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SEPTEMBER 2017

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## TOURIST SEASON GOES YEAR ROUND IN KENTUCKY

Beyond its 'bourbonism' boom, \$14.5 billion hospitality sector grows by giving visitors a taste of the authentic

Page 24



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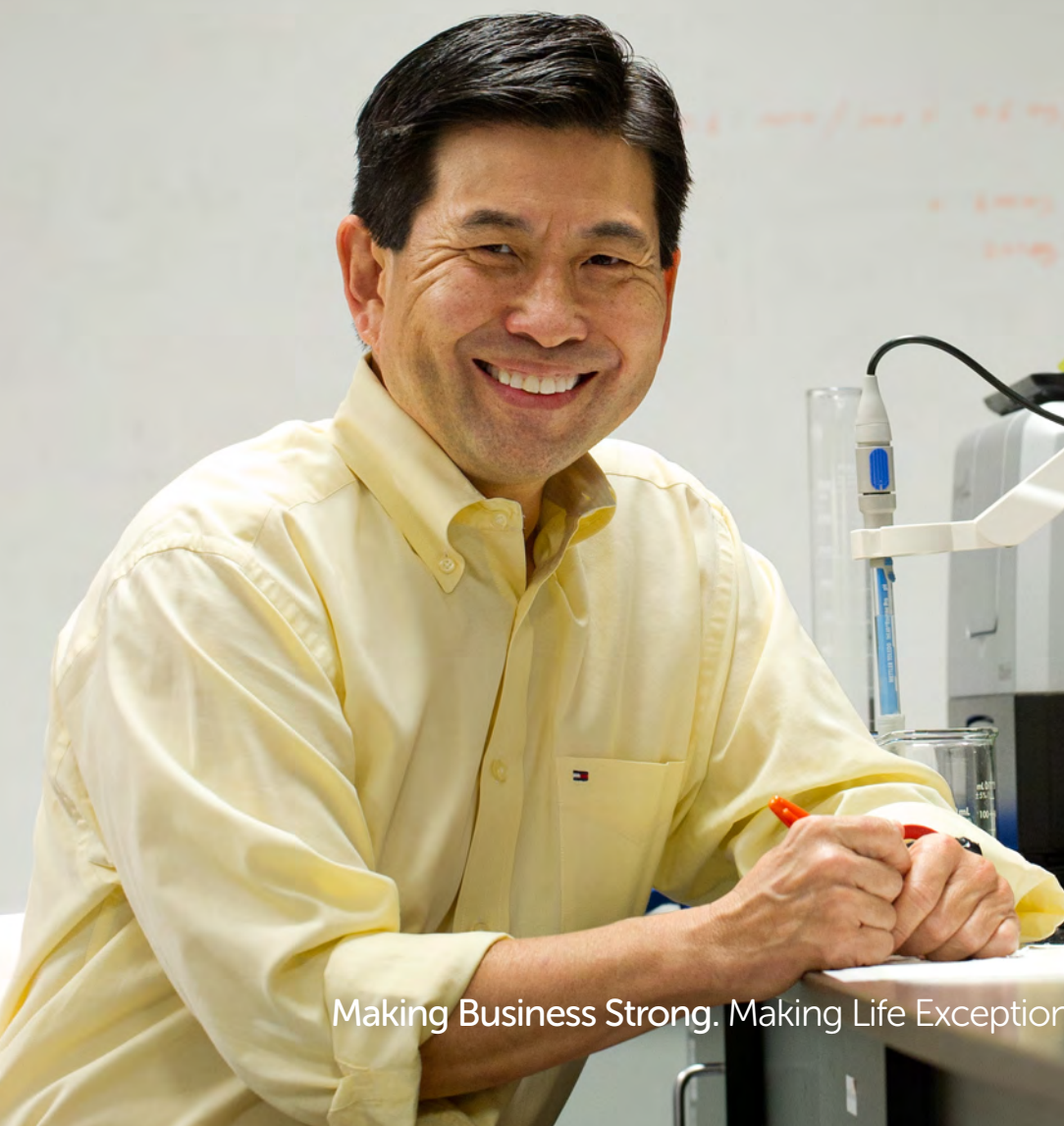
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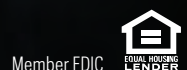
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## PERSPECTIVE

### TAX REFORM GOAL MUST BE GROWTH

Current tax structure has  
left Ky. with broken economy

BY JORDAN HARRIS

**M**OST of us know the centuries-old parable of the boiling toad. If you place a toad in boiling water, the story goes, it will detect the threat and immediately jump out. If you instead place it in lukewarm water and slowly increase the temperature to a boil, it will remain there until it dies from the heat.

For several decades, Kentucky's economy has been a slowly boiling toad.

By the very nature of their business, political leaders often think in short two-, four- or six-year cycles. This makes it easy to recognize and respond when a crisis occurs, but more difficult to see slow erosions taking place over multiple decades. Retrospective economic growth numbers provide a clear picture though – we're nearing the boiling point.

Since 1977, Kentucky's GDP growth has been a pathetic 30 percent below national average, ranking it 44th in the United States. The last decade is equally troubling. The commonwealth's real per-capita GDP growth in the last decade is only 0.3 percent, putting us well behind our neighbors. Tennessee's per capita GDP growth is 2.56 percent in that same period. Indiana is even higher at 4.7 percent.

The immediate next question turns to fixing the problem. To do so, we must first note that the tax structure of a state is the single most important way it dictates the direction of its economy. A nation, which has a central bank, guides its economy through monetary policy and tax policy, with long-standing debates about which is a more important factor. For a state, which cannot produce its own money, it is clearly tax policy.

There are two basic theories about how to shape a tax structure to encourage growth. One theory, known as the Keynesian Theory, believes that increased consumption is the key to economic growth, therefore taxes should be concentrated on production. The other theory offers the opposite view, believing that the production side of the economy should be relieved or even spurred, providing more money for hiring, expanding and innovating, ultimately driving and growing the

economy, thus taxes are focused on what people choose to consume.

Since Kentucky's income and corporate taxes were introduced in 1936, the state has relied heavily on production taxes. Today, the two make up approximately 46 percent of all revenue to the General Fund. When gross receipts and other production taxes are added, the percentage increases to more than half of General Fund revenue.

The broader impact of this structure is evident. Kentucky's household income is 18 percent below national average, ranking it 45th in the nation. Our labor force participation rate as of May 2017 was 60 percent, ranking it 43rd. By virtually every metric, our antiquated structure has given us a broken economy.

Pegasus Institute, the public policy think tank that I serve as co-executive director of, released a plan last month to provide a roadmap for tax reform that can help reverse these trends. We believe that it should eventually be the goal of our state to join the nine other states that don't have an income tax, but understand that a gradual process might be required. For that interim we have proposed what we call the 3-3-6 Plan.

The 3-3-6 Plan will immediately make Kentucky one of the top business climates in America by eliminating the graduated income tax and cutting the top marginal rate in half, to a flat 3 percent. We propose doing the same to the corporate tax rate, also moving to a 3 percent rate. Closing existing sales tax loopholes will help make up for this revenue shift. The sales tax remains at 6 percent, but current exemptions should be curtailed.

This change will give the average Kentucky household nearly \$1,000 in additional take-home pay, allowing them to use their money as they see fit. Equally important, it allows for businesses of all sizes to grow, providing more opportunities for employment, a wider variety of job options, and the hope of upward mobility.

With bold tax reform, Kentucky lawmakers have an opportunity to completely reshape our economy and build a tax structure that exists for the "common wealth" of every Kentucky citizen. Doing so will be the most important economic change in nearly eight decades, and ensure that people at every level are more prosperous in the eight to come. ■



Jordan Harris is founder  
and co-executive director  
of Pegasus Institute.



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# FAST LANE

A compilation of economic news from across Kentucky

## STATE: BEVIN SAYS KENTUCKY IS GOING FULL THROTTLE TO LAND PLANNED \$1.6B TOYOTA-MAZDA AUTO PLANT



Toyota and Mazda are evaluating sites for a new \$1.6 billion automotive plant they plan to build as a joint venture.

KENTUCKY Gov. Matt Bevin says Kentucky will go all out to convince Japanese automakers **Toyota** and **Mazda** that the Bluegrass state is the ideal location for a \$1.6 billion factory that they plan to build in the United States as a joint venture.

The proposed plant is expected to be operational by 2021 and would produce Toyota's **Corolla** model and Mazda crossover vehicles.

With up to 4,000 new jobs at stake, Kentucky will not be alone in fighting for such a high-profile project. Tennessee – already home to **General Motors**, **Nissan** and **Volkswagen** plants –

has said it plans to pursue the project. The same goes for Mississippi, where Toyota already has a Corolla plant and numerous parts suppliers. Of course, Toyota also has a plant in Georgetown, Kentucky, that is undergoing a \$1.3 billion upgrade, a project for which it received \$43.5 million in incentives from Kentucky. Toyota has long been a major player in Kentucky's economy, spawning dozens of businesses that supply parts to the Georgetown plant.

Speaking at the Kentucky Automotive Industry Association's annual conference in Lexington in August, Bevin noted that a 1,500-acre greenfield site in Glendale that is owned by the state would be the perfect location for the plant. Glendale is located along I-65 just south of Elizabethtown.

## BOWLING GREEN: CARTER LUMBER TO BUILD \$10 MILLION MANUFACTURING CENTER AT KENTUCKY TRANSPARK

CARTER Lumber Co., an Ohio-based building materials supplier, is investing \$10 million to locate a manufacturing facility in Warren County.

The new location in the Kentucky Transpark will operate under the **Kight Home Center** division and will produce roof and floor trusses, wall panels and other engineered wood products.

Construction of the 70,000-s.f. facility is slated to begin later this year and is expected to be operational by late 2018 or early 2019, creating 50 new full-time positions.

The manufacturing operation will support existing retail locations, including a **Kight Home Center** and building supply store and a **Kight Kitchen and Design Center**, both in Bowling Green.

"As a family company, we always feel that it is important to expand our offerings in communities we already service and maximize the potential of the area for our business. This new manufacturing facility in Bowling Green is a great example of that," said Jeff Donley, president of Carter Lumber. "This new facility will be a tremendous asset to the growth of our Kight operation and the many builders we service in the area."

Founded in Akron, Ohio in 1932, Carter Lumber remains family owned and has become one of the largest lumberyards in the nation, with locations across 12 states. The company's four branded divisions include Carter Lumber, **Holmes Lumber Co.**, **Kight Home Center** and **Kempsville Building Materials**.



Carter Lumber is one of the nation's largest lumberyards, operating 150 locations across 12 states.

## LOUISVILLE: KKR ACQUIRING PHARMERICA IN \$1.4B DEAL TO TAKE IT PRIVATE

LOUISVILLE-based **PharMerica Corp.** is being acquired by private equity firm **KKR** in a transaction valued at \$1.4 billion.

Under the terms of the agreement, PharMerica – a national provider of institutional pharmacy, specialty infusion and hospital pharmacy management services – will be acquired by a newly formed company controlled by New York-based KKR, a leading global investment firm. **Walgreens Boots Alliance Inc.**, one of the largest retail pharmacy health and wellness companies in the United States and Europe, is a minority investor in the new company.



PharMerica's customers are institutional healthcare providers, such as skilled nursing facilities, assisted living facilities, hospitals, individuals receiving in-home care and patients with cancer. The company currently operates 96 institutional pharmacies, 20 specialty home-infusion pharmacies and five specialty oncology pharmacies in 45 states.

PharMerica CEO Gregory Weishar said the acquisition will offer substantial benefits to PharMerica's clients and employees.

"With the support of KKR and a strategic partner in Walgreens Boots Alliance, PharMerica will have additional resources and expertise to advance and grow the business," said Weishar.

Walgreens Boots Alliance Co-Chief Operating Officer Alex Gourlay said the acquisition presented his company with the opportunity to expand into a growing segment and through a national footprint.

The transaction is expected to be complete by early 2018.



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## BUSINESS BRIEFS

### ASHLAND

■ **Kentucky Power** has launched a program to strengthen and upgrade its regional power grid over the next five to seven years. The Eastern Kentucky Transmission Program will replace aging equipment to ensure reliable electric service for its customers in Bell, Clay, Knox Leslie and Perry counties. The first of the projects is a \$30 million improvement for Perry and Leslie counties and the city of Hazard that includes rebuilding 7 miles of transmission line and making upgrades to additional transmission facilities. The work will reduce the likelihood of outages and decrease restoration times. Kentucky Power, an operating company of **American Electric Power**, provides electric service to approximately 168,000 customers in 20 counties of Eastern Kentucky.



### BOWLING GREEN

■ A new **community kitchen and culinary incubator** is scheduled to open this month near downtown Bowling Green, providing rentable space and commercial appliances/equipment for entrepreneurs interested in opening or expanding a food-related business. The building, which was once home to the **Taylor Chapel AME Church** and has been renovated to house the new community kitchen, will be available to rent for functions such as wedding receptions. It will also serve as the winter home of the SoKy farmers market, enabling vendors to market their goods year-round.

■ **Commonwealth Health Corp.**, parent company of **The Medical Center**, has acquired **OrthopedicsPlus Physical Therapy**, a private company that has seven locations throughout Bowling Green, Brownsville, Elkton, Morgantown, Russellville and Scottsville. The acquisition will allow **Med Center Health**, Commonwealth Health's flagship brand, to enhance its existing rehab services and expand its sports medicine and occupational medicine programs. Med Center Health has hospitals in Bowling Green, Albany, Caverna (Horse Cave), Franklin and Scottsville.



### CAMPBELLVILLE

■ Automotive supplier **Murakami Manufacturing U.S.A. Inc.** is investing more than \$2.7 million to build a new warehouse at its campus in Taylor County. The company, which produces rear and side-view mirrors for the auto industry, is adding 50,000 s.f. to its current facility to consolidate storage, increase manufacturing capacity and streamline product flow. The expansion is expected to be completed by March 2018 and will add 20 new jobs to the existing 256-member staff.

### EDGEWOOD

■ **St. Elizabeth Healthcare** has signed a letter of intent to create a new laboratory joint venture with **TriHealth**, a Cincinnati-based healthcare system. The partnership will bring together TriHealth's Oak Street outpatient laboratory operations with St. Elizabeth's Edgewood outpatient laboratory operations to form a single regional laboratory organization at St. Elizabeth's facility in Edgewood that is expected to be in operation by May 2018. St. Elizabeth CEO Garren Colvin said the collaboration will allow the two healthcare entities to "employ some of the most advanced technology in the country, standardize practices, and ultimately provide faster turnaround times."



