another involving corporate communication and packaging files for executive or sales teams.



Chris Young, Volunteer Chair, Board of Managers, Bluegrass Angels Venture Funds II and III

Living in Lexington since 2004, he is general manager of Overbrook Farm and vice president of W.T. Young Storage, a public warehousing company. In 2008, he began volunteering with the Bluegrass Angels, and now is one of nine fund managers.

Joining that system is relatively easy, Nash said, and new members are needed from all regions of Kentucky to grow the total capital available for startups. However, he believes there is a need for expertise as much as a need for money. Without expertise in the ideas startups pitch, funds and investors have to pass on making a deal.

He encourages anyone interested in becoming an investor and mentor to contact the nearest Kentucky Innovation Network office (kyinnovation.com), join the state’s virtual angel investor network (kyangels.net) or contact any individual angel or VC firm. There is also information at the Cabinet for Economic Development’s ThinkKentucky.com website.

The language of investings

Helping to grow your community’s entrepreneurial spirit is all well and

COVER STORY

good, but the spirit to make money is a second key reason to invest. There have been many success stories that could be driving Kentucky's influx of new angel and VC investors.

Moore, from Owensboro's Marshall Ventures fund, said Kentucky's entrepreneurial ecosystem especially needs those successful business owners and community members who have stock portfolios.

"There is real good reason to have 5 percent of that portfolio in startup companies," Moore said, suggesting they should invest as individuals or put money into funds of at least \$2 million that make startup investments.

There have been several success stories in Kentucky, and fund members need to tell this story because "not enough people know about it," he said.

Angel investing has its own language. Investment decisions are called a "deal," or referred to as a "bet," reflecting the risk involved. A "term sheet" is the legal document defining what investors and entrepreneurs must do.

Making money requires an "exit." One form is when a larger company within the startup's industry acquires for cash and investors get dividends in proportion to the amount of their bet. Exits can involve convertible debt, revenue-sharing, sale of the business, or the rare but very profitable initial public offering (IPO) of a portion of ownership to the stock market. Early investments become stock shares whose value is set by the market, with prudent cashouts typically taking another five to seven years.

Exits return money to investors in term of "2X, 3X, 4X," etc. — e.g., a \$25,000 investment returning \$50,000 is a 2X return. Rates of return are not published, but everyone interviewed for this article expects to make money.

"We say that we will make '10 bets' and hope that one is a 10X return," said Brian Luftman, a former Chicago Mercantile Exchange floor trader who is now a fund manager for the Bluegrass Angel Venture Funds.

"Every deal I invest in, at the time, I expect a return of five to 10 times my money. But I know that half the companies I invest in will fail," Luftman said. "I am willing to make those bets because I know there will be ones that turn out truly great, and make up for all the others and then some."

New investors most often join a local venture club, such as the Bluegrass Angels private investor group in Lexington. Members pay \$1,000 in dues and attend regular meetings to hear about startup businesses.



Brian Luftman, Fund Manager, Bluegrass Angel Venture Funds



Some members become accredited and invest individually, while joining the fund requires a minimum commitment of \$25,000 for three years.

Young stresses that becoming an investor in startups is serious business for all of Kentucky's angel and VC funds, whose members put in a great deal of effort and due diligence to be successful.

"This isn't just 'let's pretend that we are doing 'Shark Tank' and throw some money at some kids trying to start a business.' We are trying to do things very diligently and very intelligently," Young said. "We try to make sure we invest in the right people and the right deals. We have learned a lot of hard lessons about what not to do. We have come a long way in our sophistication."

'Tax credit math is pretty cool'

To encourage activity, Kentucky in 2015 introduced a tax credit that stimulated more than \$25 million individual investments in its first three years. Individuals investing in qualified startup companies can receive a 40 to 50 percent state tax credit (higher for investments in economically depressed regions).

"The tax credits are such an important thing here," said Marty McClelland, chair of the Enterprise Angels Fund of Louisville which raised \$4.6 million in 2014. "All the investors out there understand tax credit math. Tax credit math is pretty cool."

Enterprise Angels Fund had one of its investments of \$200,000 fail in 2016, getting only \$90,000 back, McClelland said.

"In tax credit math that is a slight profit," he said. "It really makes a compelling case for investing in this class of companies. All our investments are in Kentucky, in part for that reason."

The tax credit is a huge draw, said Young of Bluegrass Angels. "We only

Members of a start-up investing panel at the Kentucky Angel Investor & Entrepreneur Summit last October in Lexington were, from left, John Moore, founder of Marshall Ventures fund in Owensboro; Jim Fugitte, founder of Lincoln Trail Venture Group in Elizabethtown; Brad Zapp, managing partner of Connetic Ventures in Covington; Don Perry, chairman of Tri-State Angels in Ashland; Marty McClelland, chair of Enterprise Angels Fund in Louisville; Scott Jacobs, executive director of Queen City Angels in Cincinnati; Chris Young, board chair of Bluegrass Angels Venture Funds II and III in Lexington; Elizabeth Rounsavall, director of research and analytics for Chrysalis Fund in Louisville; and Don Aquilano, co-founder and managing director of Allos Ventures in Indianapolis.

look at Kentucky deals because of it," he said, adding that the credits have enticed many out-of-state businesses to relocate in Kentucky.

The tax credit pool is limited to \$3 million a year, however, and available to investors accredited by Kentucky who submit applications in December. In 2015, credits were exhausted in eight months, then within three months in 2016, and in one month this year, according to Casey Barach, director of the Northern Kentucky Innovation Network office and the key driver of getting legislators and the business community throughout Kentucky to support the angel tax credit.

"There is no doubt that the angel tax credit is driving deals in Kentucky," Barach said.

Kentucky's return on investment is \$3.50 in increased tax revenue for each \$1 in tax credits, according to research from Northern Kentucky's Tri-County Economic Development Corp.

Tri-ED's data also shows growth in the tax credit program:



Casey Barach, Director, Northern Kentucky Innovation Network

- 344 angel investors were registered in 2017, up from 274.

- 28 companies were funded in 2017, with the three-year total at 81 companies.

- 80 individuals were approved for credits in 2017, with 381 individual investments gaining credits over three years.

- 307 small businesses are qualified for tax-credit investments.

Since the tax-credit program's launch, Barach said, the following funds were created:

- Kentucky Angels (statewide)
- Tri-State Angel Investment Group (Ashland)
- Marshall Ventures (Owensboro)
- The CONNETIC Fund (Northern Kentucky)
- Northern Kentucky Growth Fund (expanded due to anticipated increased demand).

The new incentive is in addition to an older tax credit that applied only to money deposited in venture capital funds. Since 2015, another \$5.8 million was invested from these funds to qualify for a 40 percent tax credit under the Kentucky Investment Fund Act, according to KIFA's most recent annual report.

Another reason Kentucky's entrepreneurial investor ranks are growing is that Kentucky matches Phase II federal innovation and technology transfer grants for startups, said Young, of the Bluegrass Angels. Each phase has eligibility requirements for the grants, which can total millions of dollars.

Since 2006, the Kentucky SBIR/STTR Matching Funds has awarded \$61.4 million to 251 companies, which leveraged \$112.6 million in federal funds.

The commonwealth has consistently lagged behind on investments for matching grants, but that appears to be changing, according to the 2017 Kentucky Annual Economic Report: "Kentucky's \$93 per \$1 million in state gross domestic product during 2013-15 is converging on the competitor state average of \$108; the U.S. average, while declining, is still significantly higher at \$133," the report states.

An online state angel network

The virtual Kentucky Angel Investors Network created in November 2013 is also growing the number of private investors for startups in communities all over the commonwealth. With 84 accredited investors from nearly every region, the online network "gets more knowledge out into the state about angel investing," Nash said.

Most members telecommute into its regular meetings to hear the "pitches" then take surveys to express whether they are interested; Nash connects those who are with the entrepreneur. Kentucky Angel members involved in the other

funds may invite entrepreneurs they hear to pitch to them too.

Entrepreneurs giving pitches are required to have worked with one of the 12 Innovation Network offices. Kentucky Angels and the Innovation Network both are programs from the Office of Entrepreneurship in the Kentucky Cabinet for Economic Development.

"It's all about the community, the ecosystem of giving back," Nash said. "It's about the community being supportive, whether it's a breakfast, or getting together to compare the trials and tribulations, or someone who has been successful and now comes back to be a mentor, or come and judge a pitch competition, or sit and talk to an entrepreneur. I think we have grown that support system."



Is growth in capital enough?

Despite the geographically expanding efforts, the new funds and tax credits, a big difference between Kentucky and the coasts remains the total private capital available. Commonwealth investors talk millions of dollars in deals, while their counterparts in Boston, Colorado and Silicon Valley often discuss billions, amounts that can launch companies capable of growing into Apples and Googles.

Most Kentucky funds range from \$1 million to \$6 million, the exceptions being the few VC firms that invest in several states. The tax credit programs account for projected investments of \$7-\$12 million annually. Beyond the tax credit programs, actual amounts invested in Kentucky are known only when companies self-report their activities.

Companies in the seven-county Central Kentucky region reported to the Innovation Network that private equity raised in FY 2015 was over \$26 million, and in FY 2016 over \$40 million, Nash said.

Although growing, the amount of private capital in the state "is disproportionately tiny compared to what is going on in the rest of the country," said Kelby Price, director of the Kentucky Enterprise Fund.

A state-sponsored, venture capital-like fund, KEF invests in Kentucky-based seed and early stage technology companies with high growth potential. Companies

may apply for a \$30,000 grant or initial investment of up to \$250,000. It is one of several programs out of the Kentucky Science and Technology Corporation.

"Some of the companies in the past few years that we've invested in are doing really, really well. It's exciting," Price said. "We should celebrate that, but at the same time look at the bigger picture."

"The Midwest has less capitalization relative to the economic activity that is bubbling up," said Don Aquilano, managing partner of Allos Ventures, a Midwest-focused, early-stage VC firm. Allos has about \$55 million in active investment from about 100 successful high-tech entrepreneurs, founders of companies, and university and institutions.

Aquilano was on the Entrepreneurial Summit panel in October, and Allos has funded some Kentucky start-ups.

Now that Kentucky has more, but relatively small, angel investment firms, they will need to collaborate on deals and invest in start-ups in other parts of the commonwealth, said Perry, of Ashland's Tri-State Angels.

"That is key in regards to any Kentucky angel group. No one angel group can typically fund the needs of one company," Perry said, "so it takes a number of us to come together."

Moore, from Owensboro's Marshall Ventures, agreed.

"I think it is going to be hard for any of us to just invest in our region and make this thing work," Moore said. "The key is for us to all work together and prime the pump, and try to make the big numbers work. The pump gets primed, and we make more deals that people are talking about, then that will spike interest, I'm sure, in individual investors."

More individual investors would greatly change Kentucky, said McClelland of the Enterprise Angels Fund of Louisville.

"We really need \$25 million angel funds to make the economics work," he said. That would support larger deals and allow funds to hire and keep full-time, professional managers.

Young, from Lexington's Bluegrass Angels, said there also is a problem of "deal flow," meaning a more consistent availability of deals instead of up-and-down cycles. But he said the quality of innovative ideas being pitched to investors is definitely growing.

"We are always looking for new members, new deals," he said. "We want to get people knowing that we exist. We don't want accolades – we want more deals, better deals, all the deals we can find, and we want more members who will give their time, treasure and talent. ■"



Kelby Price,
Director,
Kentucky
Enterprise
Fund

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



Dr. Linda Van Eldik, right, is director of the Sanders-Brown Center on Aging and the University of Kentucky Alzheimer's Disease Center. Research there has learned more about the pathologies of dementia. Pictured with her is Dr. Steven Scheff, recently retired former assistant director of SBCoA.

Searching for the Key to Alzheimer's

No effective treatment yet, but Kentucky researchers are helping unravel its pathology

BY JOSH SHEPHERD

OPTIMISM is hard to muster in the face of recent statistics on dementia in Kentucky – particularly Alzheimer's disease – but some sense that slow progress is occurring emerges from a pair of researchers who each have over three decades of experience in the field.

Linda J. Van Eldik, Ph.D., director of the Sanders-Brown Center on Aging (SBCoA) and the UK Alzheimer's Disease Center (UK-ADC), and Greg Jicha, M.D., Ph.D., a clinical neurologist at UK, co-director of the UK-ADC and

director of Telemedicine Cognitive Clinic, have dedicated their professional careers to dementia research, provider and caregiver education, and clinical treatment of patients with dementia.

At the start of our discussion, both doctors stressed two critical points:

- Problems in thinking and memory loss are not normal facets of aging.
- Alzheimer's disease is not the only form of dementia affecting people in Kentucky.

Alzheimer's is the most prevalent, but there are other forms of memory loss. Some problems are attributable to

complications from vascular disease and sometimes can be treated. When a family member or friend is struggling with problems in memory or thinking, it's important to determine a cause before jumping to conclusions.

"Alzheimer's is a disease. Like any other chronic illness, it has a recognizable pathology. Unfortunately, it is one for which medications and treatments have thus far not been very effective," Van Eldik said. "But there are times when we find people are suffering for reasons that can be treated."

As research advances understanding of dementia and its effect on the brain, expectation grows that there will be a breakthrough. In the meantime, though, the disease exacts a steep emotional and economic cost – one that extends far beyond patients and their families.

Over \$236 billion was spent on hospice, home care and long-term care for the needs of those suffering from some form of dementia, according to the 2016 Alzheimer's Disease Facts and Figures report, published by the Alzheimer's Association.

And that's just half the story. The \$236 billion figure only counts what was billed.

Unpaid caregivers, family members and volunteers provide the clear majority, about 83 percent, of care to patients with dementia, said Bari Lewis, director of communications and advocacy, Greater Kentucky and Southern Indiana chapter of the Alzheimer's Association.

Nationally, in 2015, unpaid caregivers provided approximately 18.1 billion hours of assistance to people with dementia. In economic terms, it was a contribution of over \$221 billion in unpaid care. For perspective, the Alzheimer's Association said the amount of unpaid care in the United States was about "47 percent of the net value of Walmart sales (\$473.1 billion) and eight times the total revenue of McDonald's restaurants (\$27.4 billion) in 2014."



Bari Lewis, director of communications and advocacy, Greater Kentucky and Southern Indiana Chapter, Alzheimer's Association

Research trial information

For detailed information about dementia and the research trials being conducted to fight the disease, visit the Sanders-Brown Center on Aging website at uky.edu/coa/. The Alzheimer Association website is also an invaluable resource for information about the disease. Visit them at alz.org/dementia/types-of-dementia.asp.

In Kentucky, the numbers are similar. The estimated hours of unpaid caregiving in the Bluegrass state affect 270,000 people, not including patients. Those people provide about 307 million hours in unpaid care at an estimated worth of over \$3.7 billion. Add an extra \$166 million in overall added healthcare expenses, job and wage losses to provide care, and reduction in available workforce.

There has been a decline in Kentuckians diagnosed with some form of dementia in recent years, Van Eldik added, but the patient population hovers between 68,000 and 80,000 adults.

32nd year of NIH funding at UK

The UK Alzheimer's Disease Center at SBCoA is entering its 32nd year of continuous research funding from the National Institutes of Health. It is one of the first Alzheimer's centers to be NIH-funded and remains one of eight centers in the United States to continue receiving funding. In fact, last September, NIH renewed its long association with the UK-ADC with a five-year, \$8.25 million grant to continue its research and clinical initiatives.

One of the keystones of UK-ADC's NIH research is an ongoing longitudinal study of about 800 volunteers. These people annually undergo extensive neural imaging, donate spinal fluid and participate in a battery of exams to track

the health of their brain. It's given the center an incredible amount of data regarding the cognitive health of a stratified population of individuals. Members of this cohort cover a wide demographic involving several generations, including some children of former volunteers, Van Eldik said.

"Sanders-Brown is blessed with an amazing population of volunteers for our cohort and other independent research trials. Following them for over 30 years has given us a ton of data on people whose brains remained cognitively healthy their entire lives, others who developed some level of cognitive impairment, and some who developed Alzheimer's Disease or some other form of dementia."

The accumulated research from SBCoA and the other national research centers has not found a consistently effective treatment for the disease but has enabled specialists to recognize the pathology of Alzheimer's and to study individuals whose brains appear to be resistant to the disease.

"We can see the pathology in a person's brain and identify the specific neural breakdown that is occurring, even if we haven't yet figured out how to stop or reverse it," Van Eldik said.

Intriguingly, some patients in the longitudinal study develop the pathology of Alzheimer's but manage to maintain normal memory and thought processes for years. Van Eldik describes these patients as having what she termed a "cognitive reserve" or resilience to the disease. Others were profoundly affected by the exact same stage of the disease.

Researchers don't know why one brain is resistant and another is not.

One thought is that persons with cognitive reserve may have developed a larger number of neural connections

Dr. Greg Jicha, director of the UK Telemedicine Cognitive Clinic at the Sanders-Brown Center on Aging, watches a remote patient perform an exercise to assess brain function.

than others. Researchers do know that the brain has incredible "plasticity," constantly building networks of neural pathways to process the constant barrage of information it receives. Throughout its life, even into old age, the brain can develop multiple new pathways that can, if necessary, operate like built-in redundancies.

Those who demonstrate cognitive reserve may have developed a dense network of pathways, Van Eldik explained, so that when Alzheimer's manifests and begins destroying brain cells, the other pathways can compensate. This hypothesis is one of many being studied in research trials ongoing at SBCoA.

Being resistant, however, does not mean people are immune. Even in cases of cognitive resilience, there comes a point where patients enter a period of decline that's often very rapid. For those who cannot tolerate the disease's pathology, though, the process of decline tends to be a steady accumulation of problems. It can go on 10 to 15 years, Van Eldik said.

And it is this steady decline that tends to wreak the most havoc on families.

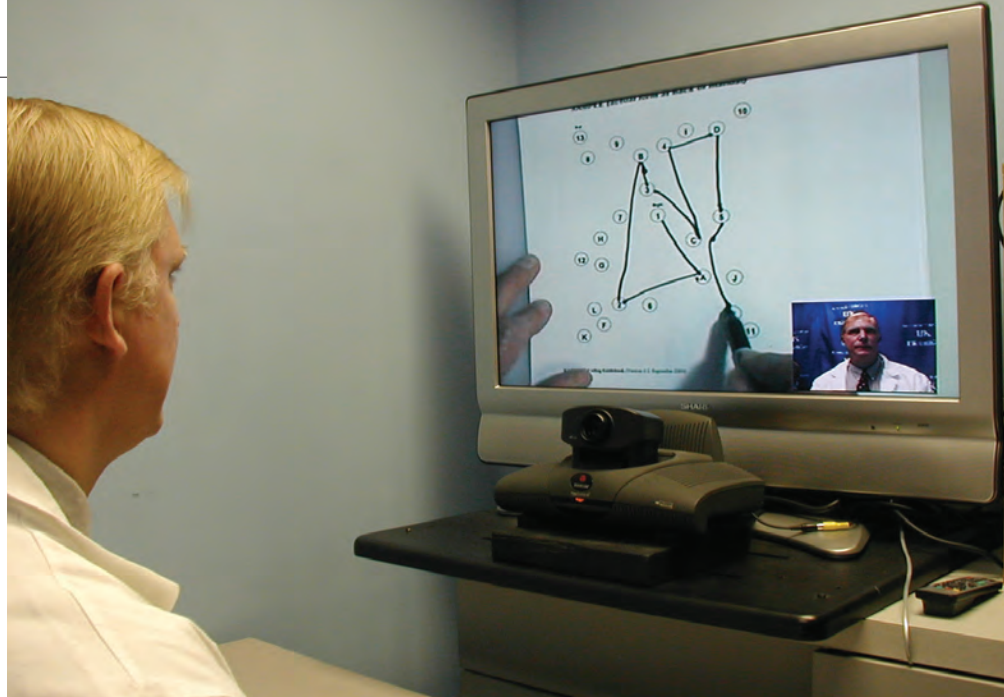
Telemedicine expands access to specialists

"There is a changing consciousness in America about aging people," Jicha said in the breakroom of the clinical offices of the SBCoA in Lexington.

As more Kentucky families experience life as caregivers for dementia patients, there is an increasing emphasis on locating support services, Jicha said,



Dr. Greg Jicha conducted research that validated the usefulness of telemedicine systems in assessing the cognitive function of patients.



but they often come up empty-handed in their own small communities and have to seek out services elsewhere.

The increasing desire for convenient access to local services is limited by fiscal realities. Aside from the concentrations of people in Louisville, Northern Kentucky and Lexington, Kentucky's population is sparsely distributed, which makes specialized local care in smaller communities difficult for healthcare systems to provide.

The UK Telemedicine Cognitive Clinic represents a major innovation in clinical outreach, which the SBCoA pioneered a little more than decade ago.

"We in Kentucky need to think differently about how we can provide access to highly specialized health and support services to the population," Jicha said. "Telemedicine has given UK leverage to provide people across the state access to medical specialists and still manage costs in terms of needed capital to maintain those programs, support services, and providers in highly specialized fields."

At the time that Jicha became involved in telemedicine, there was no model on which to build a Telemedicine Memory Clinic. Jicha's research team was awarded a grant to validate the use of telemedicine to conduct cognitive assessments of patients versus in-person interviews.

The results of these studies allowed the research team to definitively conclude that memory evaluation was equally valid through telemedicine as personal office contact. In two outlying examples, a patient and their family were even more honest in a telemedicine setting. It was not enough data to draw a definitive conclusion, but Jicha feels there are times when telemedicine's distance enables people to be more honest than visiting the clinic – being in a home setting may be a factor.

The important outcome, though, is that the study confirmed the validity of telemedicine encounters, he said, and enabled Jicha to expand the reach of his clinical work to outlying areas of Kentucky. On a given day, he can conduct appointments for patients in Lexington and remote clinical assessments of patients from Calloway to Menifee County. Neither he nor his patients spend costly hours traveling, and patients gain the convenience, at a critical time in their lives, to access reliable care while in a place where they are most comfortable.

"Another novel development of the study is that our results were translational to other spheres of clinical service. What we do for memory can be

easily translated to other research and clinical services in cardiac care, arthritis and other conditions," Jicha said.

Caregiver networks and education

Perhaps more than any other disease, dementia strikes broader and harder on caregivers than trained professionals. When it comes to serving Kentucky patients with dementia, telemedicine's powerful and expanding videoconferencing capabilities could be considered its most important innovation.

Sanders-Brown, in association with the Alzheimer's Association, uses videoconferencing to host four major statewide training sessions for caregivers each year. The quarterly sessions enable specialists to update families across Kentucky on research and advice on care, but some think the most important aspect is the time allotted to families to relate stories, shared insights and personal experiences.

"Though I had experience as a nurse, I was frequently challenged by my mother-in-law's needs. These educational sessions, combined with our community support network, gave me some practical feedback and let me know I was not alone," said Mary Horsley, an RN whose mother-in-law, Mary Lois "Bingo" Horsley, was UK telemedicine service's pilot patient in 2005.

Videoconferencing has expanded into continuing medical education programs for professionals at long-term care facilities. A further educational initiative application is being explored for first responders and community leaders to develop "dementia-friendly communities," said Bari Lewis of the Alzheimer's Association.

Future opportunities for growth in the private sector
"We are living in a society where there is a dichotomous split. If one is solely dependent upon Medicare or Medicaid, the availability of private-sector resources to help care for patients with Alzheimer's is quite expensive," Dr. Jicha said. There are nursing facilities especially designed for persons with dementia. They have resort-like features, but they can cost upwards of \$5,000 to \$10,000 a month, which is more than the average family can afford.

Hospice and home care services are growing to meet the rising demand. In terms of home health services and transportation, Kentucky is growing more and more sophisticated all the time, Jicha said. But one area has not been nearly as well developed.



Greg Jicha, M.D., Co-Director, UK Alzheimer's Disease Center; Director, Telemedicine Cognitive Clinic



Mary Horsley

In the realm of specialized technology for folks in the early stages of dementia, Kentucky is “behind the ball,” even though the means to produce these devices exists, Jicha said.

These devices can help people remain in their homes for longer periods of time, which is becoming more important with each passing year. There are badges people can wear or that can be sewn into clothing that would allow for improved GPS tracking should a loved one wander off. Automated pill dispensers which, in the latter stages of the disease, can be programmed, alarmed, and timed to reduce the incidence of medication errors. Phones with pictures and pre-programmed numbers are available but don’t have widespread distribution.

GPS devices to help people with mild cognitive impairment re-orient themselves to their location would reduce some unnecessary moments of stress and fear, he continued.