■ **HealthSouth Northern Kentucky Rehabilitation Hospital** has broken ground on a multimillion-dollar expansion that will add 11 beds and a new therapy gym as well as about 30 new jobs. The hospital provides comprehensive rehabilitation services to patients recovering from debilitating illnesses or injuries such as stroke, brain injury, spinal cord injury, hip fracture and amputation.

### EDMONTON

■ **Cumberland Agricultural Management**, a company that specializes in agricultural reclamation services, has opened a new facility in Edmonton. The 12,000-s.f. facility recycles reclaimed material into marketable products such as cosmetics, animal and pet feed, and leather goods.

## EASTERN KY: FORMER COALFIELDS BEING DEVELOPED FOR RECREATIONAL TOURISM

TWO Eastern Kentucky projects are receiving nearly \$4 million from the Kentucky Energy and Environment Cabinet's Division of Abandoned Mine Lands (AML) program to help revitalize coalfields in the state's Appalachian region.

The **City of Prestonsburg** has been given preliminary approval for a \$1.95 million grant towards the development of its Prestonsburg-to-David "Rails to Trails" project. In addition, **Royalton Trail Town Inc.** has been preliminarily approved for a \$1.9 million grant for the development of a campsite/recreational area on a 15-acre tract in Royalton that lies along the Dawkins Line Rail Trail and the Licking River.

The "Rails to Trail" project will acquire old **CSX** rail lines to develop trails from Prestonsburg to David, including a Levisa Fork water trail beginning at the **Middle Creek National Battlefield**.

The Royalton Trail Town Development project will include campsites with cabins for rent and horse barns. The project is designed to spur economic development and recreational growth in Magoffin County and the three-county area directly impacted by the 36-mile Dawkins Line Rail Trail.

Both projects are part of Kentucky's \$30 million portion of the federal AML pilot program, first funded in 2016 through the U.S. Office of Surface Mining and Reclamation Enforcement, to help revive communities in coal-producing states hardest hit by the downturn of the coal industry in recent years.

Another recently approved AML project includes nearly \$2 million to develop trails for horses and off-highway vehicles in Breathitt County, along with both primitive and RV campsites.



## SOUTH-CENTRAL KY: WALMART KY STORES TO TEST NO CHECKOUT SHOPPING APP



Walmart's Scan & Go technology utilizes an in-store device (shown here) or customers can download an app on their smartphone to scan and pay for in-store items.

**W**ALMART has selected stores in Franklin and Russellville to begin testing its new "Scan & Go" technology, a concept that allows customers to scan items as they shop in-store and skip the traditional checkout line.

To utilize Scan & Go, customers can either download the app on their

mobile phone and open the app inside Walmart or use devices available in the store. They then scan the barcode of each item they want to purchase and place it in the cart; the app keeps a running total of the items. Checkout and payment are available through the app. To complete the purchase, customers show the receipt on their phone to a Walmart employee on their way out.

The Franklin store is also testing a pickup tower, which functions like a high-tech vending machine and can fulfill a customer's online order in less than a minute. Customers choose from items available on Walmart.com from their computer or smartphone, and select the pickup option at checkout. When customers visit the store with the tower offering, they scan a barcode sent to their smartphone at the pickup tower to receive their order. Walmart is also offering a discount for customers who pick up online orders in stores.



## BARBOURVILLE: CITY UTILITY INSTALLING GIGABIT-SPEED FINAL-MILE INTERNET



*In August, trucks arrived in Barbourville carrying more than 90 miles of fiber optic cable that will be installed in four phases over the next nine months.*

A new fiber optic cable network is being installed in Barbourville that will bring internet download speeds of up to 1 gigabit per second to more than 4,000 **Barbourville Utilities** customers.

The new service, named **Blink** – Barbourville’s gigabit link – is one of the first gigabit internet services to be

introduced in Kentucky. The 1 Gbps download speed – or 1,000 megabits per second – is more than 100 times faster than the current, standard Barbourville Utilities internet service.

In addition to hanging fiber, Barbourville Utilities representatives will go door-to-door during each phase to upgrade existing equipment at individual customers’ homes and businesses. The equipment upgrade is being provided at no cost to customers.

A news release announcing the new service notes that “the city of Barbourville is no stranger to pioneering development and technology. In 1750, our city was home to the first settler’s house in the state. In the 1950s, Barbourville was the first city in the United States to introduce cable television. And in the 1990s, Barbourville established one of the first internet cable modem systems in the country, and earned the distinction of ‘One of the 6 Best Wired Towns in the U.S.’ from Yahoo.”

## BUSINESS BRIEFS

### ELIZABETHTOWN

■ Louisville-based **Baptist Health** has agreed to sign a letter of intent to acquire **Hardin Memorial Hospital** in Elizabethtown, where it has provided management services for the county-owned hospital and its health system for some 20 years. Under the terms of the proposed transaction, Baptist would acquire all assets of HMH and, in return, would commit significant capital for reinvestment into the healthcare system and make an additional monetary commitment to Hardin County. Baptist Health currently owns and operates nine hospitals throughout Kentucky and southern Indiana.



### ERLANGER

■ The **Building Industry Association** (BIA) of Northern Kentucky’s **Enzweiler Building Institute** has formed a partnership with **Gateway Community and Technical College** that allows graduates of the BIA electrical program to accelerate their career through Gateway’s associate degree programming. “Our

traditional earn-while-you-learn evening adult postsecondary students historically rarely consider additional education outside of licensure attainment or hands-on skills-based training that our institute offers,” said BIA Executive Vice President Brian Miller. “By including Gateway credit into the institute, we believe we have a better chance to not only fill the tens of thousands of regional construction workers we are going to need in the next 10 years, but the thousands of construction managers we will need to provide the region.”

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## BUSINESS BRIEFS

### FLORENCE

■ **VanTrust Real Estate**, a Missouri-based real estate development company, is building a new 540,000-s.f. speculative distribution center in Florence to help meet increased demand for leasing space in Northern Kentucky. The structure, which is being built by Fort Mitchell construction management company **Paul Hemmer Co.**, will be situated on land adjacent to the **Cincinnati/Northern Kentucky International Airport**. The project is slated to be complete by January 2018.

### FRANKFORT

■ **Hayashi Telemu North America** has announced plans to expand its Frankfort plant, where it produces automotive interior parts for the **Toyota** plant in Georgetown as well as nearby **Subaru** and **Honda** facilities. The expansion will add 100 new jobs to the existing 150-member staff and will include bringing employees from the company's plants in Ohio and Michigan in addition to hiring local candidates. The company also plans to relocate a sales branch in Lexington to Frankfort.

### FRANKFORT

■ **DMD Data Systems Inc.** has completed a renaming and rebranding initiative to become **Volta Inc.** In late 2016, after a change in majority ownership from Dave Seigny to Marshall Butler, DMD's shareholders felt it was time to rebrand with a new identity that reflected "the spirit of the current technological age and its new leadership."

### HARRODSBURG

■ **Campbellsville University** has broken ground on a new building at its Harrodsburg campus to help accommodate its growing student population there. The new 4,500-s.f. facility will house classrooms, offices and a multipurpose chapel. The university's **Conover Education Center** offers undergraduate and graduate programs in general education, Christian studies and business administration as well as cosmetology and allied-health certificate programs.



### HAWESVILLE

■ The **Southwire Kentucky** plant near Hawesville is slated to undergo \$30 million in upgrades over the next five years, on top of a recent \$7 million investment that went toward technology improvements and new equipment. The \$30 million investment will further improve automation, efficiency and safety at the aluminum-wire manufacturing plant to ensure that the plant stays competitive. The facility opened in 1969 and currently employs around 400 workers.



### HEBRON

■ The **Cincinnati/Northern Kentucky International Airport** is undergoing a \$6 million makeover to upgrade the airport's terminal and concourses. The project includes more energy-efficient lighting, new carpet and wall treatments, and improved signage. The project will be completed in six phases by spring 2018 with an emphasis on minimizing disruption to passengers.



■ **WOW Air**, Iceland's low-cost transatlantic airline, will begin flying out of the **Cincinnati/Northern Kentucky International Airport** beginning next May, offering flights to Europe via the **Keflavik International Airport** in Iceland. Flights out of CVG will operate four days a week and will provide one-stop, low-cost service to more than 20 destinations across Europe, Israel and the Canary Islands.

### HIGHLAND HEIGHTS

■ **Northern Kentucky University** has added three new transdisciplinary degree programs that will begin being offered this fall. Diana McGill, dean of the NKU College of Arts and Sciences, said the new bachelors degrees in environmental science, mechatronics engineering technology, and neuroscience will help meet the current high demand for professionals in those areas.

## STATE: SMALL BUSINESS DEVELOPMENT CENTERS PRODUCING STRONG RESULTS

**A**N independent study has found that the **Kentucky Small Business Development Center** continues to make a significant positive impact on Kentucky's economy.

Part of the **University of Kentucky College of Agriculture, Food and Environment**, KSBDC is a network of 12 offices located throughout the state. The center helps existing and start-up businesses succeed by offering high-quality, in-depth and hands-on services.

The study, conducted by James J. Chrisman, professor of management at **Mississippi State University**, found that for every dollar invested in KSBDC, \$3.03 is returned to the economy. And, for every dollar invested directly into counseling services, the return is \$10.13.

The study found that during the 2015-2016 years, KSBDC clients:

- Created 1,927 jobs.
- Generated \$88.6 million in incremental sales.
- Yielded \$10 million in tax revenue (\$3.5 million from established business clients and \$6.5 million from pre-venture, new businesses).
- Obtained \$82.8 million in financing (compared to \$58.9 million in previous years).

## STATE: KY CHAMBER OF COMMERCE 2017 STATE CHAMBER OF THE YEAR FOR U.S.

**T**HE Council of State Chambers, the professional association for the nation's state chambers, has named the **Kentucky Chamber of Commerce** as the State Chamber of the Year.

The annual competition is designed to highlight best practices among state chambers of commerce. Entries were judged in six categories: public affairs, political action, communications, membership development, membership services and organizational development.

The Kentucky Chamber was commended for the success of its business agenda during the 2017 **General Assembly**, the creation of the **Kentucky Chamber Workforce Center**, and for being the first chamber in the country to create its own news bureau with a professional reporter to produce state government news content for a business audience. The news site, **KyChamberBottomline.com**, also serves as the Frankfort bureau of *The Lane Report*.

Pennsylvania was the first runner-up, with Nebraska named as the second runner-up.

"This is great recognition for our organization, our 60-member board of directors made up of the top business leaders of Kentucky, and our staff of 30 professionals at our headquarters in Frankfort," said Chamber President and CEO Dave Adkisson. "Our slogan is 'Uniting Business, Advancing Kentucky'. Our team is passionate and works hard every day to create progress for our commonwealth."



*Staff members of the Kentucky Chamber of Commerce celebrated the chamber being named as the Chamber of the Year by the Council of State Chambers.*

*Pictured here are (left to right) Katie Krebs Shanks, Hilary Morgan, Kelly Cinnamon Wolf, Ashli Watts, Dave Adkisson, Jacqueline Pitts, Aimee Hiller and Travis T Burton.*



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## BUSINESS BRIEFS

### LEXINGTON

■ A new restaurant has opened in Lexington that is the first “social enterprise” restaurant in the city, according to owner Rob Perez. **DV8 Kitchen** is a fast-casual concept that is also committed to hiring and training people who are trying to redirect their lives after dealing with substance abuse. Perez, who is also the owner of Lexington’s **Saul Good Restaurant & Pub**, says one third of the staff at DV8 Kitchen will be employees trying to “deviate” from their past lifestyle. In addition to offering employment, the restaurant will provide workshops designed to pass along basic life skills and knowledge to help employees become successfully employed in any field.



■ The **University of Kentucky** has opened two new residence halls, the latest phase of a campus transformation designed to create a modern housing system at the state’s flagship university. **University Flats** is a seven-story building that provides separate living communities for upper-level undergraduate students, and graduate

and professional students. It provides 771 beds in 312 apartments in various styles and sizes, from studios to four bedrooms. **Lewis Honors College** houses 350 students in a live-learn environment and serves as a learning nexus for UK’s top-tier students.

■ The **University of Kentucky’s Albert B. Chandler Hospital** ranks as the No. 1 hospital in the state, according to the latest annual listing produced by **U.S. News & World Report**. In addition, four major healthcare areas were ranked in the top 50 nationally, with UK coming in at No. 37 in diabetes and endocrinology; No. 43 in geriatrics; No. 44 in neurology and neurosurgery, and No. 50 in cancer.

### LOUISVILLE

■ The **Sullivan University System** board of directors has voted unanimously to merge the system’s three individual educational institutions – **Sullivan University**, the **Sullivan College of Technology and Design (SCTD)** and **Spencerian College** – into a single entity that will be known as Sullivan University. Sullivan University Chancellor A.R. Sullivan, who founded the school with his father in 1962, said bringing the schools under a single brand will “offer efficiencies, save resources and eliminate some current redundancies.”



■ **Menards**, a Wisconsin-based hardware and home improvement retailer, has purchased 34 acres in Louisville with plans to build a 207,000-s.f. store. The new location, which will be situated at the southeast corner of Preston Highway and Cooper Chapel Road, will be the company’s first Louisville store. Menards currently operates a store in Owensboro and has another location planned for Elizabethtown.



■ Louisville-based **Republic Bank** has launched a new aircraft lending division for individuals interested in buying aircraft, refinancing a previous purchase or needing to finance engine overhauls and avionics upgrades. Personal aircraft loans are available in amounts ranging from \$55,000 to \$500,000, with terms up to 20 years.

■ **Buffalo Construction** has purchased a 35,000-s.f. building and 4.1 acres in Louisville’s Blankenbaker Station Business Park for approximately \$3.6 million. The commercial construction company plans to occupy the space this fall.

## LOUISVILLE: MCM ANNOUNCES MERGER WITH INDIANAPOLIS ACCOUNTING FIRM

**MCM CPAs & Advisors**, a Louisville-based regional accounting firm, has entered the Indianapolis market with the acquisition of CPA practice **K. B. Parrish & Co.**

“It has been a long-term strategic goal of the firm to continue growth up the I-65 corridor and into Indianapolis,” said MCM Managing Partner Diane Medley. “Our industry and consulting expertise are great fits for the Indianapolis market, and by adding new members of the K. B. Parrish & Co. firm to our existing team, we’ll be able to continue raising the bar for all of our clients, with more expertise, more capabilities and more resources.”



Prior to the acquisition, which was effective Aug. 1, MCM had nearly 350 employees across five offices across Jeffersonville, Indiana; Louisville and Lexington, Kentucky; and Cincinnati, Ohio. Approximately 30 KBP employees, including four partners, have joined MCM as a result of the merger.

Founded in 1952, K. B. Parrish & Co. is the 17th largest accounting firm in Indianapolis and serves a variety of client types, from closely held businesses to large corporations. The firm has had a strong focus in four core industry niches – auto dealerships, real estate, not-for-profits and employee benefits – that dovetail with MCM’s current practices in those key areas.

## HENDERSON: AUDUBON METALS ADDING MORE SPACE, JOBS TO MEET DEMAND

**AUDUBON Metals** is investing more than \$8.3 million to expand its plant in Henderson, where it produces metal parts for a variety of industries.

Audubon is building a 21,000-s.f. addition to its existing facility, enlarging it to more than 333,000 s.f. The project will create additional space for a fifth reverberatory furnace for aluminum smelting and will include an extension of the ingot-casting line, expansion of a production storage building, and a new warehouse.

“Since our Henderson aluminum smelting operation began in 1996, Audubon Metals LLC has steadily grown its market share in providing quality products to the secondary aluminum die-casting industry,” said Audubon Metals President and CEO Jim Butkus. “This project will expand and diversify our product mix, and give us the required capacity to grow and enter new markets.”

Using shredded automotive metal, Audubon separates, dries, melts and blends aluminum alloys to meet the specifications of individual customers. Diecasting companies throughout the Midwest use Audubon’s ingots to produce automotive parts, lighting and metering equipment, appliances and small-engine components.

Audubon, a subsidiary of Evansville, Indiana-based **Koch Enterprises Inc.**, opened the Henderson facility with 55 employees and a monthly capacity of 7 million pounds. It now employs 270 and can produce more than 30 million pounds monthly. The expansion will create 39 new full-time positions.

Kentucky’s aluminum industry has seen significant growth in recent years as automakers, seeking higher fuel efficiency, turn to lightweight aluminum components including body panels, mechanical components and housings. Since 2015, Kentucky has announced more than \$2 billion in aluminum-related corporate investment and about 2,100 new full-time jobs.



## LEXINGTON: UK LAUNCHES KY'S FIRST MASTER OF FINANCE DEGREE PROGRAM

**T**HE University of Kentucky's Gatton College of Business and Economics has launched the state's first Master of Science in Finance degree program.

"There is a great need for highly trained finance professionals in our commonwealth," said Mark Liu, associate professor of finance in the Department of Finance and Quantitative Methods, who will direct and teach in the program. "Our objective is to place students in a position to become employed in the finance industry, which offers significant, well-compensated career opportunities."

The 10-month, 10-course curriculum is not only for finance or business majors; there are no specific course prerequisites other than college-level math and introductory statistics.

The signature course of the new MSF program is Finance 685: Investment Practicum, which continues over the entire 10 months. Students will manage \$5 million of real money, making all buy/sell decisions on U.S. stocks and gaining first-hand money-management experience.

"Our MSF graduates will be perfect candidates for portfolio managers at mutual funds, hedge funds, pension funds or other asset management companies," Liu said. "They also will be in the market for positions in corporate treasury departments and financial institutions."



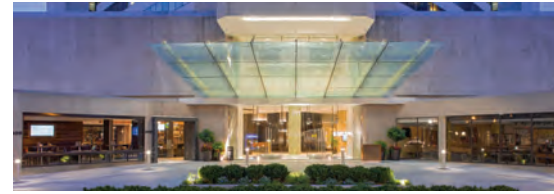
*Mark Liu will direct UK's new Master of Science in Finance degree program.*

## BUSINESS BRIEFS

### LOUISVILLE

■ The Hyatt Regency hotel in downtown Louisville has been sold by an affiliate of Hyatt Hotels Corp. to Pennsylvania-based Roch Capital Inc.

for nearly \$50 million. The 19-story hotel, which includes 393 rooms and 26,000 s.f. of upscale meeting space, is currently undergoing a \$200 million renovation and expansion. Dallas-based Aimbridge Hospitality has been chosen to manage the hotel.



■ The University of Louisville is launching its first 100 percent online certificate program this fall. The certificate in accounting is for those who have a non-accounting bachelor's degree and want to pursue an accounting career without completing a second undergraduate degree and is designed to help working professionals enter the accounting field or advance into managerial or executive positions. Students who earn the certificate will have enough accounting credit hours to sit for the CPA exam in Kentucky.

■ Construction is now underway on Riverport Landings, a new 36-acre residential development in southwest Louisville that will feature housing geared toward seniors, single-parent families and young adults who have moved out of the foster system. Riverport Landings is a joint venture between Marian Development and LDG Development – two of the nation's largest developers of affordable housing – and will also include retail services, a 2.5-acre community park and other amenities. Construction is expected to be complete by January 2019.

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## BUSINESS BRIEFS

### LOUISVILLE

■ **GE Appliances** is moving production of its **Zoneline** hotel air conditioners from Louisville to Tennessee, where the company is investing \$9.3 million to expand its plant in Selmer. The expansion in Selmer will create 210 jobs – doubling the plant's workforce – with about 140 of those being moved from Louisville. The Selmer plant, which is approximately 90 miles east of Memphis, also produces GE's **Monogram** line of refrigerators and freezers.



■ **Apellis Pharmaceuticals Inc.**, a Louisville-based clinical-stage biopharmaceutical company that focuses on the development of treatments for autoimmune diseases, has closed on \$60 million in Series E preferred stock financing that will enable the company to move forward with clinical trials to test a treatment of paroxysmal nocturnal hemoglobinuria, a rare blood disorder. The funding will also help advance testing on treatments for autoimmune hemolytic anemia and geographic atrophy, an advanced form of age-related macular degeneration.

■ **Weller Equity Partners**, a Louisville-based company that invests in lower-middle market companies throughout the mid-South, has acquired a majority state in **Vogt Ice**, a Louisville supplier of ice equipment. Vogt revolutionized the commercial ice-making industry in 1938, when it built the first tube-ice machine. Prior to that time, ice was made only in block form. Today, Vogt designs, manufactures and distributes heavy-duty ice-making machines, chillers and parts to commercial and industrial customers worldwide. Vogt Chairman and CEO J.T. Sims said the recapitalization and partnership will help the company expand its distribution and product offerings.

■ Louisville biotech firm **The Exscien Corp.**, in conjunction with the **LSU Health New Orleans Cardiovascular Center of Excellence**, has been awarded a \$3.7 million grant from the **National Heart, Lung and Blood Institute**. The funding will be used to study a new class of drugs that repairs DNA damage to reduce cardiac tissue injury and improve outcomes in cardiovascular diseases.

### MORGANTOWN

■ **Stratus Plastics International** is investing \$4 million to locate a new manufacturing factory in Morgantown. The privately held Canadian company is purchasing a 165,000-s.f. facility to house its first Kentucky operation, creating 29 full-time jobs. The facility will focus on supplying the automotive and appliance industries in the Southeast and Midwest and will operate as **Stratus Plastics KY**. Stratus supports multiple Tier 1 automotive suppliers as well as nonautomotive customers. Its Windsor operation employs more than 30 people and offers a wide range of injection-molding abilities at its headquarters as well as state-of-the-art machining, 3D printing, robotics and auxiliary processing equipment.

### NORTHERN KENTUCKY

■ A new community foundation has been formed in Northern Kentucky to help fund key community needs and programs in the region. The goal of **Horizon Community Funds of Northern Kentucky** is to increase philanthropic giving by Northern Kentucky individuals, corporations and organizations to build a public charity resource base. The foundation will focus on helping break the cycle of poverty, supporting the arts, sparking development and innovation, enriching education, and improving the health and wellness of Northern Kentucky. The primary service area will be Boone, Campbell and Kenton counties of Northern Kentucky.



### OLDHAM COUNTY

■ **Ashbourne Farms**, a third-generation, 2,000-acre working farm near La Grange that is listed on the National Register of Historic Places, is restoring a barn to serve as a new event venue. While farming and land conservation will remain at the core of the farm's business, the renovation of the 15,000-s.f. "show barn" and surrounding lawn will add a new branch to the business. The venue will have the capacity to host weddings and corporate events, including chef-driven dinners using Ashbourne's own farm-to-table fare.

## LOUISVILLE: XLERATEHEALTH SELECTS 8 STARTUPS FOR ACCELERATOR PROGRAM

**XLERATEHEALTH**, a Louisville-based accelerator for early-stage healthcare companies, has selected eight companies to participate as part of its fifth cohort. The accelerator's 12-week intensive program began Aug. 9 and will run through Oct. 26, 2017. The program is designed to help early-stage startup companies prepare their product/service for commercialization and connect them with partners in the healthcare system that can provide feedback from actual potential customers.

The selected companies include:

- **Digital Health Solutions** (Indianapolis) delivers a clinical decision support system to improve patient care and streamline documentation. Families are prescreened for clinical risk factors via an electronic tablet screener that presents questions tailored to each patient. Medical records are then analyzed to identify the most important items for the clinician to address. The system integrates with commercial electronic health records.

- **Fourth Dimension Medical**

**Solutions** (Louisville) is a medical software company that uses diffusion weighted magnetic resonance imaging and phase contrast imaging to assess the acute rejection state of a transplanted kidney. Used instead of biopsy, the noninvasive imaging is less expensive to conduct, provides faster results, does not expose the patient to infection or other complications, and provides high accuracy.

- **Innovative Therapeutix Inc.** (Louisville) aims to reduce healthcare costs by developing innovative therapeutic devices. The first product under development addresses infant feeding problems by using a biofeedback baby-bottle device.

- **MYNURSE** (Lisbon, Portugal) is a mobile online platform that identifies nurses, aides, physiotherapists, therapists (speech, occupational, osteopathy and acupuncture), and home palliative care teams within a preset distance from the client. MYNURSE is available in Portuguese, English, Spanish, French and German.

- **Pahoola** (St. Louis) produces and distributes high-quality video content to educate patients and family members about medical procedures before, during and after their hospital visit. Pahoola will ultimately cover 80 medical procedures, with a library of over 400 videos.

- **RCM Brain** (Louisville) is a revenue cycle workflow automation platform that makes claims-processing staff three to 10 times more productive. It uses artificially intelligent workflow bots to connect data and execute tasks across legacy billing systems, clearinghouses, and payer websites. Clients include internal revenue cycle departments and third-party claims processing service providers.

- **Thaddeus Medical Systems** (Rochester, Minn.) improves healthcare outcomes by tracking, protecting and documenting temperature-sensitive products and specimens through the supply chain.

- **TheraPeptics** (Doylestown, Penn.) is an emerging artificial intelligence-enabled therapy discovery and development company focused on developing novel, nature-inspired AMPs/host defense peptides from animals with superior immune systems, carried by novel drug delivery tools to the right place at the right time to cure animals and humans. Targets include viruses, bacteria, special immune cell subpopulations and cancer tissues of all types.



## NORTHERN KY: 1% HOTEL TAX INCREASE FUNDS CONVENTION CENTER PROJECT



*Northern Kentucky executives say expanding the Northern Kentucky Convention Center will help the region maintain a competitive edge in attracting meetings and conventions.*

WITH Boone County Fiscal Court's approval of a 1 percent increase in Northern Kentucky's hotel bed tax, the **Northern Kentucky Convention and Visitors Bureau** is now moving forward with plans to expand the **Northern Kentucky Convention Center**.

Boone County's vote followed unanimous votes earlier in the summer by the Campbell and Kenton fiscal courts.

Under state statute, the region's three county fiscal courts were required to approve the increase.

"This modest 1 percent increase in the region's hotel tax will pay tremendous dividends through the development of a capital fund that will be used to expand the convention center in downtown Covington, which will create jobs, attract visitors to hotels, restaurants, businesses and attractions throughout the region and allow our center to remain competitive with other cities and regions," said Eric Summe, president and CEO of **MeetNKY**/Northern Kentucky Convention and Visitors Bureau. "The hotel bed tax is expected to generate an estimated \$1.2 million to \$1.5 million annually."

Expanding the 204,000-s.f. convention center, Summe said, will help the area maintain a competitive edge in the tourism industry, which contributes nearly \$400 million to Northern Kentucky's economy. According to statistics from MeetNKY, the region has lost 246,000 room nights and \$115 million in revenue due to the lack of size at the convention center. Meanwhile, Louisville has expanded its convention center, Owensboro has opened a new center, Lexington is preparing to build a new center, and Paducah is contemplating a new center.

Even with the increase to 12.36 percent, Northern Kentucky's tax would still be lower than the hotel bed tax in Dayton (13.3 percent), Lexington (16.1 percent), Cleveland (16.5 percent), Indianapolis (17 percent), Louisville (17.1 percent), Cincinnati (17.5 percent) and Columbus (17.5 percent).

## BUSINESS BRIEFS

### PRINCETON

■ **Kentucky Farm Bureau Federation's** board of directors has approved donating \$1 million to initiatives at the **University of Kentucky College of Agriculture, Food and Environment's** Research and Education Center at Princeton. The money will go toward two specific projects: \$500,000 will be provided over a five-year period for the naming rights of the main entrance once the new facility has been completed. An additional \$500,000, paid over a five-year period, will support a statewide water resources initiative targeted at enhancing water management as part of the center's ongoing research efforts.



### WINCHESTER

■ **Clark Regional Medical Center** is now an affiliate with the **University of Kentucky Markey Cancer Center**, giving patients in the Winchester/Clark County area access to additional specialty and subspecialty care – including clinical trials and advanced technology – closer to home. The UK Markey Cancer Center is one of only 69 medical centers in the country to earn a **National Cancer Institute** cancer center designation. Because of the designation, Markey patients have access to new drugs, treatment options and clinical trials offered only at NCI centers.



### STATE

■ The most recent data compiled by the **Outdoor Industry Association** shows that outdoor recreation in Kentucky generates \$12.8 billion in annual consumer spending and directly creates 120,000 jobs that result in \$3.6 billion in wages and salary and \$756 million in state and local tax revenue. Kentucky has been working to position itself as a destination for travelers who are looking for outdoor activities, adding programs such as the **Kentucky Trail Town Program** and the **Cross Kentucky Master Trail Plan** to help develop more recreational opportunities.