“There is an estimated population of some 1.5 million people over the age of 65. A percentage of them will develop some level of cognitive impairment. There is a tremendous market out there for anything that will permit individuals

to live in their homes or with their families longer. But it’s a market where demand is not being met with the same vigor as other areas of medical device development. It’s only constrained by the imagination of what an aging population may need,” Jicha said.

Hope for the future

While lack of effective treatments for dementia persists, there are plenty of ways to measure progress. Decades into the fight against the disease, Jicha and Van Eldik say growing education and caregiver experience is helping society becoming more sophisticated in dealing with it. Families with Alzheimer’s patient experience are talking openly with and passing knowledge to others whose journey is beginning.

Alzheimer’s is complex and differs from patient to patient. At this stage in clinical research, Van Eldik said, there is a growing consensus among colleagues that no single silver bullet will be found. The prevailing sentiment is that successful treatment might be found in a medication “cocktail” such as has proven effective with HIV patients.

The Alzheimer’s Association awarded Van Eldik’s research team a two-year, \$1

million “Part the Cloud” grant to test a drug that may reduce brain inflammation. Van Eldik is optimistic a balance of medications targeting symptoms can be formulated to help slow the progress or even temporarily halt pathology.

“There are estimates that if the onset of symptoms can be delayed through medications or other treatments for just five years, it could cut the rate of incidence for dementia in half. Eventually, we would like to find a cure, but if we could just find something to delay onset, that would be tremendous,” Van Eldik said.

Developing an effective combination approach is going to demand a lot more investment in research, but Van Eldik said federal, state and private funding for research into Alzheimer’s disease and dementia has increased, particularly in the last decade.

Although money spent on cancer or HIV research still dwarfs funding for Alzheimer’s research, she said, “a little goes a long, long way. There is a huge return on investment. Discoveries about the disease are being made at an increasing rate.” ■

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

KPR

KENTUCKY PUBLIC RADIO

ASSOCIATION OF KY PUBLIC RADIO STATIONS

Kentucky Public Radio's network of stations reaches ALL 120 Kentucky counties, with a weekly audience of almost 500,000 people.

KPR Sponsorship

Reginald Glass

rglass@KentuckyPublicRadio.org

502.814.6544

KentuckyPublicRadio.org

PROVEN ENGAGEMENT, POWERFUL MARKETING RESULTS FOR QUALITY BRANDS

The “Halo Effect” of KPR

78%

Prefer to buy products or
services from KPR sponsors

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

WKYU-FM
Bowling Green

WEKF-FM
Corbin

WKUE-FM
Elizabethtown

WEKH-FM
Hazard

WKPB-FM
Henderson/
Owensboro

WUKY-FM
Lexington

WFPK-FM
Louisville

WFPL-FM
Louisville

WUOL-FM
Louisville

WMKY-FM
Morehead

WKMS-FM
Murray

WNKU-FM
Northern KY

WEKP-FM
Pineville

WEKU-FM
Richmond

WDCL-FM
Somerset



The small city of Hopkinsville in Western Kentucky will be the best place on the earth to view the Aug. 21, 2017 total solar eclipse. It will be the first total solar eclipse in the continental United States in 38 years, and the first time in 99 years that a total eclipse will be viewable by people from coast to coast.

What is a solar eclipse?

Solar eclipses occur when the moon's orbit brings it between Earth and the sun, during the new moon phase, and its shadow is cast onto Earth. These are a happy mathematical accident of nature. The sun's 864,000-mile diameter is fully 400 times greater than that of our puny moon, which measures just 2,160 miles across. But the moon also happens to be about 400 times closer to Earth than the sun (the ratio varies as both orbits are elliptical), and as a result, when the orbital planes intersect and the distances align favorably, the new moon can appear to completely blot out the disk of the sun. On average, a total eclipse occurs somewhere on Earth about every 18 months.— *From eclipseville.com*



Solar Eclipse Puts Spotlight on Tourism

Hopkinsville, *the* center of August's total eclipse, has spent a decade preparing for the event

BY LORIE HAILEY

IN 2007, Hopkinsville Tourism Director Cheryl Cook received an email that she thought might be a prank. It said that Hopkinsville, a Western Kentucky city with about 33,000 residents, would be the world's best place to view the 2017 total solar eclipse, and asked if the city had started planning for it.



Cheryl Cook, Tourism Director, City of Hopkinsville

"I didn't know anything about it, so I was very nice and polite and said we don't usually work 10 years out, we work more like five years out," Cook said. "I have a lot of friends in the tourism business ... We play a little prank on each other now and then. But

you can't be totally sure, so that's why I answered (the email) as politely as I could."

Afterward, however, Cook went online to research the 2017 eclipse and discovered "what a big deal" it would be, she said.

On Monday, Aug. 21, 2017, at 1:24:41 p.m., a total solar eclipse will be visible along a path from Salem, Oregon, to Charleston, S.C. A large part of North America will be able to view the eclipse in its partial phases, but only the cities in its narrow path of totality will see the moon appear to completely cover the sun. It will be the first total solar eclipse in the continental United States in 38 years, and the first time in 99 years that a total eclipse will be viewable by people from coast to coast.

Hopkinsville is not only located along the path of totality, it is where the center axis of the moon's shadow passes closest to the earth. That means spectators in Hopkinsville will have the best and longest view of a full 360-degree solar corona – the gaseous white spray of energy that is always pouring from the surface of the sun but visible on Earth only when the moon completely blocks out the star in the center of the solar system.

With a totality duration of 2 minutes and 40 seconds, NASA has designated Hopkinsville as "the point of greatest eclipse."



Thousands of people, from the simply curious to professional sun scientists, will flock to Hopkinsville to catch the best glimpse of a rare celestial event. If the city didn't prepare for the influx of visitors, it could be disastrous, Cook realized. Additionally, it presented a perfect opportunity to showcase all that the town had to offer.

Preparing for the unknown

Armed with details of the decade-in-the-future "Great American Eclipse," Cook got to work. She started discussing it in meetings with community groups, she put an eclipse countdown counter on the city's websites, started a Facebook page, attended eclipse conferences, and participated in interviews with newspapers and the Associated Press.



VIEW THE SOLAR ECLIPSE AT A KENTUCKY STATE PARK

MONDAY, AUGUST 21, 2017 | 2 P.M. CENTRAL

The countdown is on for the August 2017 Total Solar Eclipse and western Kentucky's State Resort Parks are the place to be! View this rare astronomical event and utilize the accommodations or camp sites offered at:



Viewing areas provided for overnight guests. Call for pricing.

**The Kentucky State Resort Parks at Barren River (270-646-2151) and Rough River (270-257-2311) are within driving distance of Hopkinsville for the viewing and offer lodging as well.*

Learn more about the eclipse at

kentuckytourism.com/eclipse/

and be a part of the most exciting two minutes and 40 seconds in 2017, the exact instant when the axis of the Moon's shadow passes closest to the center of Earth!





Above: The City of Hopkinsville has purchased approximately 200,000 pairs of dark glasses for viewing the total solar eclipse. It is dangerous to view the sun during the stages of eclipse without protective eyewear.

Left: Hopkinsville Tourism Director Cheryl Cook and Tab Brockman, superintendent of Hopkinsville Parks & Recreation, show off the city's Solar Eclipse vanity plates.



As the news spread, “we started getting more and more emails from people wanting to get a hotel room,” Cook said.

Tasked with educating the community, marketing the city as the best place to view the eclipse, and planning complementary events, Cook turned to “eclipse chasers” for information about what to expect. While it is difficult to know exactly how many people will come to Hopkinsville to see the eclipse, estimates range from 50,000 to 200,000 people.

Eclipse chaser Dan McGlaun, a project manager for a Fortune 500 company, has seen 12 total eclipses. He has visited Hopkinsville multiple times to share his knowledge of how other communities have handled these kinds of events.

“He talked about things we probably ought to have in stock, lots of water, sunscreen, and little white plastic chairs because a lot of people will be flying in and they’ll need something to sit on while they’re watching,” Cook said.

One of the most important items, she said, is dark glasses for viewing the eclipse.

“Everything we’ve heard is you never have enough glasses,” she said.

Cook has already ordered and sold about 100,000 pairs of eclipse glasses, mostly to local businesses and industries. She has about 100,000 more on hand to sell in August to attendees. (Glow-in-the-dark T-shirts and eclipse vanity plates are also available.)

Figuring out the logistics

Last fall, the City of Hopkinsville hired Brooke Jung as its full-time eclipse coordinator. Jung has worked in event planning for Churchill Downs, the Louisville Convention and Visitors Bureau, and several other organizations. She hit the ground running, and hasn’t stopped yet. After four weeks on the job, she had launched a website – eclipseville.com – and conducted a community forum.

“People had so many questions,” she said. “And as much as we want this to be an incredible event for our visitors, we also want it to be a great event for our residents.”

Jung’s next task was finding a way to accommodate thousands of visitors.

“There are a lot of logistical pieces that go into this when you’re talking about fitting 50,000 people into a city of about 30,000 people and county of about 70,000. We’re essentially tripling the city population,” Jung said. “It’s going to be incredible that we’re able to welcome all of these people to town, but we want to make sure we’re ready for them.”



Brooke Jung, Eclipse Coordinator, City of Hopkinsville

Solar eclipse coordinator Brooke Jung and Fred Espenak, a world-renowned eclipse chaser, try out the city's eclipse glasses.

Logistical committees are working with the city’s safety and transportation departments to make sure everyone is able to make it safely around town during the events. Local police, fire and EMS units will be on hand to assist, as will Kentucky State Police.

What about the streetlights?

One very important piece of the puzzle is the local utility companies, Jung said.

“We’re working with our utility companies to make sure the (street) lights don’t come on during the eclipse,” she said. “We need to make sure our light pollution doesn’t interfere with anyone’s viewing experience.”

The city anticipates that many eclipse viewers will come to town the weekend before the eclipse. There are five major hotels/motels in Hopkinsville, and most of them are booking three-night minimums. As of mid-February, there was about 50 percent availability at those establishments, Jung said.

Justin Whitehair, general manager of the Comfort Suites in Hopkinsville, said he has received inquiries from eclipse enthusiasts since at least 2012, but most local hotels didn’t start booking rooms until late 2015 and early 2016. Comfort



Other Western Kentucky sites to see the total eclipse

Hopkinsville is not the only Kentucky city that will be able to view the total eclipse. Adairville, Calvert City, Dawson Springs, Eddyville, Franklin, Lake Barkley, Madisonville, Paducah and Princeton are all located on the path of totality, as well as several other small communities. Nearby cities will be able to view partial phases of the eclipse. Learn more at eclipse2017.nasa.gov.

Suites has received calls from potential guests as far away as Australia, China, Japan and the United Kingdom, Whitehair said.

Anticipating the need for additional lodging, the city created new primitive campsites in four prime eclipse-viewing locations.

"It's a great space, 15- by 20-foot spaces with shower and restroom facilities onsite. And really, we're creating small villages," Jung said. "There will be food vendors and shuttle transportation to take folks to different events happening throughout the community."

The idea of camping under the stars to view the eclipse will be appealing to eclipse enthusiasts and first-time viewers alike, she said.

Some Hopkinsville residents and businesses plan to rent their properties to visitors, Jung said, and recreational



Hopkinsville is rich in history and outdoor beauty. Shown here is the town clock, framed by beautiful dogwood trees.



The Breaker Family Aquatic Center in Hopkinsville is just one of the many attractions sure to benefit from an influx of eclipse visitors. It features a twisting tube, lazy river, and splash interactive playground.

vehicle parking space is available at the city's Trail of Tears Park. Reservations for most of these spaces can be made online, which is important when dealing with guests who may be coming from other countries, Jung said.

Special eclipse viewing areas have been set up in the DeBow Recreation Complex and Western Hills Golf Course.

Out of this world entertainment

Visitors arriving early will have plenty to see and do in Hopkinsville. More than 15 events – including a three-day music festival and EclipseCon, a comic-themed event with nods to sci-fi and pop culture icons – are scheduled the weekend before the eclipse. (To see the full list, visit eclipseville.com.) The city also expects its local attractions, including two bourbon distilleries, to get ample traffic in the days leading up to the eclipse.

Lovers of sci-fi won't want to miss the Kelly Little Green Men Festival, Aug. 18-21. It celebrates the 62nd anniversary of the day that aliens are said to have landed in Kelly, Ky., a community just north of Hopkinsville – coincidentally the same day as the 2017 eclipse, Aug. 21. The well-documented event is a fun piece of local folklore.

On Aug. 21, 1955, a family in Kelly claimed a spaceship with aliens had landed near their home and "battled" with them. They were described as "little men

with big heads and long arms with eyes and hands out of proportion to their small bodies." It was documented in the local newspaper with photos and a lengthy story, which said investigating officers could not find anything to prove or disprove the family's story.

"It's on the national register of UFO events," Jung said. "It is believed that 'ET' is loosely based on what happened there."

The Kelly community has kept the story alive by each year hosting the Little Green Men Festival, a three-day family event featuring music, vendors, non-profit booths, and lots of food and souvenirs.

The fact that the 2017 total solar eclipse will occur on the anniversary of the little green men sighting has been fun for eclipse event planners.

"It really gave me cold chills when I saw the date," Cook said.

"Now, we're just waiting to see if the little green men come back," she said with a laugh. "I like to joke and say they were here in 1955 looking for where they want to set up to see the eclipse." ■

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

SOLAR MADNESS

8.21.17

Experience the Darkness

We're located just minutes from the point of greatest eclipse.



Plan a weekend of family fun for this once in a lifetime experience.

877-243-5280
270-821-4171

visitmadisonvilleky.com/eclipse

Hopkins County Tourist and Convention Commission





John Peek, left, loan officer at the Stanford branch of Ag Credit, speaks with Patrick Higginbotham of Fayette County about Higginbotham's horse boarding operation.

Keeping Kentucky Ag Well Rooted

Co-op lenders finance a third of farm operations, then share the profits

BY LORIE HAILEY

IN the 1980s, Georgetown, Ky., farmer Alvin Lyons faced a dilemma.

It was time to start his spring planting, but the commercial bank he had been using had repeatedly stalled his loan applications. The early '80s were a tumultuous time for the ag market: Nationwide, farm income dropped from the equivalent of \$80 billion in today's dollars, to about \$25 billion. Farm loans often were perceived as a risky investment.

To get the funds he needed, Lyons turned to Central Kentucky Ag Credit, a cooperative lender established in 1934



Alvin Lyons, Board Chairman, Central Kentucky Ag Credit

with one purpose: to provide loans to farmers. He's been a customer there ever since, and now serves as chairman of the co-op's board of directors.

Ag Credit's customer service, rates and agricultural expertise kept him coming back, but the co-op's consistency is what remains most important, Lyons said.

"They're there for ag all the time, not just when it's a good market," he said. "They're there every year, not in and out of the market like some of the other [lending institutions]."

With 43 employees and an annual operating budget of \$7 million, Ag Credit has nearly \$450 million in assets — mostly loans — and serves 17 Kentucky counties: Anderson, Bourbon, Boyle, Clark, Fayette, Franklin, Garrard, Har-

rison, Jessamine, Lincoln, Madison, Marion, Mercer, Montgomery, Scott, Washington and Woodford. It is part of the federal Farm Credit System, established in 1916 to provide a reliable source of credit to the nation's farmers.

At least four other Farm Credit System co-op lenders serve portions of Kentucky: River Valley Ag Credit operates in Western Kentucky and 12 counties in Tennessee; Farm Credit Mid-America serves Indiana, Ohio, Kentucky and Tennessee; CoBank, a national co-op that serves industries in rural America, has offices in Louisville; and Colorado-based FCC Services has a secondary headquarters in Louisville.

Ag Credit's average loan is \$90,000. Small loans usually get same-day approval while larger complex loans require several days to gather and analyze financial and property information.

Nationally the system now provides more than one-third of the credit needed by those who live and work in rural America. With more than \$61 billion in loans to more than 500,000 borrowers, the Farm Credit System is the largest single producer of U.S. agricultural credit.

"We provide a strong, steady and reliable source of credit for agriculture. We are mandated to do it and we will be there through all the cycles," said Jim Caldwell, Ag Credit president and CEO. "Agriculture is a very risky business because of all of the unknowns that affect the farmer, the weather being the first and foremost, but also things like the commodity cycle, government programs [going] in and out ... even the strength of the dollar overseas impacts agriculture."



Jim Caldwell, President/CEO, Central Kentucky Ag Credit



Alvina Maynard gives Ag Credit loan officer Chris Cooper a tour of her Madison County alpaca farm.

Ben Robin, left, loan officer at Ag Credit's Paris branch, visits with co-op member-borrower John Sparks at his farm in Bourbon County.

Because Ag Credit exists to serve farmers despite agriculture's cyclical nature, farmers have come to depend upon the lender in good times and in bad. The association provides small and large loans for equipment, farmland purchases, agriculture-related businesses, ag processing and marketing, livestock, and other farm-related needs. It serves the whole spectrum of farm operations, from the small part-time farmer who needs to buy a tractor, to a large farming operation that needs to purchase land for cattle ranching.

Ag Credit also lends to rural residents and agriculture-related businesses in its service area.

The co-op employs experienced rural property appraisers, and it provides free financial planning assistance to its members. It offers other financial services, such as revolving lines of credit, which is what Lyons uses for his nearly 2,000-acre diversified farm.

"A lot of banks offer revolving lines," Lyons said, "but the agricultural expertise that you get at Ag Credit ... no bank can offer that."

Ag Credit is not the only farm lender in Kentucky, but what makes it unique is its cooperative structure and governance. Because it is a co-op, its 2,600 members share in the profits. Ag Credit calls it "patronage refunds," and this year alone, the co-op will return nearly \$3 million to its customer-farmers, an average of \$1,100 each, Caldwell said.

"Of our profits, our board decides what we need for the future and then they'll declare a patronage dividend. We've declared one for the past 20 years," he said.

The co-op has issued more than \$22 million in patronage refunds since the program began.



"It's a very important part of what we do," Lyons said. "When the association is successful and we make money, that goes back to the members. It's a 100 percent cash payout."

Ag Credit is governed by a board of directors comprised of five farmers elected by owner/members, and two outside appointed directors – Dr. Lionel Williamson, a retired professor at the University of Kentucky College of Agriculture, and Mary-Lynn Hinkel of the CPA firm Barr, Anderson & Roberts. Each board member has an equal say in the governing body of the association.

To be elected to the board, one must be a farmer and a customer of Ag Credit.

Ag 'still solid' in Central Kentucky

The association is active in the farming community, and continually searches for ways to better provide for Kentucky's changing agricultural landscape. From the number and types of farms to the technology and machinery used on them, farming is much different in 2017 than it was just 20 or 30 years ago.

The number of farms in the commonwealth has dropped by about 30 percent since 1978, down to about 76,000 operations, but Kentucky still ranks sixth in the nation in the number of farms.

"There's been a great deal of consolidation," Lyons said. "There are not too many mid-size farms now. You either have a big farm or you farm more as a 'hobby' – meaning the household does not rely on agribusiness income to survive."

More than 57 percent of Kentucky's farms had annual sales of less than \$10,000 in 2014, according to the National Agricultural Statistics Service.

There are a lot of part-time farmers in Central Kentucky, but agriculture is "still pretty solid in our area," Caldwell said.

Young and beginning farmers represent a growing segment of Ag Credit's business. Young farmers are defined as age 35 and younger; beginning farmers are those with 10 or fewer years in farming, ranching or aquatic agriculture experience.

"It's not as difficult to get started now as it was 10 years ago," he said.

Good crop prices from 2008 to 2014 – when Kentucky farm cash receipts hit a record \$6.5 billion – and lower land values after the stock market crashed in 2008 helped make it possible for more young farmers to buy land and get started, Caldwell said.

"Before the stock market crashed, you saw a lot of Central Kentucky farms being developed for home sites, and it was really hard for the farmers to get out there and buy land," he said.

To make sure the co-op is meeting the needs of the young farmer, it recently established the Young Farmers Council to advise the board. The council has a member from each of the 17 counties. The council is assisting Ag Credit with a new educational initiative called Central Kentucky Ag Start, which will help beginner farmers and those interested in learning more about how to get started.

"The council is a great resource for us, and we rely heavily on them," Caldwell said.

The association's goal is to provide affordable, convenient and reliable financial services that cater to the unique needs of farmers and rural families, he said.

Ag Credit has branches in Lexington, Richmond, Paris, Lebanon, Danville and Stanford. In December, the co-op opened a new branch in Frankfort to better serve farmers and rural residents in Franklin and Anderson counties. ■

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



Central Kentucky Ag Credit's Board of Directors, shown here, is comprised of five farmer members and two outside appointees. In the front row, from left, are Chairman Alvin Lyons and Vice Chair Jim Rankin III. In the back row are Jerry Rankin, Joe Myers, Dr. Lionel Williamson, Jim May and Mary-Lynn Hinkel.



Improving Economy Bodes Well for Banking

Business borrowing is rising and Fed rate hikes create space for better loan profits

KENTUCKY banks expect distinct improvement in 2017. Business confidence is improving, enough that many are at last making investments to meet the growing demand they expect – after having stood still for five to 10 years. And there's good news from Washington, where the Federal Reserve has suggested three baseline interest-rate increases this year that would give community bankers some "spread" with which to make better profits on their loans. Also, Congress and the new presidential administration strongly support reforms in banking regulations that have steeply raised compliance costs for banks and made it difficult to qualify borrowers. Housing demand is expected to drive more construction and increased mortgage lending.



Jean R. Hale
Chairman,
President
and CEO,
Community
Trust Bancorp
Inc.

our nation and state, 2017 is expected to be a year of change. Significant change is proposed in tax structure, healthcare, trade and the regulatory environment. The extent and impact remains unknown, but there is optimism in the business community. Improvements in unemployment

"The national and Kentucky economy improved in 2016, and should be stronger in 2017. However, Kentucky's improvement was regionalized: weak conditions continue in east and northeast Kentucky due to loss of jobs and employment opportunities. Workforce retraining is underway, but opportunities must occur for significant change in economic conditions. For

and business activity have brought banks more loan demand and fewer problem loans. However, pressure on our net interest margin will continue as long as the Fed continues to hold interest rates low."



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

"Rising rates signal that our economy is heading in a positive direction in 2017 and this is great news for businesses and consumers. Growing confidence could encourage projects and expansion which is good for everyone. Technology plays a large role in how customers are interacting with money. It's an exciting period in payments history and U.S. Bank is a leader in the field with P2P (person to person) payments. We will continue to see new technologies come into play in 2017 and we are committed to growing our relationships with Fin-tech companies."



Paul Costel
Region
Manager,
JPMorgan
Chase

"Business optimism has risen significantly in the past few months. For the first time since the recession, the majority of businesses are planning to expand their workforces and make new capital investments. However, what we hear from our clients is that as businesses look to invest and expand, most are having trouble finding skilled workers. So, for the past few years JPMorgan Chase has given nearly \$3 million to support the workforce development efforts of the state, the Kentucky Chamber and education leaders throughout Kentucky. Helping people develop their skill set to meet the demands of the workplace results in greater success for individuals, our businesses and our communities."



Thomas F. Eller Jr.
Regional
President,
BB&T

"We see positive indicators for the U.S. economy in 2017, including projected tax reform, infrastructure investment, higher GDP growth, stronger consumer confidence and a strengthening labor market. Our clients are making equipment and personnel investments after being on the sidelines for five to 10 years. While Kentucky will lag the robust growth of major U.S. markets, we expect commonwealth companies to push toward solid growth, espe-

THINKING ABOUT SELLING your car, boat, motorcycle, truck or other vehicle?



Donate it to KET instead!

It's simple. We'll pick up your vehicle for free. You'll receive a tax receipt, and the proceeds will be donated to KET in your name.

You'll also receive a one-year membership to KET, including our monthly program guide VISIONS and extended on-demand access to PBS programs through KET Passport.

Call or go online today and we'll take care of the rest!

► KET.org/vehicle • (800) 710-0538



BANKING OUTLOOK

cially in the manufacturing, construction, healthcare and automotive sectors. Businesses are expanding and advance technologies are being developed here, bringing prominence to the commonwealth. Interest-rate hikes and possible Dodd-Frank regulations relief will likely bolster financial services performance, specifically banking. Banks will make more technology investments to enhance customer experience, are eager to lend to creditworthy borrowers and ready to help drive economic success.”



Tucker Ballinger
President/CEO,
Forcht Bank

The economic outlook for Kentucky continues to show signs of improvement. We’ve seen steady growth across numerous segments, including commercial real estate, small business, consumer and residential lending. It’s widely expected the Federal Reserve will continue its path of increasing rates in 2017. As rates continue to rise, the opportunity for residential refinances will decline, but we anticipate demand for new homes to increase, leading us into a strong purchase market. We are optimistic that with new government leadership, regulations currently hindering the banking industry’s growth will ease, creating an environment for banks to invest more in their products and services, thus providing more options for businesses and consumers. Overall, we are excited for what 2017 holds for Forcht Bank and the commonwealth.”