■ Presidents and others representing colleges of the **Kentucky Community and Technical College System** recently took part in a professional development training seminar that focused on the importance of adopting an entrepreneurial mindset. Topics for the session focused on how an entrepreneurial mindset can help leadership in rural communities better engage with business and industry, donors, students and faculty and staff.



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# INTERSTATE LANE

Business news from Indiana, Ohio, Tennessee and West Virginia

## BUSINESS BRIEFS

### INDIANA

■ The Indiana Commission for Higher Education has granted the necessary approvals that will allow **Purdue University** to launch and oversee the state's newest public institution, currently being called **NewU**. In April, Purdue announced the creation of the new online public university to advance its land-grant mission, expanding access to higher education for working adults and others for whom traditional campus study is not accessible or attainable. By acquiring **Kaplan University**, through NewU, Purdue will target adults who started but did not complete a degree and those with no college credit at all. NewU will rely only on tuition and fundraising to cover operating expenses, and no state appropriations will be sought.



■ **Midwest Fertilizer** is moving forward with plans to construct a major nitrogen fertilizer production plant on 220 acres in southwest Indiana that will create up to 185 new jobs by the end of 2021. The new facility will be a major source of U.S.-produced fertilizer, working to reverse the need to import nitrogen fertilizers from overseas. In recent years, more than 50 percent of U.S. nitrogen product consumption has been imported. The \$2.8 billion project is one of the largest fertilizer manufacturing investments in the United States in more than 20 years.

### OHIO

■ **Facebook** has selected New Albany, Ohio, as the site of its newest data center. The company's data centers house the infrastructure that makes it possible to accommodate the growing number of photos and videos being shared via Facebook. The new center will create 50 full-time positions, generating more than \$4 million in new annual payroll.



■ Medical device manufacturer **NuVasive** has opened a new \$45 million manufacturing plant in West Carrollton, Ohio. The 180,000-s.f. facility will produce all of the California-based company's medical implants and other devices for global distribution. The company plans to add nearly 200 new positions to its existing 97-member staff, who are transferring to the new facility from NuVasive's current facility in Fairborn, Ohio.

■ **SENCO Holdings Inc.**, a manufacturer of power fastening tools and fasteners, has been acquired by Japan-based **Kyocera**. Kyocera entered the industrial tools market in the 1970s with a line of high-speed metal processing tools and has steadily expanded into precision tools for the electronics, aerospace, automotive, medical and woodworking applications. SENCO, which is one of Cincinnati's largest private companies, has been renamed **KYOCERA SENCO Industrial Tools Inc.**



### TENNESSEE

■ **HYLA Inc.** has invested more than \$1 million to locate a new operations center near Nashville. The company, which works closely with Fortune 100 companies to provide the technology that powers the collection, processing, renewal and distribution of previously owned mobile devices, has moved into an existing 100,000-s.f. facility in La Vergne and plans to hire up to 225 workers.

■ **Fitzgerald Collision & Repair**, a company that provides collision repair for commercial truck fleets across the nation, is investing \$9 million to expand an existing facility in Rickman, Tenn., and establish a new operation in Sparta, Tenn. The expansion will create 220 new jobs. The company has also added a new vocational program and partnership with the **Tennessee College of Applied Technology Livingston**, which offers students training in commercial fleet truck maintenance and repair.

■ **Textile Corporation of America Inc.** is investing more than \$27 million to establish a headquarters and manufacturing facility in Pikeville, Tenn., that is expected to create 1,000 new jobs. The company, which produces a wide variety of textile goods ranging from apparel to bed linens, plans to move into an existing 186,000-s.f. building that sits on 16 acres.

## OHIO: VANTIV TO ACQUIRE BRITISH COMPETITOR WORLDPAY FOR \$10B

**VANTIV Inc.**, a Cincinnati company that is one of the nation's largest payment processors, has announced plans to acquire British payment processor **Worldpay Group** in a \$9.9 billion deal.

The transaction will create a global payment provider with products and capabilities spanning traditional merchants, integrated payments and global e-commerce.

"This is a powerful combination that is strategically compelling for both companies. It joins two highly complementary businesses, and it will allow us to achieve even more together than either organization could accomplish on its own," said Charles Drucker, president and chief executive officer of Vantiv.

The combined company will do business as Worldpay with Drucker as executive chairman and co-CEO. Based on 2016 financial statements, the combined company will have a net revenue of more than \$3.2 billion.

Originally formed as a payment systems division of Cincinnati-based **Fifth Third Bank**, Vantiv became a publicly traded company in 2012. Vantiv currently has 3,700 U.S. employees, some 1,600 of whom are employed at the company's Cincinnati-area headquarters.



*Vantiv's acquisition of Worldpay will create a company that will process some \$1.5 trillion in payments each year.*

## TENNESSEE: DISCOVERY SET TO BUY SCRIPPS NETWORKS IN \$14.6B DEAL



*Knoxville-based Scripps Networks' portfolio includes some of TV's most popular networks, particularly among women viewers.*

**DISCOVERY Communications Inc.** has signed a definitive agreement to acquire Knoxville-based **Scripps Networks Interactive Inc.** in a \$14.6 billion transaction

that will give the combined company nearly 20 percent of the nation's ad-supported pay-TV viewership.

Scripps' portfolio includes **HGTV**, **Food Network**, **Travel Channel**, **DIY Network**, **Cooking Channel** and **Great American Country** as well as **TVN**, a multi-platform provider of entertainment, lifestyle and news content in Poland; **UKTV**, an independent commercial joint venture with BBC Worldwide; **Asian Food Channel**, the first pan-regional TV food network in Asia; and lifestyle channel **Fine Living Network**.

Discovery's brands include the **Discovery Channel**, **TLC**, **Investigation Discovery**, **Animal Planet**, **Science** and **Turbo/Velocity**, as well as **OWN** in the U.S., **Discovery Kids** in Latin America, and **Eurosport**, a leading provider of locally relevant, premium sports and home of the **Olympic Games** across Europe.

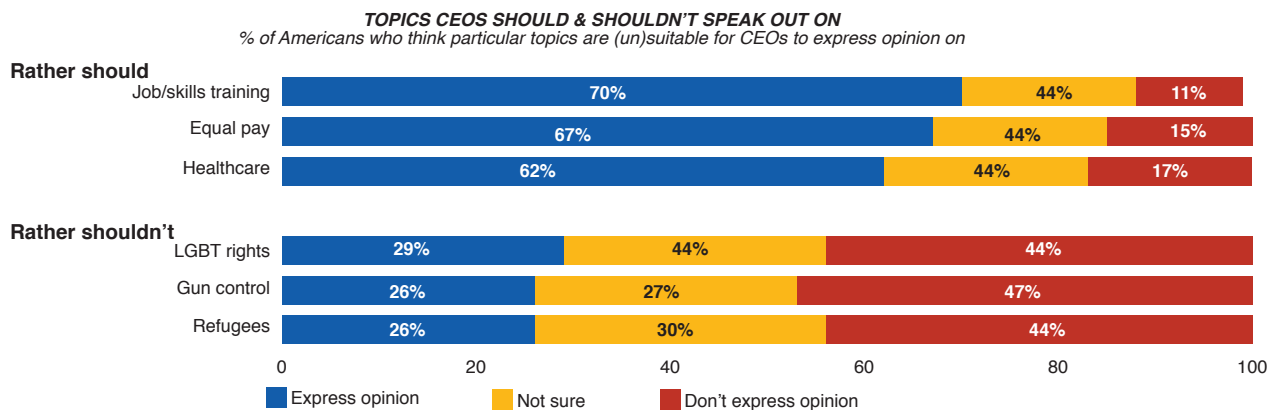
The combined company will be home to five of the top pay-TV networks for women.

The companies say the deal is expected to produce \$350 million in savings over two years. Scripps employs approximately 3,500 employees worldwide and around 1,000 in the Knoxville area. Maryland-based Discovery has 7,000 employees.

The transaction is expected to close in early 2018.

## CEO ACTIVISM

Many business leaders are wary of taking a public stance on contentious political or social issues for fear of losing customers while other executives maintain that voicing their views on current affairs can end up be a marketing asset. But what do their customers think? A recent study asked the public's opinion as to what topics they thought company leaders should – or should not – weigh in on.



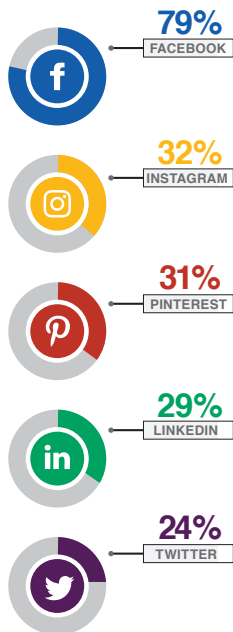
Source: Weber Shandwick/Statista

## TECH STRESS?

While technology has most certainly changed life for many Americans – a 2015 Gallup Poll found that nearly half of American adults said they couldn't imagine life without their smartphones – more and more studies point to the negative effect technology has on both physical and mental health. However, for “constant checkers” – those who constantly check their emails, texts or social media accounts – the attachment to their devices and constant use of technology is now being associated with higher than average stress levels.

### POPULAR SOCIAL MEDIA

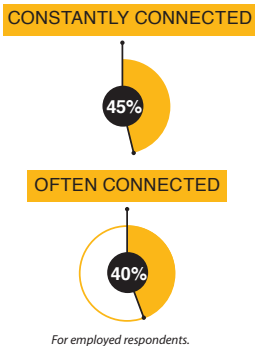
% of Online Adults Who Used It in 2016



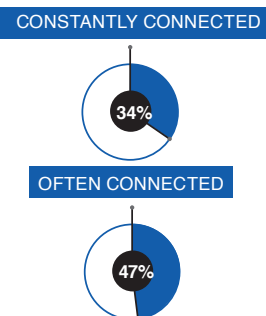
© Pew Internet & American Life Project. (2016, November 11). Social Media Update 2016 – Retrieved January 24, 2017, from <http://www.pewinternet.org/2016/11/11/social-media-update-2016/>

### CONSTANT DIGITAL CONNECTION

Typical Work Day  
% (of Employed) Often or Constantly Connected to at Least One Device

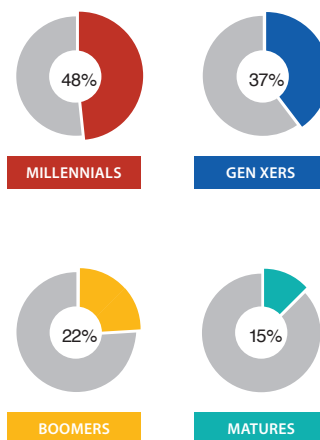


Typical Non-Work Day  
% Often or Constantly Connected to at Least One Device



### SOCIAL MEDIA WORRIES

I worry about negative effects of social media on my physical and mental health (% that strongly/somewhat agree)



Additionally, almost half of Millennials (45 percent) report that because of technology, even when their family is together they feel disconnected from them. Thirty-eight percent of Gen Xers, 23 percent of Boomers and 16 percent of Matures say the same. Perhaps unsurprisingly, Millennials are more likely to report that technology is a source of conflict in their home (38 percent, compared to 27 percent for Gen Xers, 12 percent for Boomers and 4 percent for Matures).

Source: American Psychological Association



# CORPORATE MOVES

*New leadership for Kentucky businesses*

## ACCOUNTING

■ **Kevin Mays** has been named business development executive for the Kentucky offices of Carr, Riggs & Ingram accounting and consulting firm.



*Kevin Mays*

## BANKING/FINANCE

■ Fifth Third Bank has announced the following appointments: **Adam Hall** – community economic development manager for Louisville and the northwest Kentuckiana communities; **Andrew Walker** – vice president, senior private banker; **Tracey M. Ballard** – vice president, senior trust officer and certified trust and financial advisor; **Julio Driggs** – vice president, wealth management advisor; **Valerie Marshall** – vice president, wealth management advisor and certified financial planner.



*Andrew Walker*



*Tracey Ballard*



*Julio Driggs*



*Valerie Marshall*

■ Hilliard Lyons has announced the following new appointments: **Alan Newman** – executive vice president and director of private client group; **Bary Dedge** – executive vice president and director of information technology, operations, and enterprise project management office (EPMO); **Joe Cutsinger** – executive vice president and director of budget and financial analytics; **Nick Papachristou** – chief marketing officer; **Mark Nickel** – chief investment officer; **Gary England** – chief legal officer; **Curtis McCubbin** – general counsel; and **Andy Dytrych** – vice president and director of EPMO.



*Alan Newman*



*Bary Dedge*



*Joe Cutsinger*



*Nick Papachristou*



*Mark Nickel*

■ Movement Mortgage, a national retail mortgage lender, has hired **Daniel Marlin** as market leader for Louisville.

■ **Jimmy Workman** has been promoted to vice president, corporate information security officer of Community Trust Bank.



*Jimmy Workman*

## BUSINESS/ECONOMIC DEVELOPMENT

■ **Hal B. Goode** has been named chief operating officer for the Danville-Boyle County Economic Development Partnership (Develop Danville).

■ **Brent Cooper** has been named president and CEO of the Northern Kentucky Chamber of Commerce.



*Brent Cooper*

■ **April Kinkade Spalding** has been named executive director of the Grayson County Chamber of Commerce.

## EDUCATION

■ **Tim Walsh** has been appointed associate vice president for alumni engagement at the University of Kentucky and executive director of the University of Kentucky Alumni Association.



*Tim Walsh*

■ **Victor A. Hazard** has been named associate vice president for student engagement at the University of Kentucky.

■ **Maira Scott Payne** has been named president of The Kentucky College of Art + Design at Spalding University in Louisville.

## FOOD/SPIRITS/HOSPITALITY

■ **Pedro Gonzalez** has joined The Bardstown Bourbon Co., where he will head the company's food and bourbon experience and restaurant operations.



*Pedro Gonzalez*

■ **Bryan Alvey** has joined the Kentucky Distillers' Association as senior director of governmental and external affairs.



*Bryan Alvey*

## GOVERNMENT

■ **Kendall Boyd** has been named director of the Louisville Metro Human Relations Commission.

■ **Dr. Kelly Giesbrecht** has been named as Kentucky's public health veterinarian.

■ **Kevin Henderson** has been appointed Grayson County judge-executive.

## HEALTHCARE

■ **Jennifer Nolan** has been named president of Flaget Memorial Hospital in Bardstown. Nolan will continue as president of Our Lady of Peace hospital in Louisville.

■ **Jason Field** has been named vice president of Owensboro Health Medical Group.



*Jason Field*

■ **Charles Powell** has been named president of Sts. Mary & Elizabeth Hospital in Louisville.