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

“Kentucky’s economy will continue its slow-growth recovery in 2017. Modest growth will be likely, mostly in the “Golden Triangle” of Central and Northern Kentucky and Louisville. I believe employment will improve, but we are not creating enough middle-income jobs to improve household income for the majority of our citizens. Consumer spending has improved some but has been inconsistent. We are seeing modest housing growth, mostly from sales of existing homes, due to a lack of available land. Apartment construction has been very strong as younger consumers are choosing that option instead. The soft economy is making our banking environment extremely competitive as community banks seek to address consumer and business opportunities.”



John Gohmann
Regional
President
Lexington
Market,
PNC Bank

“Lexington’s economy is on sound footing for 2017 with strong local consumer spending and stability in employment. Education and healthcare continue to be reliable growth drivers making the biggest contribution to employment growth in 2016. The University of Kentucky will contribute to the region’s stability and will support economic growth by supplying educated workers. About 36 percent of the area’s adults hold at least a four-year degree compared to 31 percent nationally. Higher educational attainment increases Lexington’s chances of attracting diverse, high-wage employment.”



Bill Alverson
Chief Executive
Officer,
Traditional
Bank

“As we move into the eighth year following the financial crisis, community banking is going strong. Even in the midst of heavy regulation, mortgage lending has expanded over the past 12 months. By increasing our tolerance for regulatory costs and embracing technologies that serve the needs of our clients, Traditional Bank has been able

to grow our market share relative to commercial banking, providing relationship-based solutions that serve the unique needs of businesses in the Bluegrass. Kentucky’s community banks have adapted well to the current financial climate, setting the stage for healthy growth on the lending front and allowing us to continue to serve the developmental needs of our local communities – which is always a top priority for our bank.”



Bill Craycraft
Market
President, City
National Bank

“City National Bank had an excellent 2016. A \$4 billion publicly traded company with 85 offices in Kentucky, West Virginia, Virginia and Ohio, City celebrated its first year in Central Kentucky and saw growth in commercial and retail lending. City has a very positive outlook for 2017 and expects strong loan growth across the board in Central Kentucky’s diversified and growing economy. Lexington’s hot housing market is the best we’ve seen in years, and our mortgage portfolio puts us in a great position to serve greater Lexington. We have had great success with our Champion Mortgage that has no down payment, no private mortgage insurance, low closing costs and low interest rate options. 2017 should be a great year for the Bluegrass.”



Chuck Denny
Regional
President
Greater
Louisville and
Tennessee,
PNC Bank

"The 2016 economy ended well, and PNC expects Louisville to settle into its long-term growth rate in 2017. With a tight labor market and favorable mix of jobs being created, we expect wage growth to increase. E-commerce is playing an increasingly important role in retail, which is a boon for local transportation firms. Our economy's success in the years to come will be credited to its diverse industrial base of a wide array of large, successful employers from auto manufacturing to education and professional services."



Louis Prichard
President/CEO,
Kentucky Bank

"The U.S. economy is on firmer footing than in prior years. The same can be said of local economies in the markets Kentucky Bank serves. Central Kentucky continues to be stable with GDP growth of around 2 percent in 2016, perhaps increasing to 2.5 percent

in 2017. Unemployment continues to hover around 4.8 percent, and we expect it to remain close to that throughout the year. The Federal Reserve may increase short-term rates two or three more times in 2017. Depending on how often those take place, we are likely to see an increase in interest rates both for commercial and consumer purposes. Kentucky Bank is fortunate to be in 10 stable or growing markets, which have allowed us to grow as we provide needed financial services."



Scott Cvangros
Central
Kentucky
Market
President, Old
National Bank

"The sustained growth of Central Kentucky's diversified service economy was a strong factor in influencing Old National Bank to expand our successful Louisville and Western Kentucky franchises. We believe healthcare and education will continue to provide a stabilizing effect on the region's economy. The recent expansion at Toyota with the Lexus production line, in addition to our continued conversations with business leaders, show real opti-

mism and signs we believe make Central Kentucky a solid marketplace for the foreseeable future."



Mike Ash
Kentucky
Regional
President,
Fifth Third
Bank

"The economy in early 2016 suffered from weak investment in the oil sector, a contraction in manufacturing and the aftermath of rapid rise of the dollar; all those weights by the second half, lifted creating momentum for 2017 throughout Kentucky and the nation. The election results built on that momentum with the prospect of pro-growth fiscal and regulatory policies. Most of the potential policies will accelerate growth from a three- to five-year perspective. Even without legislative change, many regulatory burdens on growth can be eased in the energy and financial sectors. Pro-growth initiatives such as tax reform, repatriation of overseas profits, and infrastructure spending will likely improve business confidence, historically a leading indicator of capital investment, which drives productivity." ■

OFFICE SPACE

AVAILABLE SPRING 2017

20 Restaurants • 60 Retail Stores • Whole Foods • Boutique Hotel
13,000 visitors daily • Abundant Parking

For LEASING information contact:
Jeff@StidhamCommercial.com • (859) 335-6333
thesummitatfritzfarm.com

THE
SUMMIT
at fritz farm

A development by Bayer Properties



W O R K . S H O P . D I N E . P L A Y

OFFICES



A Busy Year with High Expectations

Policy and rising confidence mean GDP growth, but will that push a historic market higher?

KENTUCKY financial advisors foresee a boom year for their services. While a historic bull market's run to all-time highs looks ripe for a correction, many business and public policy indications suggest growth could well continue for at least a couple of years. GDP growth and corporate profits are expected to improve, supported by tax cuts and government spending on infrastructure and military contractors as well as an increasingly confident private sector. 2017 is shaping up to be a busy year with baseline interest rate increases by the Federal Reserve and a wait-and-see game on what business-policy changes finally emerge in Washington and in Frankfort. Those with wealth to manage face an ongoing series of strategic decisions regarding how best to balance their positions while responding to change.



Lou Lemos
Chief
Investment
Officer, First
Kentucky Trust

"Recent economic trends, the possibility of corporate tax reform, a more favorable regulatory environment and increased infrastructure spending all are supportive of a better U.S. business and equity market environment in 2017. While the U.S. market clearly is not as attractively valued as a few years ago, with the P/E ratio slightly higher than the historic average we believe a strong case can be made that the market is not overvalued given the improving corporate earnings outlook and low inflation expectations. We would be less constructive on the U.S. equity market if economic growth showed signs of slowing or inflation expectations moved materially higher. Historically, the P/E multiple of the market is not unduly pressured until inflation approaches 4 percent."



Ernest Sampson
CEO, Private
Client Services

"The economic and political tug of war will continue throughout 2017, having broad long-term effects on the economy. Front and center is tax reform, infrastructure spending, easing regulatory burdens and trade policy changes for 2017. By year's end expect slightly higher interest rates, an overheated labor market and increased costs for goods and services, thus higher inflation. Many believe we were overdue a stock market correction even before the Trump run-up following the election. Predictable are further increases in the market with the possible convergence of historic tax cuts, government economic stimulus and increased military spending. Finally, look for continued overall favorable interest rates with improved availability of money resulting from decreased banking regulations."



Chad Sturgill
Senior Portfolio
Manager,
Unified Trust
Co.

"Economic growth and corporate profits are expected to accelerate this year, and real tax reform will provide an additional boost if Congress can get it done in 2017. Tighter monetary policy and slightly higher core inflation will both serve as minor headwinds for financial markets, but shouldn't be a significant impediment to the economy. Stretched equity valuations leave limited upside for stocks, while bond returns will be restrained in a rising interest-rate environment. Risks to economic growth could include trade wars and additional defections from the European Union."

NPR ROCKS@91.3 | WUKY.ORG
WUKY



MARCH 16 - APRIL 14
Discover more at **WUKY.ORG**





Andy Waters
President/CEO,
Community
Trust Bank
Investment

"We are calling 2017 the year of high expectations. The market appears to be discounting a significant amount of the pro-growth policies that the new administration has promised. We remain confident that an overweight position in equities is appropriate and see high mid-single-digit returns for the year.

We continue to prefer financials as we see them as the primary beneficiaries of rate hikes and stronger GDP growth. However, we do not believe the Fed will implement all three rate hikes in 2017 because of the high level of global debt and its impact on the administration's ability to provide fiscal stimulus. We continue to favor municipal bonds since municipalities benefit from a stronger housing market and healthy economy."



Brandon Gaines
Wealth
Management
Advisor,
Northwestern
Mutual

"Over the next 12 to 18 months, many believe the U.S. economy will push higher and take equity markets with it. Since the recession, I've seen individuals, banks and corporations increase their balance sheets and carefully steer clear of issues. Small businesses are hiring and wages have increased, driving consumer spending.

Although an interest-rate increase by the Federal Reserve could cause an equity market hiccup, our clients know the importance of diversification and having a solid written financial plan that grows and protects wealth from turmoil."



Travis K. Musgrave
Managing
Director –
Wealth
Management,
Merrill Lynch
Lexington

"Global economic growth bottomed the first half of 2016 and began a cyclical upswing that should last several years in emerging markets and at least through 2018 for the U.S. The positive effects of lower oil prices and the strong dollar for U.S. consumers are lifting household spending back to its 3 percent real growth trend. Expect U.S. real GDP growth of 2-3 percent next year with inflation continuing to move slightly higher. Higher nominal growth and the possibility of lower corporate tax rates add to the upside potential for profits. While policy remains the wildcard, we expect consumer and investor confidence to continue rising. We believe wealth management is entering a bull market for advice like nothing we have seen in history."

cent next year with inflation continuing to move slightly higher. Higher nominal growth and the possibility of lower corporate tax rates add to the upside potential for profits. While policy remains the wildcard, we expect consumer and investor confidence to continue rising. We believe wealth management is entering a bull market for advice like nothing we have seen in history."



Tim Yessin
Vice President,
WealthSouth

"Fiscal and monetary policies will be driving forces for financial markets. A more transparent Federal Reserve has telegraphed its intention to raise interest rates three times during 2017, while the new administration shows a mercurial willingness to add or remove regulations. While investors should maintain a long-term view, the short-term outlook certainly presents some risks to portfolios, particularly with equity markets at historically high valuations. Given the Fed's posture, we expect under performance in the fixed-income markets, which tradi-



tionally are havens for risk-averse investors. With current valuations, we could see a correction – at least a 10 percent drop – in equity markets. To mitigate risks, a thoughtful tilt toward defensive equities may offer the best prescription for weathering the uncertainties likely during 2017."



Rod Brotherton
Vice President,
Wealth
Advisor,
Kentucky Bank

"The wealth management outlook could not be brighter. Dow Jones Industrials have climbed from 6,443 in 2009 to 21,115 on February 28, 2017. To ride the wave of tumultuous times surely ahead will require a steady hand. Tried and true methods to balance portfolios should be employed: dividend-paying

stocks, quality bonds and a cushion of cash for emergency buying. Billions have flowed into unmanaged index funds, and those investors may be sorely disappointed in future growth. Once the multitude moves to the latest investment trend, historically, you can be assured they are already "late to the party." It may be beneficial for people in the unmanaged funds to have a conversation with those offering a steady hand and a proven path." ■



Julie Torzewski, MSBC, CFRE
Baptist Health Foundation
Alumna, Spalding University

Real World Application

Master's Degree in Business Communication

Concentrations in:

- Organizational Leadership
- Accounting
- Healthcare Management
- Nonprofit Administration



www.spalding.edu

Online option available

EMERGING LANE

Kentucky's young professionals and creatives



Brittany Martin works with a patient at a diabetes screening as part of her work as an AmeriCorps Vista volunteer.

Brittany Martin, Diabetes Warrior

Young Eastern Kentucky native has a passion for fighting regional problem

NOT every young adult feels compelled to remind Grandma to check her blood sugar, but Brittany Martin, 25, is not a normal young adult. Martin, a Hazard native who is diabetes coordinator for Big Sandy Diabetes Coalition in Prestonburg, works the front lines every day in the battle with diabetes – a disease so prevalent in the region where she was raised.

“We all just think our grandparents get diabetes, but that’s not the case,” Martin said. “Diabetes is especially prevalent in southeastern Kentucky, with an average of 13 percent of adults diagnosed. In Pike County, at least 16 percent of adults have been diagnosed, and an estimated 138,000 Kentuckians are thought to be living with undiagnosed diabetes.”

It’s these numbers, including many in her own family, that ignited a passion in Martin to help others combat the complicated disease.

“I’m the first ever in my family to receive a bachelor’s degree, and I developed a passion for helping people,” Martin said. “I like work that gives me meaning. That’s just really what shaped me. There’s no better feeling than when you’ve helped someone lower their blood sugar. They’re just so thankful.”

That passion drew her to a year of grueling but rewarding post-college work as

an AmeriCorps Vista volunteer. A registered phlebotomist, Martin graduated from the University of Kentucky in 2014 with a dual degree in biology and sociology, and spent most of the voluntary year conducting diabetes screenings, patient follow-ups and educational classes. It ultimately landed her the job at Big Sandy Diabetes Coalition.

Much of her work was supported by grants and training from the UK Center for Clinical and Translational Science (CCTS), which facilitates interdisciplinary and community-engaged health research with a focus on Appalachia. Martin received further funding and research training through the CCTS Community Leadership Institute of Kentucky.

CLIK is a leadership development training program offered by the UK Center of Excellence in Rural Health, the Kentucky Office of Rural Health, and the UK CCTS Community Engagement and Research Program.

‘Skilled leader who loves the community’

“When we were developing CLIK and picturing who potential participants in Appalachia might be, Brittany was exactly who we were hoping to find,” said Fran Feltner, director of the UK Center of Excellence in Rural Health in Hazard. “Her success has added a

skilled leader who loves the community and wants to discover and share evidence-based interventions to bring about health outcome improvements.”

Martin also had to work as a waitress to support herself last year, all while studying for the Medical College Admission Test and Optometry Admission Test. Her ultimate goal is to become a practicing optometrist in a rural community. Most of her work at Big Sandy now revolves around optometry.

“A lot of times patients are so focused on their blood sugar they forget their eyes and teeth,” Martin explained. “Regular diabetic eye exams are needed. They might have diabetic changes in eyes or develop glaucoma.”

The area served by the Big Sandy Diabetes Coalition has a diagnosis rate of 15.2 percent, compared to 10.6 percent statewide. Overall, the state’s Appalachian diabetes rate is 13.6 percent, according to the 2015 Kentucky Diabetes Report. The pre-diabetic rate is roughly 25 percent.

Other Kentuckians “just lump it together with our culture,” she said.

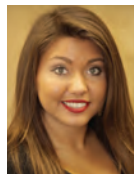
“They think, Appalachia, that’s where all of the problems are – they don’t have jobs, they’re more obese, they have more diabetes. It’s just the status quo for our region: It’s not if you get diabetes, it’s when.”

Big Sandy aims to reduce new cases of diabetes and treat undiagnosed cases.

“We also help people manage their diabetes,” Martin said. “It’s a disease of complications, so we want to help them maintain their blood sugar so it’s not dangerous to their organs.”

The nonprofit also offers many classes and local resources.

“We try to do classes and create a social element to it for accountability so they’re not alone,” Martin explained, adding that it ultimately is a cultural hurdle. “Our culture is very much family based and food based so a lot of the foods that we are accustomed to are fried or extremely carb loaded, or fat and grease. So when you go to your grandma’s, you know that you’re going to eat fried chicken and biscuits or whatever she makes. It’s what’s you’re raised on. You don’t want to hurt grandma’s feelings.” —Abby Laub



Brittany Martin

Dorm Room Style

WKU alumni started their thriving leather business in college

WHEN college students Tyler Jury and Clay Simpson started creating leather products in their Western Kentucky University dorm room in 2012, they didn't know it would ultimately turn into the very successful Clayton & Crume, well known for its university-inspired leather goods. Clayton & Crume has four full-time employees, including Jury and Simpson. *The Lane Report* learned some of their keys to success.



TLR: I hear you started Clayton & Crume in your dorm room, and now you have multiple employees. Did you imagine it growing like this?

TJ: The idea of C&C was first imagined in our dorm room prior to our graduation in 2012. After leaving college and pursuing other ventures, we reconvened that winter and set the wheels in motion for the establishment of our business in December 2012. We knew we enjoyed the craft, but weren't entirely sure where it would go. What we did know is that if we could focus on making a quality product right here in Kentucky, people would most likely enjoy it.



Tyler Jury, left, and Clay Simpson launched the now thriving Clayton & Crume out of their form room in 2012.

TLR: How did you come up with this business?

TJ: I'd be willing to bet that Clay can out-sew most people's grandmothers. He's insane. Our products began with the fraternal and collegiate markets – belts and key fobs fully-backed in leather. As recent college grads at the time, we saw a need for quality, branded goods for our fraternity and university. This initial step led to us experimenting more with leather and developing products as we saw needs in our own lives.

TLR: Now that you're out of school, has the line changed?

TJ: It's been interesting to see our product line follow our career development, with preppy and collegiate-inspired goods to start, then with more of a focus on leather goods as we have progressed professionally. I'm married and Clay is dating, so the ladies' encouragement led to our development of a women's line this past fall. As a homeowner, I'm seeing that influence the direction of some of our newer/upcoming products.

TLR: Did your business hit any economic milestones in 2015?

TJ: We took on our first commercial lease in the popular Highlands neighborhood of Louisville. Having our own shop space, rather than a spare bedroom, to work out of was transformative to our business.

TLR: Where do you see your business in 10 years?

TJ: We'd love to have a small bricks-and-mortar and a large online web presence and solid distribution throughout the U.S. We also are focusing more on larger products like duffels, satchels and furniture, which prove our ability and help us define ourselves as true masters of what we do. We're fortunate to now to have a small team that really believes in our vision.

TLR: Did either of you ever need to get other jobs, in addition to C&C?

TJ: Clay was in sales and I was in dental school when we started C&C. After nearly a year of night and weekend work, Clay went full-time and I was in the shop almost every day after clinic.

TLR: What advice would you give young people who want to start a business?

CS: Successful business aren't built in a night, or a month, or even a semester for that matter. It's easy, while busy with school or another job, to adopt the idea that things will simply fall into place eventually, once there's more time to devote to the business. It's easy to forget that every great temple is built a single block at a time. Every hour spent developing your product or exploring your niche is one step closer to success. Fight for those steps and take them at every opportunity.

2017 Will Be Another Big Year for Bourbon

THIS year is shaping up to be a hot one for Kentucky's signature spirit.

If you've traveled recently between Lexington and Louisville on I-64, you've probably noticed the beautiful new Jephtha Creed facility in the works in Shelbyville.

The new bourbon and spirits distillery will feature grain recipes made from rare heirloom Bloody Butcher corn.

Founded by the Nethery family of Shelby County, Jephtha Creed is a 15,500-s.f. distillery that is situated conveniently close to iconic stops on the Kentucky Bourbon Trail.

In February, Frankfort-based bourbon scene staple Buffalo Trace announced it's considering a \$25 million expansion of its facility in Frankfort. The project would grow the Sazerac Co. operation's barrel storage warehouse to keep up with increased demand.

Government officials have been busy making sure all of Kentucky's bourbon players are competing on an even playing field. U.S. Senate Majority Leader Mitch McConnell, Sen. Rand Paul and Rep. Andy Barr recently reintroduced legislation that corrects a provision in the tax code to ensure that Kentucky's bourbon producers are no longer at a disadvantage with their global competitors.

The Advancing Growth in the Economy through Distilled Spirits Act in the U.S. Senate and the Aged Distilled Spirits Competitiveness Act in the House of Representatives would permit bourbon producers to deduct interest expenses associated with the production of bourbon in the year it is paid. Under current law, interest expenses are not deducted until the bourbon is bottled and sold, which could be anywhere from two to 23 years after aging.

This is good news for distillers on the Kentucky Bourbon Trail Craft Tour, which in February announced two more members with Bluegrass Distillers in Lexington and Boone County Distilling Co. in Independence. There are now 13 distilleries on the tour showcasing the state's micro-distillery sector. Visitors made more than 175,000 stops on the tour last year.

And finally, Heaven Hill in Cox's Creek, the nation's second largest family-owned producer and marketer of distilled spirits, is considering expanding its barrel storage and aging operations in a \$5.55 million investment that would all go towards building construction.



THE LANE LIST

KENTUCKY BUSINESS TAXES

Business operations in Kentucky pay some or all of the following:

Corporation Net Income Tax

Kentucky corporations and foreign corporations are subject to income tax due to a “doing business” standard on the portion of business income earned in Kentucky.

NET TAXABLE INCOME	TAX RATE
\$0–\$50,000	4%
\$50,001–\$100,000	5%
\$100,001+	6%

Limited Liability Entity Tax

LLET applies to C corporations and limited liability pass-through entities (S corporations; limited liability corporations; partnerships; sole proprietorships). Corporations may credit LLET payments towards their Corporate Net Income Tax.

LLET is the lesser of:

- 0.0095 percent of Kentucky gross receipts or
- 0.075 percent of Kentucky gross profits.

The minimum tax is \$175 regardless.

Proprietorships and Pass-Thru Entities

Limited liability entities are exempt from Corporate Net Income Tax; sole proprietors and pass-through entity owners pay state Individual Income Tax on their share of earnings.

Individual Income Tax

NET TAXABLE INCOME	TAX RATE
\$0 - \$3,000	2%
\$3,001 - \$4,000	3%
\$4,001 - \$5,000	4%
\$5,001 - \$8,000	5%
\$8,001 - \$75,000	5.8%
\$75,000+	6.0%

Local Occupational License Tax

Cities, counties and school districts may levy Local Occupational License Tax on local net business profits or gross receipts. Some jurisdictions cap taxes payable annually, exempt lower amounts of profits, or exempt income from outside sales.

See current occupational license tax rates at app.sos.ky.gov/occupationaltax/.

Unemployment Insurance Tax

For new employers, the Unemployment Insurance Tax rate is 2.7 percent on the first \$9,900 in wages per employee (in 2015), increasing \$300 annually until 2022. Kentucky employer UI tax rate tables are set annually based on the balance in the state UI trust fund and individual employers’ reserve account balance ratio.

State and Local Property Tax

Kentucky taxes real and property not exempted by the state constitution or the legislature. State and local jurisdictions may tax Real property (land and buildings), Tangible property (other, including office and computer equipment & furniture) and Finished Goods. Local jurisdictions may not tax manufacturing machinery, raw materials and goods in process.

PROPERTY CATEGORY	STATE (AND LOCAL) TAX RATE	
Real	\$0.122 per \$100 value	(All 120 counties levy a tax, averaging \$0.3064 per \$100 in 2014. More than 400 cities also levy a tax, averaging \$0.2240 in 2014.)
Tangible (varies by type)	\$0.45 per \$100 for business furniture and computer equipment	(Local rates average \$0.3757 per \$100 among 120 counties, and \$0.2863 per \$100 in the 299 cities)
Finished Goods	\$0.05 per \$100	(Local rates vary)
Manufacturing Machinery	\$0.15 per \$100 valuation	
Raw Materials	\$0.05 per \$100 valuation	

Goods-in-Transit Exemption: Property in a warehouse or distribution center to be shipped out of state within six months is exempt from state, city, county and school district property taxes. Fire districts or other special districts may exempt such property.

Kentucky Sales Tax

The tax rate is 6 percent.

There are no local sales taxes in Kentucky. Major exemptions for categories important to business and industry include:

- Machinery for new and expanded industry.
- Raw materials, industrial supplies and industrial tools.
- Items purchased for resale.
- Certified pollution-control equipment.
- Containers, packaging and wrapping materials used in manufacturing.
- Energy and energy-producing fuels costs that exceed 3 percent of the cost of production in manufacturing.
- Industrial supplies and tools used to perform a manufacturing process on another entity’s property.

Utilities Gross Receipts License Tax

• 3 percent tax is levied by over 100 counties on telephone service, water/sewer, gas and electric and cable services to fund local schools.

Learn more at revenue.ky.gov.

Source: ThinkKentucky.com, the Kentucky Cabinet for Economic Development

OPINION

THERE'S NOTHING FREE

Costs – for lunch, libraries or jobs – can be concealed but not eliminated

BY WALTER E. WILLIAMS

It was Nobel laureate economist Milton Friedman who made famous the adage, “There’s no such thing as a free lunch.” Professor Friedman could have added that there is a difference between something’s being free and something’s having a zero price. For example, people say that there’s free public education and there are free libraries, but public education and libraries cost money. Proof that they have costs is the fact that somebody has to have less of something by giving up tax money so that schools and libraries can be produced and operated. A much more accurate statement is that we have zero-price public education and libraries.