## LEGAL

■ **Melanie S. Marrs**, **David A. Trevey** and **Tonya S. Rager** have joined Kinkead & Stilz as members of the firm.

■ Bingham Greenebaum Doll has named **Mark Grundy** to serve as litigation department co-chair alongside **James Hinshaw**. **Benjamin Lewis** has been named fiduciary litigation practice group co-chair. **R. Clay Larkin** has rejoined the firm as a partner and member of the corporate services department and energy practice group.



*Mark Grundy*



*Benjamin Lewis*



*Clay Larkin*

## MANUFACTURING

■ Braidy Industries has appointed the following executives to lead the company's initiative to build an aluminum rolling mill in South Shore: **Blaine Holt** – executive vice president of operations; **Thomas Modrowski** – executive vice president of construction and facilities; **Alan Blankshain** – executive vice president of engineering; **Barrington Owens** – executive vice president of manufacturing; **Stephen Miller** – chief procurement officer; **Jaunique Sealy** – senior vice president of business development; **Nathan Haney** – senior vice president of government relations; **Curtis Carson** – senior vice president, head of human resources; **Ben Markham** – managing director; **Johanne Medina** – financial controller and headquarters facilities manager; **Karlo Vartan** – director of information technology and cybersecurity; and **Julie Kavanaugh** – chief of staff administration.

## SALES

■ **John D. Hill** has joined the Neil Huffman Automotive Group as director of operations.

## UTILITIES

■ **Paul Massie** has been named plant manager of Kentucky Power's Big Sandy Plant.



*Paul Massie*

■ Kentucky American Water Co. has announced the following appointments: **Dorothy Rader** – water quality manager; **Jasmine Mungo** – superintendent of field operations, central division (Bourbon, Clark, Fayette, Harrison, Jessamine, Nicholas, Scott and Woodford counties); and **Amy Caudill** – superintendent of customer advocacy.

# ON THE BOARDS

*Kentuckians named to organizational leadership roles*

## BETTER BUSINESS BUREAU

■ The Better Business Bureau serving Louisville, Southern Indiana, and Western Kentucky has announced its board members for 2017-2018: Chair – **Sharon Kerrick**, Bellarmine University; Chair-Elect – **Vern Eswine**, The Marketing Company; Vice Chair, Business and Consumer Affairs – **Ann Gregory**, The Door Store and Windows; Vice Chairman, Membership and Marketing – **Cindy Seiler Reichert**, Brown-Forman Corp.; Vice Chairman, Budget, Finance, Audit and Personnel/Treasurer – **Scott Graf**, CafePress; Vice Chairman, Event Planning and Welcoming Committee – **Sam Cilone**, FASTSIGNS; Chair/Lincoln Trail Area Business Advisory Committee – **Steve Wright**, The Wright Legacy Group; Secretary – **Michael Bailen**, Texas Roadhouse; President/CEO – **Reanna Smith-Hambelin**, Better Business Bureau; Immediate Past Chair – **Raymond G. Strothman**, Strothman & Co. Newly elected board members include: **Cindy Effinger**, McBrayer, McGinnis, Leslie & Kirkland; **Wes Henderson**, Louisville Distilling Co.; **Jacque Ramsey**, Mortenson Family Dental; **James Reynolds**, Eclipse Roofing & Restoration; **Adolfo Ben Ruiz**, Adhawks; **Karl Truman**, Karl Truman Law Office; and **Alesha Yaney**, Universal Woods. Returning board members include: **Michael Anderson**, Anderson Business Group; **Sharon Y. Board**, Chemco Federal Credit Union; **Kelly Burke**, Office Environment Co.; **Kevin Connelly**, University of Louisville; **Robert Frank**, Stock Yards Bank and Trust; **Saul Garcia**, Los Aztecas Mexican Restaurant; **Jan Gordan**, Spencerian College; **Jackson C. Mullins**, Fulfillment Concepts Inc.; **Nancy Smith**, Callistus Smith Agency; **Brian Sternberg**, Sternberg Automotive Group; **Dave Vogel**, Louisville Water Co.; and **Brad Warren**, MPI Printing.

## BRAIDY INDUSTRIES

■ **Charles Price** has been named to the board of directors of Braidy Industries, a newly formed company that is building a \$1.3 billion aluminum rolling mill in South Shore, Kentucky. Price is president and CEO of Louisville-based Charah.

## EASTERN KENTUCKY UNIVERSITY

■ **Juan Carlos Castro** and **Christopher Pace** have been appointed to the Eastern Kentucky University board of regents. Castro, of Lexington, is managing partner of JCC Accounting Solutions and chairman of the Lexington Hispanic Education Association. Pace, of Winchester, is an investor and attorney.

## GATEWAY COMMUNITY & TECHNICAL COLLEGE

■ The following individuals have been named to the board of directors at Gateway Community & Technical College: **Blevins**



*Kathlyn Burkhardt*



*Sharmili Reddy*

**Bowlin**, Bowlin Group; **Kathlyn Burkhardt**, Erlanger-Elsmere Independent School District; **Patrick Henshaw**, Cintrifuse; and **Sharmili Reddy**, City of Fort Mitchell.

## GOVERNOR'S MINORITY EMPLOYMENT, BUSINESS AFFAIRS AND ECONOMIC DEVELOPMENT COUNCIL

■ **Chester Hicks**, **Kem Delaney-Ellis**, **Olivia Davis** and **Deandra Hart** have been appointed to the Governor's Minority Employment, Business Affairs and Economic Development Council. Hicks, of Louisville, is an administrative officer for Lexington-Fayette Urban County Government. Delaney-Ellis, of Shelbyville, is director of health policy for Norton Healthcare. Davis, of Lexington, is an assurance manager for PricewaterhouseCoopers. Hart, of Louisville, is office manager for Results Physiotherapy.

## GREATER LOUISVILLE INC.

■ **Jim Allen**, chairman and CEO of Hilliard Lyons, has been named chair-elect of the Greater Louisville Inc. board of directors. New board members include **James Beckett**, Qualmet; **David Gray**, Baptist Health Louisville; and **Shelley Neal Shaughnessy**, KentuckyOne Health; **Drew Eckman**, Frost Brown Todd; and **Marty Pollio**, Jefferson County Public Schools.

## KENTUCKY BOARD OF NURSING

■ **Crystal Lynn Morgan** and **Christina Coleman Johnson** have been appointed to the Kentucky Board of Nursing. Morgan, of Marrowbone, is a nurse with Metcalfe County Healthcare. Johnson, of Owenton, is a community health coordinator for Three Rivers District Health Department.

## KENTUCKY COMMISSION ON PROPRIETARY EDUCATION

■ **Lucinda Pease**, **Jonah Mitchell**, **David William Floyd** and **Gerria Berryman** have been appointed to the Kentucky Commission on Proprietary Education. Pease, of Hillsboro, is an administrative coordinator for the Kentucky Welding Institute. Mitchell, of Nicholasville, is an adjunct professor at the University of Kentucky. Floyd, of Bardstown, is a retired state legislator. Berryman, of Nicholasville, is owner of Emergency Medical Training Professionals.

## KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM

■ **Karen Finan** has been appointed to the Kentucky Community and Technical College System board of regents. Finan, of Fort Mitchell, is president and chief executive officer of the Northern Kentucky Regional Alliance.



*Karen Finan*

## KENTUCKY TRAUMATIC BRAIN INJURY TRUST FUND

■ **Jessica Shannon Pettigrew**, **Mary Catherine Hass**, **Jacquelyn Jean Graven**, and **David Sun** have been appointed to the Kentucky Traumatic Brain Injury Trust Fund board. Pettigrew, of Lexington, is a social worker at Eastern State Hospital. Hass, of Louisville, is the owner of Hass Marketing Co. Graven, of Louisville, is the owner of Graven and Associates. Sun, of Louisville, is a neurosurgeon for Norton Healthcare.

## LEXINGTON-FAYETTE COUNTY BOARD OF HEALTH

■ **Kacy Allen-Bryant** has been elected chair of the Lexington-Fayette County Board of Health. Allen-Bryant is a lecturer for the University of Kentucky College of Nursing.

## LOUISVILLE REGIONAL AIRPORT AUTHORITY

■ The following individuals have been appointed to the Louisville Regional Airport Authority board of directors: Chair – **Jim Welch**; Vice Chair – **Mary Rose Evans**; and Secretary-Treasurer – **Les Seibert**.

## MURRAY STATE UNIVERSITY ALUMNI ASSOCIATION

■ Murray State University has named the following individuals to its alumni association board of governors: **Tab Brockman**, Hopkinsville Parks and Recreation; **Taylor Cline**, Fifth Third Bank, Louisville; **Cameron Gish**, Mill Creek Middle School, Nashville; **Kip Roberts**, Medtronic Inc., Memphis; **Jonathan White**, ABM Government Services (retired), Hopkinsville; and **Sandra Wilson**, Paducah Area Chamber of Commerce. Elected to the board of governors executive board for 2017-2018 are: President – **Jerry Penner**, Murray; President-Elect – **Iain Howard**, Owensboro; Vice President – **Taylor Cline**, Louisville; and Immediate Past President – **Elizabeth Bailey-Smith**, Marion, Ill.

## NORTHERN KENTUCKY UNIVERSITY

■ **Ashley Himes** of California, Kentucky, has been appointed to the Northern Kentucky University Board of Regents.

## STATEWIDE ADVISORY COUNCIL FOR VOCATIONAL REHABILITATION

■ The following individuals have been appointed to the Statewide Advisory Council for Vocational Rehabilitation: **Carrie Blackham**, Whitesville; **Sharon Kay Fields**, Salyersville; **Deanna Sokacz**, Louisville; **Zella Faye Wells**, Paintsville; **Michelle Bazeley**, Louisville; and **Dorothy James Jenkins**, Shelbyville.

## UNIVERSITY OF LOUISVILLE

■ **Raymond Burse** has been appointed to the University of Louisville board of trustees. Burse, of Prospect, is a retired vice president and general counsel for GE Appliances and a former president of Kentucky State University.

## WESTERN KENTUCKY UNIVERSITY

■ **George Nichols III** has been appointed to the board of regents at Western Kentucky University. Nichols, of Potomac, Maryland, is a former Kentucky commissioner of insurance and currently serves as executive vice president of governmental affairs for New York Life Insurance Co.

Announcements for the Corporate Moves and On the Boards sections of The Lane Report can be submitted to [editorial@lanereport.com](mailto:editorial@lanereport.com). Due to space restrictions, announcements for the Corporate Moves section are generally limited to upper management positions. Photos to accompany announcements are welcome. High-resolution images (minimum 300 dpi) are required in order to reproduce well.



# LANE ONE-ON-ONE

Kentucky's leaders express their opinions



## Ben Chandler

Ben Chandler was named president and CEO of the Foundation for a Healthy Kentucky in September 2016. An eighth-generation Woodford countian, he has a B.A. in history from the University of Kentucky, a J.D. from the UK College of Law and studied at the University of London and Trinity College in Dublin, including an internship in the British Parliament. Chandler practiced law with Brown Todd & Heyburn and with Reeves & Graddy. He was elected Kentucky state auditor (1992-1995), and served two terms as attorney general (1995-2003). Chandler was the Democratic nominee for governor in the 2003 general election. He was elected to the U.S. House from Kentucky's 6th Congressional District in February 2004 and served through January 2013. He was executive director of the Kentucky Humanities Council from 2013 to 2016. Chandler is a member of the board of Bluegrass.org, which provides mental health services in a 17-county area, and the state Board of Elections.

## FOCUS POLICY ON HEALTH RATHER THAN HEALTHCARE

Cancer, diabetes, heart disease rates hinder economic development, says Foundation for a Healthy Kentucky CEO Ben Chandler

BY MARK GREEN

**Mark Green:** What is the current mission statement of the Foundation for a Healthy Kentucky?

**Ben Chandler:** Our mission is to try to improve the health of the people of Kentucky. Kentuckians are not very healthy. We lag behind in health indicators like cancer, heart disease, diabetes, drug problems, all of those things. We're down in the very bottom of the country. It's unfortunate and very harmful not only to the lives of the individuals who have those health problems but also to the economy of the state generally.

**MG:** Do we know why Kentucky is trending toward the wrong end of these health metrics?

**BC:** Really, it's poverty, a lack of education. There are correlations there that you always see. When you have poverty and you have a lack of education – and those two things go together – poor health follows. It's a chicken-and-egg thing because it's very hard to be successful economically when you have poor health; poor health is a big factor in causing poverty and a lack of economic success. There is a chronic cycle, and how that cycle began I can't answer, but there is no question that we've got one. For the economy to thrive here in Kentucky we need a healthy workforce, and we don't have one.

**MG:** What are the key mechanisms to addressing Kentuckians' high rates of obesity, diabetes, cancer and heart disease?

**BC:** It's complicated because there are no easy answers for a question like this. If there had been, it would've been solved a long time ago. We need to work on what we call the social determinants of health: poverty, education, access to decent healthcare, access to opportunities to exercise, and access to good, wholesome fresh food. All of these things play a role, and many more. Answering all those questions is not an easy thing.

But there are particular things we do that are harmful, that stick out. One of those is smoking. Our smoking rate in Kentucky is 27 percent; the national average is 17 percent. We're well above the national average, and as a result we have the highest cancer rate in the nation. We could easily be called the cancer capital of the country, which is not somewhere you want to be. We also have a high obesity rate.

There are certain solutions for these smoking and obesity rates that are a little easier than working on some of these social determinants, but you have to have the political will to put them in place. One of those is a higher tax on cigarettes. We have seen in other states

– New York is a good example – with very high tax rates on cigarettes that you see a decline in the rate of smoking. It correlates very closely; the cost of cigarettes and the rate of smoking go together. And we could do smoke-free laws. Lexington had the courage to enact a smoke-free law, and it has had an effect; the smoking rate has gone down, and it's a healthier place than a lot of the rural areas of the state, which have not enacted laws like that. You could raise the age for smoking from 18 to 21. That's another easy way. All three of those things – a tax increase on cigarettes, raising the age for smoking, and smoke-free laws – none of them cost the taxpayer anything.

Smoking and obesity contribute to almost every health problem our people have. Obesity causes so many problems – diabetes, for example, is one it contributes to. But we can impact the obesity problem, for instance, by enacting a sugary-beverage tax. Now, the chances of that happening in Kentucky right now, I think, are quite slim. But it's something cities in this country have undertaken, and they believe that those measures have a positive effect on the obesity rate.

**MG:** Medical experts now identify overuse of sugar in commercially prepared foods as a key trigger for the diabetes epidemic. What is the foundation position toward sugar taxes?

**BC:** We think sugar taxes are a good way to go. You've got to figure out a way to get the public to not consume as much sugar. There isn't any question but that it causes you to gain weight. There isn't any question that we have a significant obesity problem that affects the overall health of not only the individuals but the state. And one of the obvious ways to attack that problem is to raise taxes on sugary beverages in particular.

Now, why single out the beverages and not other forms of sugar? Because, really, these sugary beverages have no other nutritional value.

**MG:** Has the foundation searched out in dollar terms some of the costs of Kentuckians' above-average rates of obesity, diabetes, cancer and heart disease?

**BC:** You can't get an exact figure on it, but I can tell you that the costs are dramatic. For instance, the Campaign for Tobacco-Free Kids estimates that the annual cost of smoking in the Commonwealth of Kentucky is \$1.92 billion. And \$590 million of that is to the Medicaid program alone. The cost of cancer treatment, according to the Kentucky Cancer Consortium, will be \$3.8 billion annually by 2020. The cost of diabetes in Kentucky

is \$3.85 billion, according to the Kentucky Department of Public Health. The cost of heart disease is \$351 billion (including treatment and lost productivity from death and disability). Now, that's a huge number. And that comes from the Kentucky Cabinet for Health and Family Services. And obesity costs us an estimated \$6 billion in healthcare costs, according to the United Health Foundation, the American Public Health Association and Partnership for Prevention.

**MG: Those are big dollars.**

**BC:** Oh my, they are! And of course, you hear the argument, for instance, on smoking that tobacco is an economic force in Kentucky and is a positive economically. The costs from smoking far outweigh any economic gain we get from tobacco.

**MG: What are some of the indirect costs of these health conditions?**

**BC:** Just as a result of the smoking habit, every household in Kentucky has to pay \$1,100 a year more than they otherwise would for health insurance. That's whether you smoke or not. So that's an indirect cost. The indirect costs start with loss of productivity and the cost of health insurance.

Economically, the Kentucky Chamber of Commerce will tell you very quickly one of the first things companies looking to locate in different places want to see is a healthy workforce. Why is that? In terms of productivity, they want employees who don't lose days, and they don't want to pay high premiums for health insurance. We're losing a lot of economic development opportunities as a result of the poor health of the people of the state, which is a tremendous loss to our economy, to our business and economic climate here in Kentucky.

**MG: What health improvement steps can Kentucky take that might quickly pay for themselves and begin producing dividends?**

**BC:** Addressing the smoking rate is the obvious one because we are 27 percent compared to the national average of 17 percent. That's dramatic. It's nearly 60 percent above the national average. If we were just to get to the national average on smoking, it would mean over 300,000 fewer smokers. It would save taxpayers in the neighborhood of \$600 million a year. And that's just getting down to the national average, not having everybody quit.

There are a handful of things we can do that would impact this in a favorable way, the principal one being a significant hike of a dollar or more in the cigarette tax. It would cause a significant number of people to either quit smoking or not begin the habit. And not only does it not cost the taxpayers anything, it brings in revenue to the state.

**MG: What community or state or country is doing a good job addressing health concerns and bringing about improvements? What tools are they using?**

**BC:** Almost every country does better than we do. The ultimate measure in terms of your health outcomes is your longevity. Our life expectancy is below every other industrialized country in the world. The European countries' life expectancies are in the low '80s. Ours is about 78. All those countries are doing it better than we are.

And there are states in this country that do it better than we do – the Northeastern states in particular, because they don't have some of the same habits we have in Kentucky. Their smoking is dramatically lower. Their obesity rates are lower. We're 47th or 48th in obesity. For population, keep in mind, this state is

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about 26th in the country, yet we're 47th or 48th or 49th in a lot of these health indicators. And in the case of cancer, we're last.

A report from the American Medical Association recently showed cancer mortality in this country since 1980 is down 20 percent, except in Kentucky, where it's up. Now, if that isn't a call to action, I don't know what is.

**MG: What steps are they taking? What are they doing differently in terms of public policy?**

**BC:** Behavior is what you want to impact. You want public policies that encourage people to exercise more, that encourage and make it easier for people to have access to nutritious food. Good farmers' markets that are available, and the ability for low-income people to be able to afford the food at those farmers' markets, are important policies. A lot of states have those policies. Kentucky, to some degree, has made an effort in that regard, but we need to make a greater effort.

The Foundation for a Healthy Kentucky itself has undertaken programs in seven counties, to bring coalitions together in those counties, schools, governments, hospitals, concerned citizens – anybody who might be interested in joining a coalition – to work to enact healthy policies in that locality. Clinton County, Ky., in Appalachia is a good example. It has enacted policies that allow the school gymnasium to be used by the community after school. Another good policy is complete streets policies: when you're developing a street, you have to have sidewalks, you have to have bike paths. Being healthy is an easier option that way. Being able to exercise is an easy choice rather than a difficult choice.

**MG: Why is cardiovascular disease mortality increasing in some areas of Kentucky while it is decreasing significantly in the United States as a whole?**

**BC:** Heart disease in Kentucky is very, very high. It's a hugely expensive and deadly problem, and it is directly related to the two big behavioral indicators: smoking and obesity. Again, we are off the charts on both of those. We've got to address those behavioral factors, and until we do we're not going to make any progress in heart disease, or cancer, or diabetes or any of the other problems.

**MG: Many employers have wellness programs that encourage or even include hard financial incentives for employees to adopt positive health practices. What impact is this having?**

**BC:** Companies that enact those policies end up making money as a result of their investments that encourage the health of their workers. It ends up helping the bottom line, even though the company is giving incentives and paying workers to engage in more healthy behaviors. It not only causes their health insurance rates to go down, it also helps productivity. So they see an increase in the bottom line for the company.

**MG: Should there be tax incentives of some sort for wellness programs?**

**BC:** It would certainly suit me. We ought to do everything we can to try to affect this issue.

In this country we spend almost all of our money on a rescue system. We wait until people get sick, and then we rescue them. We talk about healthcare all the time, but I have yet to meet a person who wants healthcare if they can have health. It's important to have a system that helps people when they're sick, but it is also the least efficient way to spend your healthcare money. That's why we spend twice as much per capita as any other country in the world, and our outcomes are, according to the World Health Organization, 37th in the world.

If you spent twice as much in your business as everybody else and only had the 37th-best result, how long would you stay in business? That's what we're doing in healthcare in this country.

What we ought to do is redirect some of that spending to prevention programs. We can do that through the public health departments, for instance. We have 61 public health departments in Kentucky. They need to be the chief health strategists for their communities. Public health departments are underutilized and underfunded.

We've got to spend more money on encouraging health. Acute conditions caused by poor health cost more to treat than money spent keeping people healthy in the first place. That's what other countries do a whole lot better than we do.

**MG: Why and how was the Foundation for a Healthy Kentucky founded?**

**BC:** In the late 1990s, I was elected attorney general, and there were a lot of health conversions going on across the country. Different Blue Cross/Blue Shield plans in different states around the country were converting to for-profit companies. And in the case of Kentucky, the Anthem insurance company merged with the Blue Cross/Blue Shield entity. That's a valuable marketing thing, to be the Blue Cross/Blue Shield entity, and those assets that the

Blue Cross/Blue Shield entity had were charitable in nature – they received tax benefits from the public over several decades that were not accounted for in the merger. As attorney general I filed a lawsuit to recover those charitable assets. We entered into an agreement for a \$45 million settlement, and that money was used to set up this foundation to try to improve the health of the people of Kentucky. And it opened its doors in 2001.

After the settlement I went on and did my thing, I ran for governor and I served in the Congress and I was director of the Humanities Council here in Kentucky. Then they approached me in 2016 about heading it up after my predecessor retired, and it sounded like an interesting opportunity for me to come full circle and to try to make a real impact in the health of our people.

**MG: And what is the foundation's annual budget and number of employees today?**

**BC:** The foundation was begun with \$45 million. It gave million-dollar grants to both UofL and UK to establish endowed health chairs at those universities. We've given away over \$27 million, and we now have \$54 million in the endowment. We've given a significant amount of money to worthy causes here in Kentucky. Now we want to move into being active on public policy because we believe the health needle in Kentucky needs to be moved, and we're not going to do it unless we have strong public policies like the ones I've talked about that encourage healthy behaviors.

One reason we need to go in that direction is that our budget is about \$2 million a year, and it's just not enough to make the kind of impact we want simply by giving out grants. We've got to have a strategy to affect public policy in the state, and that's what we're going to try to do.

As for employees, we have seven.

**MG: Opioid abuse has become a major health issue in the past several years. Should the makers or marketers of opioids be sued?**

**BC:** The opioid problem is the focus of our annual conference this year in Lexington at the Griffin Gate Marriott on Sept. 25. The author Sam Quinones, who wrote the book "Dreamland," is going to be our keynote speaker. He gives a pretty interesting history of how this opioid problem came about. And there isn't any question but that it was encouraged and fueled by the drug companies, starting in the late 1990s. I remember because I was attorney gen-

eral and helped create the KASPER program to try to combat it here in Kentucky. We did combat it, to some extent successfully, by limiting the number of prescriptions people had. But the unintended consequence of that was that heroin came in, mostly from Mexico, and it filled the gap because we already had an addicted population.

What the drug companies have done is encourage doctors to give out opioids for pain. It used to be opioids were considered to be tremendously addictive and quite dangerous and typically not given for pain unless you were a terminal patient. That changed in the 1990s as a result of lobbying on the part of the drug companies, and it became standard medical procedure to give opioids for regular pain. If you had a knee operation, or a shoulder operation, or any other sort of normal pain in the course of living, you had an opportunity to get a prescription for opioids. That new policy that developed in the 1990s was largely at the behest of the drug companies who were selling opioids.

So in our view, they absolutely have culpability. They have been sued before. In fact, Kentucky has sued Purdue Pharma for this very thing. So we've already had these lawsuits, and these lawsuits have been successful. At least they've been settled for large amounts of money already, in both Kentucky and in other states in the country.

**MG: Recent community health needs studies in Kentucky have identified behavioral health as a top need. Are we in the early stages of awareness regarding the need to provide better behavioral healthcare?**

**BC:** We've been talking about this for years. Behavioral health is really another term for mental health services. Mental health problems have been stigmatized in the past. That's wrong. We need to take the stigma away. Mental health problems are really just like physical problems. They're often chemically related, and they can be dealt with by a lot of measures that allow us to have a positive impact on behavioral health problems.

But they're also very closely associated with drug use, with our addiction problems. Consequently, we need to be funding behavioral health treatment options as best we can because it's extremely important. It's becoming more important all the time, particularly with all the stresses we deal with in modern society. I'm happy to see us trending toward being more interested in treating behavioral health issues.

**MG: Do you have a closing statement?**

**BC:** The key to this whole thing is that we've got to start focusing on health as opposed to healthcare. Not to diminish the importance of healthcare, but if we can have a healthier population on the front end, and if we can invest in policies that cause our population to be healthier, then not only are people going to have more fulfilling lives, but we're going to help our economy, we're going to create jobs, and we're

going to help the business climate. We've got everything to gain and nothing to lose by taking that position. We just haven't done a good job of it in this country. ■



*Mark Green is executive editor of The Lane Report. He can be reached at [markgreen@lanereport.com](mailto:markgreen@lanereport.com).*



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## Medicaid Expansion Better than Feared

Stable conditions for Kentucky healthcare finances,  
but chronic uncertainty remains in the prognosis

BY JOSH SHEPHERD

**W**ITH news on the sector's financial status a whirl of uncertainty, upheaval and contradiction, it's easy to speculate Kentucky's healthcare industry is in an economic downturn. However, there is plenty of evidence to show the news is more good than bad.

A few hospitals did, indeed, close soon after implementation of the Affordable Care Act. But Elizabeth Cobb, vice president for health policy at the Kentucky Hospital Association, points out that there have been no hospital closures in the past several years and revenue from Medicaid expansion has stabilized several community hospitals that were considered financially at risk in 2014.

In general, Cobb said, Kentucky's healthcare provider industry is much more stable now than earlier this decade. Medicaid expansion is partially responsible because residents who gained insur-

ance coverage sought care and created a revenue surge. More importantly, she said, provider systems have shifted away from overreliance on inpatient hospitalization to generate income.

Hospitals responded to the ACA's push for better patient outcomes with value-driven approaches to care that emphasize outpatient services, home health and rehabilitation.

"It's been proven that patients recover better at home than in a hospital bed," Cobb said.

However, the positive has been offset by well-publicized developments likely to skew perceptions negatively. Months of efforts in Washington to "repeal" the ACA were accompanied by news of organizational setbacks among large Kentucky hospital systems.



*Elizabeth Cobb, Vice President for Health Policy, Kentucky Hospital Association*

In May, KentuckyOne Health cited "significant challenges in the healthcare industry" as the reason it severed a management deal with 404-bed University of Louisville Hospital and announced its intention to sell most of its Greater Louisville properties, including 462-bed Jewish Hospital, Jewish Hospital-Shelbyville and affiliated KOH medical centers in Jefferson County.

In March, another major Kentucky health system, Baptist Health, announced it was cutting 288 full-time positions – roughly 1 percent of its employee base – and changing its top management.

The cuts may offset the cost of Baptist's 2016 acquisition of Floyd Memorial Hospital in New Albany, Ind., continuing systemwide implementation of the Epic electronic health record network and losses from the organization's foray into health insurance, Baptist Health Plan (formerly Bluegrass Family Health). The organization also is completing a massive \$246 million expansion of Baptist Health Lexington and major renovations to other member hospitals.

A Baptist Health news release on the reductions clarified that most cuts were administrative personnel from corporate headquarters in Louisville. Few, if any, were from its 320-plus care-provider operations. Some of its eight community hospitals had no cuts.

In its 2016 annual community report, Baptist reported total revenue of \$2.13 billion but provided no income data.

In terms of revenue performance, Todd Jones, Baptist Health Richmond's president, said his hospital is on far better financial footing in 2017 than it was in 2012 when the former Pattie A. Clay Hospital formally joined the health system.



*Todd Jones, President, Baptist Health Richmond*

"We've made capital improvements, recruited new physicians in primary and specialty care, added new services, and offset some of the perennial challenges we face relative to reimbursement," Jones said. "Since becoming a Baptist hospital, we are offering better care and access to care to our community."

The community has responded with improved utilization of the Richmond hospital's expanded array of services – particularly outpatient services, he said.