Costs can be concealed but not eliminated. If people ignore costs and look only to benefits, they will do darn near anything, because everything has a benefit. Politicians love the fact that costs can easily be concealed. The call for import restrictions, in the name of saving jobs, is politically popular in some quarters. But few talk about the costs. We know there are costs because nothing is free.

Let’s start with a hypothetical example of tariff costs. Suppose a U.S. clothing manufacturer wants to sell a suit for \$200. He is prevented from doing so because customers can purchase a nearly identical suit produced by a foreign manufacturer for \$150. But sup-

pose the clothing manufacturer can get Congress to impose a \$60 tariff on foreign suits in the name of leveling the playing field and fair trade. What happens to his chances of being able to sell his suit for \$200? If you answered that his chances increase, go to the head of the class. Next question is: Who bears the burden of the tariff? If you answered that it’s customers who must pay \$50 more for a suit, you’re right again.

In his 2012 State of the Union address, President Barack Obama boasted that “over 1,000 Americans are working today because we stopped a surge in Chinese tires.” According to a study done by the Peterson Institute for International Economics (tinyurl.com/jdtbktu), those trade restrictions forced Americans to pay \$1.1 billion in higher prices for tires. So though 1,200 jobs were saved in the U.S. tire industry, the cost per job saved was at least \$900,000 in that year. According to the Bureau of Labor Statistics, the average annual salary of tire builders in 2011 was \$40,070.

Here’s a question for those of us who support trade restrictions in the name of saving jobs: In whose pockets did most of the \$1.1 billion that Americans paid in higher prices go? It surely did not reach tire workers in the form of higher wages.

According to the Peterson Institute study, “most of the money extracted by

protection from household budgets goes to corporate coffers, at home or abroad, not paychecks of American workers. In the case of tire protection, our estimates indicate that fewer than 5 percent of the consumer costs per job saved reached the pockets of American workers.”

There is another side to this. When households have to pay higher prices for tires, they have less money to spend on other items – such as food, clothing and entertainment – thereby reducing employment in those industries.

Some people point out that other countries, such as Japan, impose heavy tariffs on American products. Indeed, Tokyo levies a 490 percent tariff on rice imports to allow Japanese rice growers to gain higher income by charging Japanese consumers four times the world price for rice. Therefore, some suggest that Congress should even the playing field by imposing stiff tariffs on Japanese imports to the U.S.

Such an argument differs little from one that says that because the Japanese government screws its citizens, the U.S. government should retaliate by screwing its own citizens.

Putting the issue in another context: If you and I are at sea in a rowboat and I commit the foolish act of shooting a hole in my end of the boat, would it be intelligent for you to retaliate by shooting a hole in your end of the boat? ■



Walter E. Williams is a professor of economics at George Mason University.



Lane.



FasterLane.

Subscribe to the Faster Lane, an online newsletter from *The Lane Report* featuring important business and economic news from across Kentucky, and receive the most current industry news right in your inbox three or more times a week. Sign up today at lanereport.com.

WHERE THE NEWS IS MADE BY THE READERS. **The Lane Report**

fasterlane@lanereport.com



AMP Berea is a free weekly celebration of Appalachian culture in the downtown Artisan Village district of Berea 5-10 p.m. Fridays from July to September.

Handcrafted Heaven

Amble over to Berea to explore Kentucky's arts and crafts capital

BY KATHERINE TANDY BROWN

THERE'S good reason why Berea is known as Kentucky's Folk Arts and Craft Capital. Not only can you peruse and purchase lovely handcrafted treasures here, but its craftsmen share their secrets through classes that teach you how to create your own imaginings.

Located on I-75, this small, folksy town welcomes guests at either of its two interstate exits. Should you hop off at Exit 77, you'll practically drive into the sprawling Kentucky Artisan Center (KAC), an arts and travel resource extraordinaire. A "footprint" of Berea proper, the 25,000-s.f. limestone center is a great place to begin exploring. In addition to statewide arts-related tourism information and trip-planning assistance, this contemporary building features an expansive array of woodcraft, paintings in varied mediums, fiber wearables, hand-thrown pottery, intricate quilts, wrought iron, music, Kentucky Proud edibles and books about the Bluegrass, its history and its folk art.

Plan to stretch your legs, browse awhile and grab coffee and a muffin for breakfast, or lunch on soup, salad, a sandwich or homemade hot lunch at the KAC Café. Be sure to save room for some bourbon bread pudding or Derby pie.

The other exit – 76 – leads straight into this Kentucky Trail Town and several concentrated areas of artists' studios, art-and-craft-rich shops, eclectic eateries and the Berea College campus.

In Artisan Village, a number of studios are marked as those of working artists, where you can witness the fascinating creative process and chat up the creators at their easels, looms, wheels and kilns. Some offer classes, where you can learn to make jewelry, create glass giftware or paint your own ceramics. In the village you also can nibble on Kentucky Proud gourmet fudge, watch musical instruments being crafted (they'll give you lessons, too) and wander through Berea's beautifully renovated 1917 railroad depot, which now houses the town's visitor center.

In the center of town, College Square is the place to find more specialty shops, intriguing galleries, coffee shops and restaurants, including the Boone Tavern Hotel and Restaurant, circa 1909. Built by the college's woodwork department and using student-made bricks, the venerable landmark is known for its Kentucky fare served family style. Dishes that are particularly pop-

ular include the spoonbread and the "chicken flakes in a bird's nest." Order it; you'll love it!

For a lighter meal a few doors down, family-owned Papa Leno's has been serving pasta and hand-tossed pizza to hungry diners for 37 years.

The square is the place to snap up fine Berea College Crafts (BCC), the culmination of 123 years of traditional Appalachian craft making, which forms the backbone of this educational institution. Berea College charges no tuition but requires each student, who must qualify through financial need, to learn a craft and work weekly hours throughout their stay. BCC helped form both the Kentucky Guild of Artists and Craftsmen and the Southern Highlands Craft Guild.

Reflecting the town's principles of embracing interracial culture, sustainability and conservation, the college was founded in 1866 as the Berea Literary Institute. In the 1890s Berea College President William Frost established the institution's Fireside Industries to market crafts made by people at home in the Appalachians, encouraged craftsmen to move to the area, and then founded the Student Craft Industries, which continue today and include woodcrafted items, furniture, broom making, weaving, jewelry and ceramics. His wife, Nellie, conceived the idea that grew into Boone Tavern, which after undergoing an \$11 million renovation, is now a LEED-certified green facility.

The Berea College campus is across from College Square. Student craft studios are open to the public on weekdays for self-guided tours; student-led tours are also available. Student crafts can be purchased several places, including the Log House Craft Gallery, the Shoppe at Boone Tavern and online. You'll want to hoof it around the quaint square and peek into its shops and galleries.

One "don't miss," even if you're not remotely musical, is Warren May Dulcimers. The ever-personable Carroll County native – one of 10 children – is nationally revered and has been making gorgeous furniture and dulcimers (more than 16,000 at last count) for 40-plus years.

Hang around Berea and soak up knowledge at the college's free convocation series, shake a leg at Berea's

contra dances, and tap your toes at ongoing jam sessions. Stay overnight at Boone Tavern, or at one of several bed and breakfast inns near College Square.

Annual events include the 35th annual Berea Crafts Festival, July 8-10, at Indian Fort Theater, a lovely spot nestled in the Appalachian foothills. A short climb up, a rock formation called the Pinnacle affords a panoramic view of Berea and its hilly environs. And the Berea Spoonbread Festival is rife with fun, crafts, music and – of course – luscious eats. This year's 20th celebration takes place Sept. 15-17.

If all this crafts immersion tickles your creative fancy, Berea offers several options for making your own. On an ongoing basis, the HOW Program consists of hands-on workshops for visitors to learn more about trade crafts such as glass blowing, jewelry making, sculpting, stained glass, et al. Another opportunity rolls around each July, this year the 7th through the 23rd, when you can participate in workshops that range from creative writing, dulcimer playing and blacksmithing, to sustainable living, culinary arts and theater in the Festival of Learnshops.

A participant in the 2016 Festival of Learnshops last July in Berea uses a power sanding tool on a craft she was creating.

To make certain visitors have ample options, the Kentucky Guild of Artists and Craftsmen's Visual Arts Academy has weekday and weekend classes taught by their talented members. And just in time to create heartfelt handmade gifts for the holidays, there are the "Make It, Take It, Give It" workshops that last from two hours to 12, depending on their focus, be it jewelry, fiber arts, woodworking or making a Christmas ornament or a Santa. Try your hand at one of Berea's creativity classes. Who only knows? You might unearth a cottage industry of your own.

Find out more about this crafty destination at visitberea.com, where you can download a Berea Travel Planner, or call (800) 598-5263. ■

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



RECOMMEND LEX

Do you love Lexington?
Are you a member of an
organization that hosts annual
meetings or conventions?
Recommend Lexington, KY
for your next event and let us
help you bring it home!

IT STARTS WITH A PHONE CALL.
(859) 233-1221 | (800) 848-1224
VisitLEX.com/recommendlex



Kentucky
UNBROKEN SPIRIT


VISIT LEX

Faith-Based Economic Summit Takes New Approach to Development

OVER the decades, there have been countless conferences and meetings focused on bringing more jobs to the Appalachian region of Kentucky. This past fall, the Kentucky Highlands Promise Zone and SOAR (Shaping Our Appalachian Region) decided to take a new approach: If faith can move mountains, then why can't it create jobs?

That question led to the organization of a faith-based economic development summit, "Jobs Wanted: Faithful Investing in Appalachia's People."

More than 200 people attended the conference in Hazard to find out how faith-based organizations can connect with entrepreneurs, financial institutions and job seekers to make a difference in Eastern Kentucky.

"They have a heart for it," said Sandi Curd, program coordinator for the Promise Zone. "They're already serving the population with the most needs. Many of our best leaders are in these organizations. We want to expand their work in for example food pantries to empowerment building like growing food to sustainable like selling surplus food at the farmers market."

One organization that led a panel discussion at the summit has already figured out how to turn ministry into job creation is Meridzo Center, which is



a client of the Kentucky Innovation Network London office.

Meridzo shared its successes, including how it expanded its ministries to include a development corporation focused on creating jobs. Not only does Meridzo have several sites for religious retreats, it has a coffee shop, fitness center and has expanded into mushroom growing and dulcimer making.

"This summit was greatly needed," said Lonnie Riley, the pastor who is the executive director for Meridzo Center and also serves on the Promise Zone Board of Directors. "It raised awareness of how all segments of society can work together. We are sometimes overlooked because of our religious affiliation, but we are supplying jobs and attracting visitors to the region, which puts new dollars directly into the community."

Together, the four organizations represented at the convening have created more than a hundred jobs and attract thousands of visitors each year through attractions like Meridzo's retreat centers, the Laurel County African American Heritage Center and various area settlement schools.

"The summit provided another opportunity to break down silos in eastern Kentucky," said Jared Arnett, executive director of SOAR. "One group who knows what to do but doesn't have the network to accomplish it; and the other who has the network but is not always informed on how they can help. This was a great step in the right direction in understanding that there is a very human, spiritual side to the work that we do in Appalachia Kentucky."

Safeguarding Against Tax Fraud

TAX season is one of the most common times for identity fraud to take place, making it even more important than ever for consumers to take the proper safety measures.

According to CyberScout, a leading data security and identity-theft protection firm, having a password-protected Wi-Fi connection, two-factor authentication for tax preparation services and an encrypted USB drive for sensitive tax documents are some of the most basic ways to protect oneself. In addition, taxpayers should use the following techniques to protect themselves:

- Always use long and strong passwords.
- Never authenticate yourself to anyone who contacts you online or by phone; the IRS will never contact you by those methods.
- Use direct deposit of refunds into your bank account or a locking mailbox for mailed refunds.
- Monitor and protect your accounts and elements of your personal identity online and in social media. It's easy for hackers to figure out answers to security questions from social media.

"If the worst happens, victims of identity theft should turn to organizations they trust, including their insurance provider, financial services institution, or the HR department of their employer, who offer low-cost or free cyber protection services to protect and restore stolen identities," said CyberScout Chairman Adam Levin.

Celebrating 225 Years of Statehood

KENTUCKY officially celebrates 225 years of statehood this year and to commemorate the occasion, the Kentucky Department of Tourism has launched a new website highlighting the best of the Bluegrass State.

The ky225.com website includes an interactive map of bucket-list ideas to experience across the state, as well as a list of events and information on Kentucky's statehood. Examples include visiting the oldest country store in America, sampling barbecue, visiting Blue Licks Battlefield State Park and other iconic Kentucky experiences.

"Kentuckians take great pride in our state and we want to encourage them to celebrate that in 2017," said Tourism Commissioner Kristen Branscum. "We have compiled ideas and events statewide to inspire participation throughout the entire year."

In addition, travelers are encouraged to share their Kentucky 225 anniversary adventures by using #Ky225. For more information on travel in Kentucky, visit kentuckytourism.com.





A 1962 Corvette that was damaged as a result of a sinkhole cave-in at the National Corvette Museum in 2014 is being restored to commemorate the third anniversary of the disaster. Museum guests will be able to watch the restoration process, often as it is happening.

Corvette Museum Commemorates Sinkhole's 3rd Anniversary

A little over three years ago, on Feb. 12, 2014, viewers tuning in to their morning news witnessed and heard a nearly unbelievable story – a sinkhole had opened inside the National Corvette Museum in Bowling Green, Ky., leaving eight Corvettes lying at the bottom of a deep gaping hole.

Fortunately, the cars and building were the only things damaged since the cave-in occurred in the early morning hours before anyone was in the museum. The story captivated those who watched it, and while the museum initially planned to put the past behind them, the interest in the sinkhole and damaged Corvettes was undeniable.

Last year, the museum commemorated the second anniversary of the international headline-making event with a ribbon cutting for a new exhibit: “Corvette Cave In! The Skydome Sinkhole Experience.” The exhibit features eight sections, from a recap of what happened the day of the sinkhole, the media coverage and pop culture aspect, to the cars themselves, the recovery and repair process, and caves and karst landscapes, leading to a grand finale cave-in experience. After interacting with the display, visitors are led into the Skydome where they can see an outline of where the sinkhole was, an outline of where the cave is and even peer down the 30-foot-deep shaft into the remaining portion of the cave. The exhibit was extremely well received, helping the museum achieve the second highest attendance in its 23-year history.

This year, to commemorate the third anniversary of the event, Corvette Museum officials decided to begin restoring a 1962 Corvette that was damaged by the effects of the sinkhole and has since been on display in the exhibit to demonstrate extent of the damage incurred by the event.

“The car has been on display ‘as-is’ for nearly three years, so we thought to commemorate the third anniversary of the sinkhole, we would start the restoration work on the last Corvette to be repaired,” said Katie Frassinelli, the museum’s marketing and communications manager. “Almost all the work will be performed in-house by Daniel Decker, our vehicle maintenance and preservation coordinator. It’s exciting that guests will be able to see the car come back to life.”

The Corvette was donated to the museum in 2011 by David Donoho, a die-hard enthusiast who saved up enough money to buy the car in high school and ultimately owned it just over 50 years. Donoho was so obsessed, in fact, that he earned the nickname “The Weather Man” because his friends would tease him about how closely he would watch the weather and quickly take his Corvette home when there was a chance of rain.

The Corvette needs about \$15,000 worth of new parts, including a complete front-end assembly, hood panel and windshield, but overall the damage was minor compared to the other cars. Thanks to the generosity of General Motors, all \$25,000 in restoration expenses have been covered. Returning the 1962 to original condition will be a lengthy process, and Decker expects the task to take as long as a year to complete. “It’s a real big honor to be able to do the work, to bring it back to life from the sinkhole,” he said. “We want to do it right. The fiberglass will need to set and cure so it doesn’t shrink later. We want the car to look immaculate.”

DanceBlue Raises \$1.8M for Pediatric Cancer Patients

WITH nearly 1,000 University of Kentucky student participants, DanceBlue – a student-led dance marathon organized to raise money for pediatric cancer patients – this year brought in nearly \$1.8 million in donations.

All of the money raised at the annual 24-hour no-sitting, no-sleeping marathon goes to benefit children with cancer and their families and for cancer research. This year’s event was held Feb. 25.

The event first began in 2006. That year, DanceBlue raised \$123,323 and the amount has increased every year since then. With this year’s total, Dance-

UK photo



Nearly 1,000 University of Kentucky students participated in this year’s DanceBlue dance marathon to raise money for pediatric research and to help children already battling cancer.

Blue has contributed more than \$11.6 million to the Golden Matrix Fund and the DanceBlue Kentucky Children’s Hospital Pediatric Hematology/Oncology Clinic.

“For the last 365 days, students at the University of Kentucky have been on a mission to fight pediatric cancer,” said 2017 DanceBlue Chair Richie Simpson. “They have come together to be a part of something so much greater than any one individual, and for the last 24 hours they have literally taken a stand against cancer. They refused to accept the realities of cancer, and they showed the families in the DanceBlue Clinic they are not alone and will never be alone as they face some of the toughest circumstances life can throw at you. It has been an honor to stand alongside students at the university who are so committed to making a difference and changing the world.”

KENTUCKY PEOPLE

LOUISVILLE: ANGEL'S ENVY DISTILLERY BECOMES THE NEWEST STOP ON THE KENTUCKY BOURBON TRAIL



Angel's Envy, Louisville's newest distillery, also became the newest member of the Kentucky Bourbon Trail experience in February. Kentucky Distillers' Association President Eric Gregory (right) was on hand to present a commemorative plaque to Angel's Envy Distillery leaders to signify their member in the Kentucky Bourbon Trail tour. Pictured with Gregory are (left to right) Bob Gorman, vice president and managing director, Angel's Envy; Dee Ford, brand home manager, Angel's Envy; Louisville Mayor Greg Fischer; and Wes Henderson, co-founder and chief innovation officer, Angel's Envy.

ELIZABETHTOWN: CARL SWOPE NAMED 2017 AUTOMOBILE DEALER OF THE YEAR AT ANNUAL NADA CONVENTION



Carl Swope, president of Swope Toyota in Elizabethtown, was recently named the 2017 TIME Dealer of the Year at the 100th annual National Automobile Dealers Association (NADA) Convention and Exposition in New Orleans. Swope, who oversees six dealerships representing nine brands in Elizabethtown and Radcliff, was selected from a group of 49 nominees from across the country. He is pictured here at the award presentation with his wife, Anne.

LEXINGTON: UK HONORS DISTINGUISHED ALUMNUS, PLACES 2 IN HALL OF FAME

The University of Kentucky's Martin School of Public Policy and Administration recently honored a distinguished alumnus and inducted two new members into the Kentucky Public Service Hall of Fame. Former Kentucky Lt. Gov. Crit Luallen and Merl Hackbart, the first person ever to serve as director of the Martin School in the early 1970s, were welcomed into the hall of fame. Larry W. Gray, president of Baptist Health Corbin was selected as the school's distinguished alumnus for 2016.



Pictured left to right are Martin School Board of Visitors member Mike Ruehling; Kentucky Rep. Sammie Overly, former Kentucky Lt. Gov. Crit Luallen; former Kentucky Gov. Paul Patton; and Martin School Board of Visitors Chair Brad Cowgill.



Pictured left to right are UK Gatton College of Business and Economics MBA Program Director Harvie Wilkinson; Martin School Board of Visitors member Ron Carson; Merl Hackbart; Martin School Professor of Public Policy and Administration Eugenia Toma; and Martin School Board of Visitors Chair Brad Cowgill.



Larry Gray with Martin School award presenter and student Jaronda Williams.



WILLY WONKA & THE DREAM FACTORY

29TH ANNUAL
Dream Factory Gala



DREAM
FACTORY
The Lexington Dream Factory

April 22, 2017 | 6:30 pm to Midnight

R.J. Corman Hangar, Nicholasville, KY

RSVP by April 10, 2017

Lexingtondreamfactory.org or call 859-254-9474



Entertainment by **BURNING LAS VEGAS**

Lexington Dream Factory makes dreams come true for local children ages 3-18 with critical and severe chronic illnesses

We may find a cure for cancer—right here in Kentucky

Dr. Ray Takigiku's company, Bexion Pharmaceuticals has developed a way to kill tumor cells in certain types of cancers while leaving healthy cells intact. And he's doing it in Kentucky.

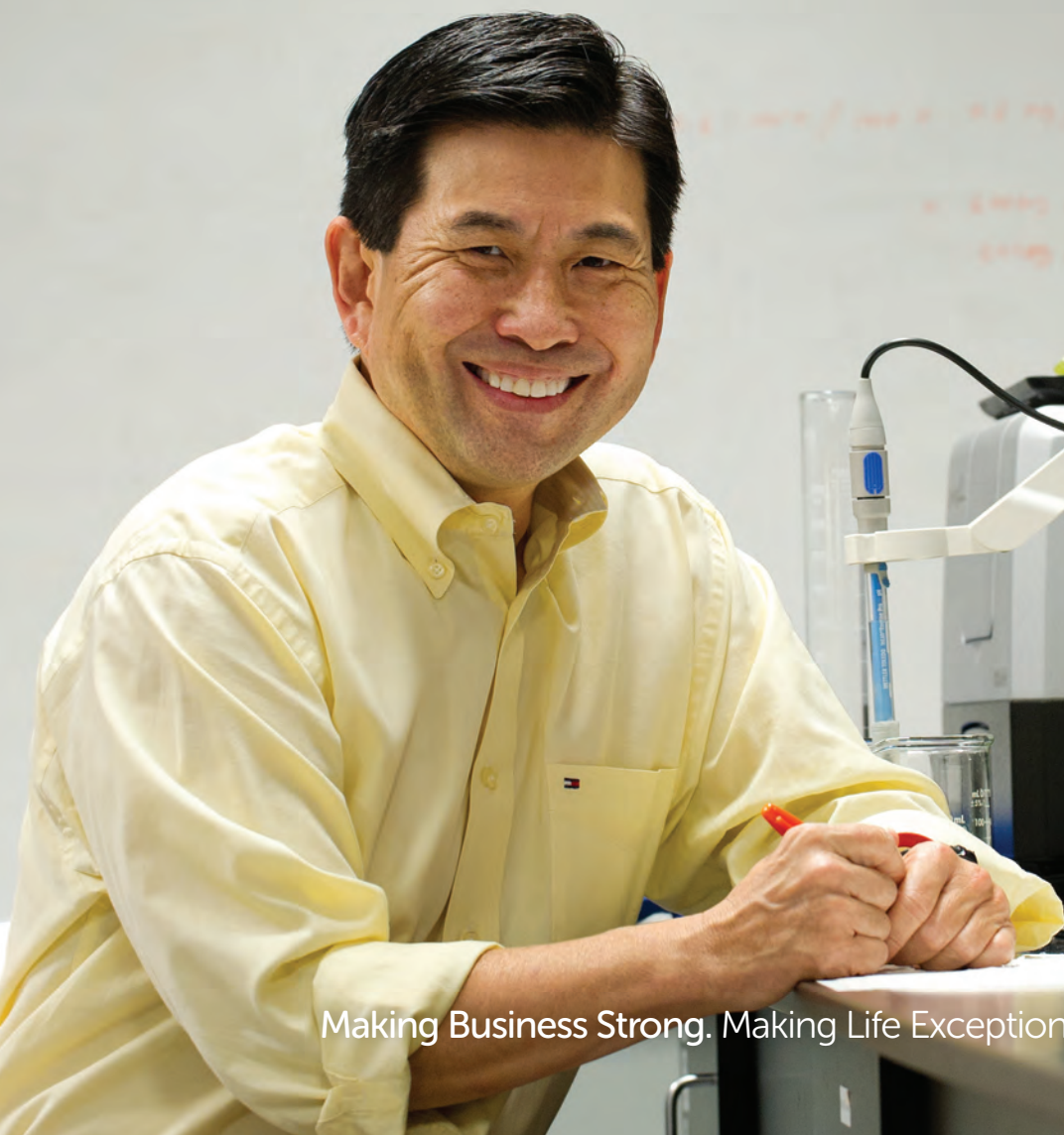
Thanks to Kentucky's strong support, and eight years of research, Bexion now has FDA approval to begin clinical trials. This could someday lead to a cure for cancer.

Kentucky offers a blend of opportunity, innovation and lifestyle. And with some of the lowest cost of living in the country and an abundance of recreational opportunities, Kentucky is growing a reputation as a place where great things happen.

Kentucky makes dreams become reality.

What can we make for you?

(800) 626-2930 • ThinkKentucky.com



Making Business Strong. Making Life Exceptional.

THINK KENTUCKY
Cabinet for Economic Development