Jones' remarks are similar to comments from Lori Ritchey Baldwin, senior vice president and chief financial officer of St. Elizabeth Healthcare in Northern Kentucky, and Michael Gough, chief financial officer for Norton Healthcare in Louisville.



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Norton's annual report shows a positive margin of \$89.3 million for patient services with total revenue from all sources at \$2.09 billion.

UK Healthcare's financial statement for the fiscal year ending in June 2016 reports a healthy positive margin of \$125.1 million on \$1.42 billion in operational revenue. Its 2015 results were even better, with \$199.2 million in income on \$1.33 billion in revenue.

St. Elizabeth Healthcare's public filings to the IRS report that its expenses were \$86.8 million less than its total revenue of \$1.01 billion in 2015, with the comparable 2014 figures having been \$105 million derived from revenue of \$984.2 million



*Lori Ritchey Baldwin, Chief Financial Officer/SVP, St. Elizabeth Healthcare*

(NOTE: KentuckyOne Health and the Kentucky Cabinet for Health and Family Services were asked to be interviewed for this article. KentuckyOne Health declined to comment. The CHFS acknowledged receipt of a request for an interview and questions regarding the Medicaid program, but no one in the cabinet responded.)

## Medicaid grew, bad debt shrunk

When Kentucky Medicaid expansion was first implemented in 2014, hospital administrators worried that expanding eligibility to families with incomes up to 38 percent above federal poverty guidelines would negatively affect their payer mix by shifting patients from commercial insurance to Medicaid, which pays less reimbursement for services.

Additionally, expansion would move many uninsured self-payers, who often can't pay, to Medicaid, which would bring more patients and more revenue, but Medicaid reimbursement levels oftentimes do not cover providers' costs. For example, Norton Healthcare's tax filings for 2016 show Medicaid reimbursement was 14 percent less than the cost of providing care.

There was, indeed, a big shift onto Medicaid rolls in Kentucky.

Kentucky had the second-largest decline in its uninsured population in the country when it expanded Medicaid eligibility, according to a Foundation for a Healthy Kentucky report released in February 2017.

"The commonwealth's uninsurance rate has been cut by more than half, from 13.6 percent (of state residents) to 6.1 percent in 2015," the report states. There was an increase in individual health insurance coverage, from 4.4 percent to 5.3 percent, and a huge



increase in Medicaid/KCHIP (Kentucky Children's Health Insurance Program) enrollment: from 13.4 percent of commonwealth residents to 19.8 percent. By the third quarter of 2016, "more than 500,000 Kentuckians were enrolled in Medicaid through the expansion."

And those numbers have continued to climb. As of March 2017, Medicaid/KCHIP covered 1,246,349 people in Kentucky, according to federal Centers for Medicare and Medicaid Services (CMS) estimates. That's nearly 640,000 more since expansion began in fall 2013.

Contrary to fears, however, that 103 percent increase was mostly among self-pay patients coming onto Medicaid, according to the payee mix shifts reported by St. Elizabeth, Norton Healthcare and Baptist Health Richmond.

"We did not see much of a drop in our commercially insured population, though we expected it," said Norton's Gough. The population of income-earning Kentuckians within the eligibility threshold – between poverty level and 38 percent above it – was narrow and didn't end up making that much of a difference in Norton's overall mix of payers.



*Michael Gough, Chief Financial Officer, Norton Healthcare*

Importantly, Norton Healthcare reported significant reductions in bad debt. Since Medicaid expansion, Norton's bad debt, recorded as a percentage of its total net revenue, was 5.3 percent in 2013; 4.6 percent in 2014; 3.6 percent in 2015; 3.2 percent in 2016.

Baldwin estimated about 10 percent of St. Elizabeth's patient population was self-pay before Medicaid expansion. Since expansion, that number has dwindled to about 2 percent, she said.

## Service area demographics important

In St. Elizabeth's Northern Kentucky service area, among the more populated portions of the commonwealth, "70 percent of our patient population is either Medicare, Medicaid or self-pay," Baldwin said. That leaves 30 percent of St. Elizabeth's patient base commercially insured, she said, making its population characteristics more similar to Bowling Green than to a city the size of Louisville.

The impact on revenue from shifts in payer mix depends on the demographic makeup of a hospital's service area. In contrast to Northern Kentucky, Baptist Health Richmond serves a much more diverse range of incomes. It has a much greater number of working families earning hourly and retail wages.

Richmond experienced a significant shift in payer mix from patients formerly covered by insurance to Medicaid coverage. Meanwhile, Jones estimates the hospital lost 2 to 4 percent of its private payers. In addition, the hospital experienced revenue losses due to continuing government sequestration of Medicare funds and other cuts. The cumulative losses at Baptist Health Richmond could go into the millions by 2020, he said.

Overall, though, the increase in Medicaid enrollment has produced a significant net gain on most hospital revenues across the commonwealth. According to the Kentucky Hospital Association, rural hospitals have been helped tremendously by providing a federal payer where there once was just mounting bad debt owed by private payers.

The effect on Norton's revenues has been profound. For the last three years, Gough said Norton has operated at somewhere close to a 5 percent profit margin.

"Our goal each year is a 2 percent margin," he said. "The last few years have produced something of a windfall."



The unusual margins are not exclusively the result of Medicaid expansion, Gough said. A significant contributing factor was that Norton Healthcare system has completed a more than \$200 million electronic health record system investment, and getting that cost off the books made a substantial contribution.

#### Uncertainty as subsidy drops

However, Gough sees no way the revenue momentum can continue. Federal subsidies to states paying 100 percent of the additional cost of Medicaid expansion conclude this year. If Kentucky stays with expansion, subsidies will recede every year until 2020, when CMS will cover 90 percent of Medicaid costs. States will have to fund the rest. And that's dependent upon whether Kentucky stays with the Medicaid exchange as the ACA legislation intended.

Another change likely to affect Kentucky's Medicaid program is Gov. Matt Bevin's proposal for a Section 1115 waiver from the CMS to redesign Kentucky's Medicaid expansion. According to the Health Insurance Resource Center at [healthinsurance.org](http://healthinsurance.org), the governor's proposal, Kentucky HEALTH, would not eliminate the expansion, but would introduce several key changes to the program.

One would be a My Rewards Account program that requires Medicaid enrollees to complete certain actions, such as earn a GED, participate in smoking cessation classes, or get job training, to earn credits for vision and dental services. Medicaid typically covers 100 percent for beneficiaries, but the administration's proposals include creating deductibles for recipients as an incentive to "avoid unnecessary care."

As of press time, the Kentucky Department of Medicaid Services was awaiting approval of a waiver from the CMS. If approved, these and other changes could go into effect as early as January 2018. (Visit the Kentucky Department for Medicaid Services for more information on Kentucky HEALTH.)

#### High deductibles, higher bad debt?

In the meantime, decreases in uncompensated care – bad debt on hospitals' books – seem to have reached a plateau. The increase in insured patients has seen a simultaneous rise in purchases of health insurance plans with high deductibles.

"A lot more people are going to high deductible plans, so the residual balance that the commercial payers don't cover, well, there's more of that these days," Baldwin said.

A great deal of Baptist Health Richmond's current bad debt comes from patients who've bought high deductible insurance plans, upward of \$2,000 to \$6,000. Of greatest concern, however, is that commercial insurers are getting out of state and federal exchanges. In Kentucky, Aetna and Humana have already bowed out of the Kentucky market for 2018, leaving only Care Source and Anthem. Anthem has already announced that it will no longer participate in the exchange in Indiana and Ohio. It is also pulling out of nearly all its markets in California.

"It's very possible that Kentucky could have just one choice in the exchange by 2018," Baldwin said. Despite what looks like rising hazard for hospitals' future bottom lines, Baldwin argued that it would be a mistake to return to the past.

"Lifting the Medicaid eligibility threshold made a huge difference to families with only one income. This area has a large population of single, working mothers," Baldwin said. "I don't think anyone could reasonably say that it's appropriate to take Medicaid back to where it once was. That would be too dire, too draconian." ■

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







# Making Employee Age Data an Asset

Direct-to-employer care program's analytics tool helps provider anticipate and manage care needs

BY ESTHER ZUNKER

**B**USINESS executives trying to manage their margins in a competitive environment have long been concerned about ever-increasing health-care costs. Employers need to attract and retain top talent and keep their workforce healthy and productive, but providing attractive health benefits is a growing drain from a financial standpoint.

Lexington Clinic, a multi-specialty medical group with 200-plus providers, thinks its new Provider Employer Pathways program will save employers 4 to 5

percent this year by using a population health analytic software to manage employee well-being more efficiently and effectively. The goal is that those savings will increase in the future.

Using those analytics, it works with employers to customize benefits plans around a care network emphasizing the use of Lexington Clinic facilities and providers.

Now three years old, Provider Employer Pathways is similar to other direct-to-employer care programs throughout the nation, but Lexington

Clinic Chief Administrative Officer Eric Riley said theirs takes a broader and more comprehensive approach.

The program currently has around 30,000 members. It has employee member groups from as large as 7,000 down to 300, including a wide range of businesses from the automotive industry to law firms and educational companies.

"We are providing a service to a constituency of clients across the commonwealth, as well as providing healthcare to our own employees," Riley said. "We believe that fiduciary responsibility isn't just an economic footprint; it's also in the health of those employees. This concept isn't totally unique in the nation, but it is pretty forefront in this market from the comprehensive structure of it."

The Provider Employer Pathways program is customized to each employer and looks different depending on the health needs of particular populations of employees, he said, because the aim is to create an actual partnership among the program, the employees and the employer.

Lexington Clinic has "a whole suite of specialty-based outpatient services,"



*Eric Riley,  
Chief  
Administrative  
Officer,  
Lexington  
Clinic*

Riley said. "That provides the opportunity for us to provide a cost-conscious network, so that we can share that savings opportunity with some of our employer network and partners in the market."

Employees' ages often shape services.

"Some of our clients who are younger consume healthcare very differently than older individuals who are beginning to hit those chronic elements of life," Riley said. "We really do work hard to help the employer understand what their employee population looks like, and the opportunities available to engage and navigate them."

#### **Lower costs and better outcome?**

The cost issue has become even more pressing since the passage in 2010 of the Affordable Care Act increased regulatory burdens by creating minimum coverage requirements and introducing measures that ostensibly improve conditions for the consumer. They also subtly transitioned more of the cost to employers. It is a dilemma to which there is no clear answer.

Faced with increasing costs in its own traditional health plan, Lexington Clinic knew there must be smarter ways to design its health plan, and that is how it turned to the idea of premier networks, or in this case, direct-to-employer.

Many employer-based health plans have transitioned to what are known as "preferred plans," contracting with providers that have proven records of efficient care at lower prices. With its multitude of providers and facilities, Lexington Clinic saw the opportunity to contract directly with employers and be the exclusive provider for those populations. The employer would see improved health outcomes at noticeably improved overall plan costs, and Lexington Clinic would benefit from an influx of new patients.

"Really everyone wins in this situation," Riley said. "Preferred networks are nothing new, so why shouldn't Lexington Clinic make up a significant portion of the network? We have providers of virtually every major specialty, and we offer exceptional care and quality at a demonstrated value to the employer."

There are two areas he believes an employer should be sensitive to: cost and value/outcome. Depending on the employee demographics of a particular company, cost thresholds to employers will vary.

"Depending on what their population looks like from a demographic (perspective) can determine their expense and disease burden sensitivity,"



Riley said. "Our product is designed to partner with an employer, understand their needs and help them design what is unique for them to be more successful in their population."

#### **'Narrow' networks rediscovered**

In the traditional sense, narrow networks can be thought of as limiting enrollees on a plan to seeing around 70 percent of providers in a service area. Patients would face substantial upfront cost sharing to see the other, out-of-network providers.

Such networks originated in the 1980s in California, where state legislators first allowed insurers the ability to selectively contract, creating exclusive networks with providers with whom they had negotiated lower reimbursement rates.

One study of a preferred network in Massachusetts showed its structure and incentives produced a 40 percent spending reduction in emergency department use and visits to specialists. There was increased usage of primary care, leading to increased awareness of preventive care and wellness. Other studies found a nearly 40 percent decrease in spending for heart disease and other chronic conditions treatment that cost hundreds of billions of dollars a year, according to the Agency for Healthcare Research.

There are definite savings to be claimed if providers and employers are willing to shift the paradigm in the delivery and payment system.

One of Lexington Clinic's main clients in the Provider Employer Pathways program is the large automotive parts manufacturer Hitachi Automotive Systems Americas. With large plants in both Harrodsburg and Berea, the company currently has more than 7,500

employees covered under the program, 5,500 of whom reside in Kentucky.

"It's been a fun partnership with them," Riley said. "We've done a lot of preventive and chronic (condition management) work for them, and looked at benefit and design across the program. They've seen significant savings, but most importantly more employee engagement and care improvement. Those two have to go hand in hand."

Provider Employer Pathways fulfilled goals the employer had identified.

"Hitachi set out to find a program that would benefit our most valuable resource: our employees," said Craig Fisher, senior vice president of human resources and corporate secretary of Hitachi Automotive Systems Americas. "We have been so pleased with the win-win partnership we have developed with Lexington Clinic. We have improved our healthcare benefit plan and investment, and our team members are engaged. When they are healthy and feeling their best, that's the greatest value we can provide to our employees and their families."



*Craig Fisher,  
Vice President  
Human  
Resources,  
Hitachi  
Automotive  
Systems  
Americas Inc.*

#### **Analytics improve care management**

Lower costs, while important, are not the only incentive offered by Lexington Clinic's direct-to-employer arrangement. With innovative analytic technology that gathers and filters data from both electronic medical records and payer files, Lexington Clinic is taking strides in efficiently managing the health of large populations.



“Analytics allow employers to work with us to find out how benefits can really alter outcome,” Riley said. “With our data, we know more about the collective health of their employee population than they do.”

OptumOne, the powerful analytic tool used by the Lexington Clinic team, amasses an impressive amount of information on patients.

“We selected them (Hitachi) because they have the largest data cohort of longitudinal information on patients ... this allows us to look retrospectively at patient risk,” Riley said. “We are able to very accurately predict a disease progression based on family history (and other factors), and we use that to try and redirect the outcome.”

OptumOne can sort thousands of patients into cohorts based on different criteria – for example, those who haven’t made a “well visit” in the last 18 months, haven’t had a mammogram, or haven’t refilled prescriptions regularly.

The Lexington Clinic team analyzes OptumOne data to determine if there are care interventions that could improve the overall health and experience of patients. Engagement professionals then contact members to urge them toward the right avenues of care.

For example, care managers can contact those without well visits and help them schedule appointments, which leads to finding health conditions and treating them before they become something much more serious and expensive.

“Without follow up, diseases can progress, and then treatment becomes harder and harder,” Riley said. “It really is helping employers understand they not only have a fiduciary responsibility (to control costs), but they have an obligation to the health of their employees. If they’re going to provide a benefit, they should make sure it’s of the highest value and highest quality they can possibly provide. They can’t do that if they have an illusion of choice that they can go anywhere for it; they really need to bring those provisions of care closer so they can navigate them ideally for the outcome.”

### Member navigators ease access

Another key feature of Lexington Clinic’s direct-to-employer program is member navigation. Specific members of Lexington Clinic staff are dedicated exclusively to help employer groups navigate the system and assist in their choice process. Easily accessible by intention, these navigators field questions from patients and help them get access to the providers they need to see.

“By engaging the employee in the



(healthcare) purchasing decisions and assigning them a personal navigator, you start to have good dialogue,” Riley said. “The employee determines how they will spend their resources, so there’s material engagement instead of a soft engagement.”

When patients make contact, the member navigator can determine where they are calling from in order to suggest the most rapid point of care with the most cost-efficient method at any of Lexington Clinic’s more than 200 providers. This process puts at ease the many enrollees likely to be overwhelmed by sorting out the system’s care options.

### A new model for healthcare

As the U.S. Department of Health and Human Services seeks to tie 90 percent of its healthcare compensation payments to value and quality by 2018, providers and payers are looking for new models to maximize patient health at the lowest cost.

Employers are seeking savings in an uncertain regulatory environment, but facing the trend that their employees

are aging and utilizing more care. The portion of the budget allocated for health benefits has been steadily rising, and until now there was no end in sight.

Lexington Clinic, with its direct-to-employer model, is providing an example of payment model innovation. Contracting directly with large employer groups is saving both sides money, and overall patient health is better managed, resulting in improved outcomes for organizations’ most valuable asset: people.

“I believe this is a key solution for employers in the market in terms of providing good benefits to their employees,” Riley said. “My passion is embedded in doing what I can to help those employers understand there are ways to manage your employees from a benefit prospective and a health outcome perspective that can be mutually enjoyable. Anything we can do to help promote that, I’m happy to help with that pathway.” ■

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

# Tourist Season Goes Year Round in Kentucky



Beyond its 'bourbonism' boom, \$14.5 billion hospitality sector grows by giving visitors a taste of the authentic

BY SUSAN GOSSELIN

**C**ONTINUING an especially good run in recent years, vibrant Kentucky tourism grew another 5 percent in 2016, the strongest expansion rate since 2005, according to Kentucky's Tourism Arts and Heritage Cabinet. The economic impact hit \$14.5 billion last year, when all nine of the state tourism regions experienced increases.

Rising global taste for and interest in bourbon has certainly helped spike the

numbers. It's driving a revival down old West Main Street in downtown Louisville as well as hotel construction there and elsewhere in the state.

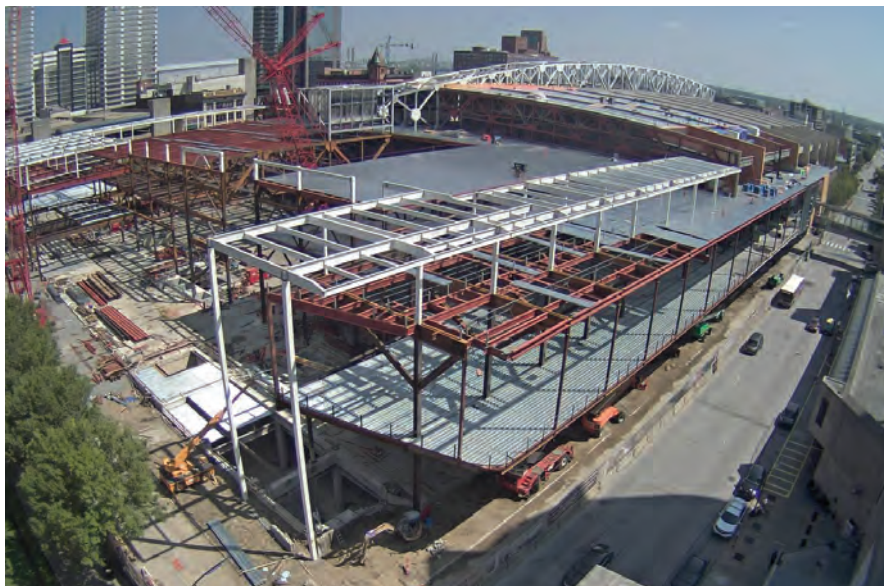
Long mostly a seasonal industry busy in spring and summer, tourism-sector members are developing it into a year-round enterprise in Kentucky that generates \$1.5 billion in tax revenue and supports 193,000 jobs – an important number that grew by 7,000 in the 2016 measure.

*Located on West Main Street on Louisville's historic "Whiskey Row," the Evan Williams Bourbon Experience with its 3-story tall pouring bottle features an artisanal distillery, tours, tastings and an immersive experience that celebrates the legacy of Evan Williams, Kentucky's first distiller, and brings to life the history and tradition of America's native spirit.*

And it's going to be better for the foreseeable future, according to Kristen Branscum, commissioner of the Department of Travel and Tourism.

"The next three to five years are going to be incredible" Branscum said. "Very simply, Kentucky is in a wonderful place as far as the tourism sector goes. We have those authentic experiences that they are looking for. We are centrally located, and the Southern region is hot right now ... among international visitors who want to come for that authentic Americana."





*A view in early September 2017 of the \$180 million reconstruction of the Kentucky International Convention Center in downtown Louisville, which will reopen in Summer 2018 with an increase in contiguous exhibit space from 146,000 s.f. to over 200,000 s.f., add a 40,000-plus-s.f. ballroom and more meeting space all within the center's existing footprint. The project area is in the block bordered by Third and Fourth Streets between Market and Jefferson.*

Bourbon-related tourism spreads out across most months of the calendar, and venues and communities around the state are realizing success in appealing to travelers who want experiences not only during summer vacation season but all year long. Hospitality professionals are finding opportunities to create new packages and products. It's a big reason tourism growth of hundreds of millions of dollars annually is happening.



*Kristen Branscum, Commissioner, Kentucky Department of Travel and Tourism*

Kentucky's local hospitality sector members are making the most of things as well, Branscum said. They understand marketing and positioning themselves appropriately, and they are presenting a consistent message that is getting noticed.

"I love my job," said Karen Williams, president and CEO of the Louisville Convention and Visitor's Bureau. "It's a great time to be selling Kentucky, and Louisville, in particular. People are looking for real, authentic cultural experiences. And we're looked at as a city that's authentic, that has great events and attractions that are based on our strengths, like bourbon, food and horseracing.

"We've built up some very attractive hotels and infrastructure around it –

infrastructure that makes us the gateway to bourbon country like Napa Valley is for wine. We're at the point now that all our plans and investment are starting to feed on each other," Williams said. "The momentum is taking us to some very interesting places."

Owensboro, too, is enhancing its own long-standing authentic Kentucky cultural attraction.

"Construction of the Bluegrass Hall of Fame and Museum in Owensboro began in 2016 and is scheduled to open during 2018 as the newest piece of the city's \$80 million riverfront redevelopment project," Mark Calitri, president/CEO of Visit Owensboro, said. "The region around Owensboro is known for ties to the roots of bluegrass music, so this uniquely Kentucky musical genre factors into our cultural tourism strategy. Bill Monroe was born, raised and laid to rest in nearby Rosine, Ky., where a museum dedicated to him is currently under construction and will join his home place as a popular destination in that community."

The facility under construction will be a much larger home for the hall of fame and museum founded more than 20 years ago in Owensboro, and will add a research library, restaurant and indoor and outdoor performance spaces.

Louisville's ascent as a year-round tourist destination is borne out by its CVB's



*Karen Williams, President/CEO, Louisville Convention and Visitor's Bureau*



*Mark Calitri, President/CEO, Visit Owensboro*

numbers, which show steady growth and a new interest in visiting Louisville outside of Derby season. From 2014 to 2016 alone, visits to Louisville increased by more than 1.7 million to 24.7 million. From 2013 to 2017, scheduled conventions grew from 536 to 667. Unbundled ticket sales to Louisville events grew more than 130 percent last year.

## Building it ... because they will come

Williams points specifically to 2005 as the year things began to turn around. It was the year the 591-room Louisville Marriott Downtown and the boutique 21C Museum Hotel opened – a critical expansion of hotel and meeting space downtown that caught the attention of event planners. The new venues also got the attention of restaurateurs, who began investing in new destination dining downtown to support the influx of tourists and conventioners.

This launched a cycle that created its own momentum, Williams said. Construction of the 22,000-seat KFC Yum! Center in 2010 brought calls from more investors looking to bring new hotels downtown. It led to the current development of the Omni Hotel downtown, a 30-story, \$320 million project that will have more than 600 hotel rooms and 225 luxury apartments, opening in early 2018.

And an \$180 million expansion of the Louisville International Convention Center downtown will wrap up in early 2018 as well, bringing its exhibit space up to 200,000 s.f. and its ballroom space up to 40,000. The Louisville Convention & Visitors Bureau estimates the expansion will increase bookings by 25 percent, a move that could bring an additional \$53 million in annual economic impact with it.

Another sign of the momentum: The 12-year-old Louisville Downtown Marri-



*Revelers enjoy the Louisville Urban Bourbon Trail at Proof On Main.*



ott is undergoing a \$30 million renovation set for completion in August 2018 when the Omni opens.

"We're seeing convention traffic, but we're also seeing a great deal of regional tourism and even local people who are doing staycations," Williams said. "That's one of the key reasons our week-end packages have been doing so well."

Branscum said she views hotel construction around the state as "money in the pocket of Kentuckians." New facilities appeal to travelers, but the companies building them are doing so because they "are paying attention to the trends. They know they are going to get their money back."

#### Bourbonism pours it on

"A million people visited the Kentucky Bourbon Trail last year, and that's a huge growth engine for the state," said Susan Reigler, bourbon writer, event planner and president of the Bourbon Women's Association. While many distillery stops are outside the city limits, a whole new bevy of attractions in the city limits are bringing vitality and growth to the trail, she noted.

"There's great, long-standing attractions on the trail like the Woodford Reserve Distillery (near Versailles) and the Maker's Mark Distillery (in rural Marion County) among many others," Reigler said. "But then you've got the new attractions that are popping up in Louisville, such as the Evan Williams Bourbon Experience and speakeasy, tastings at Angel's Envy, The Jim Beam Urban Stillhouse, Bulleit, Copper & Kings, Kentucky Peerless and a whole lot more downtown."

Non-distillers also see opportunity in Louisville's "bourbonism" as Mayor Greg Fischer has dubbed it.

"The Frazier Historical Museum has stepped up to the plate to support it, too, with its Prohibition exhibit," Reigler said. "Historic Locust Grove in the East End has



*Susan Reigler,  
President,  
Bourbon  
Women's  
Association*

created its own farm distillery that's true to its historic roots, and staffed with costumed interpreters. And then there are the restaurants, which have been adding bourbon-infused foods and leaning into bourbon culture. It's created a unique experience for people who visit here, something they can't get anywhere else."

And that's just the beginning. Several new attractions are slated to open in 2017-18 on Louisville's now-ubiquitous Urban Bourbon Trail, including Rabbit Hole Spirits Craft Distillery in NuLu, Derby City Spirits in the Highlands, and two new Whiskey Row attractions – Old Forester and Michter's Distillery.

Bourbons Bistro in downtown Louisville was early to sign on to the Urban Bourbon Trail, which has grown to some 35 bars and restaurants that carry significant bourbon selections. Urban Bourbon Trail action now has changed the way they do business.

"It's a challenge to keep up with the pace," said Jason Brauner, owner of Bourbons Bistro. "These days, we're having bottle-signing events, getting single barrels for our restaurant, pairing up with liquor stores to do on-premise promotions, hosting cocktail parties, and even getting our own private barrels on liquor store shelves. It's a quick moving industry, and you have to keep up with the demand."

Brauner said the increased interest in bourbon is a sign of the times.



*Jason Brauner,  
Owner,  
Bourbons  
Bistro*



*Scheduled to open in late spring 2018, the \$320 million Omni Louisville in Downtown Louisville, is designed with intersecting towers that represent the crossroads of the past, present and future of Louisville. It will transform an urban block one block from the Kentucky International Convention Center into a vibrant mixed-use environment with 612 guest rooms and suites, 70,000 s.f. of meeting and event space, two full-service restaurants, lobby lounge, rooftop café, speakeasy and a bowling alley.*

"Millennials in particular are more interested in the quality of what they are eating and drinking. When they find something they like, something that rings true as authentic and well crafted, they want to share it. Word is spreading about what Louisville has to offer."

Picturesque Bardstown, 40 minutes south, has traded on its rich bourbon heritage for a few generations, and its annual mid-September Kentucky Bourbon Festival has exploded in the past decade.

Like Louisville, Lexington likes to point out its role in the early days of bourbon distilling, but recently it has taken a different strategy – creating its own "Brew"grass Trail. The city has at least a half-dozen new craft breweries, and recently created a "passport" visitors can get punched at destination breweries in Lexington, Paris, Danville and Harrodsburg.

Lexington's bubbling Distillery District just west of downtown is repopulating historic warehouses with restaurants, ice cream parlors and bars. The 2016 opening of 21C Museum Hotel Lexington after a \$38 million renovation of the century-old First



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*The annual Kentucky Highland Games in Glasgow are an authentic reference to the Scottish origins of the founders of that South Central Kentucky city. With traditional athletics competitions, dance and music, the games draw tens of thousands of visitors.*

National Bank Building presents a lure for travelers looking for world-class accommodations.

## Good events gather crowds

Glasgow in south-central Kentucky understands the value of event tourism. Each year it hosts the Annual Glasgow Highland Games, which brings nearly 20,000 people from around the world to watch the celebration of Celtic music, dancing demonstrations and Scottish Highland sports like ax throwing.

Glasgow renovated a long-abandoned vaudeville venue to create the Plaza Theatre on Main Street, which in the past few years has hosted pop and country concerts, theatrical shows and more. With the state's improved film industry incentives attracting business, the Plaza has been a venue for filming and opening parties.

"Between our Arts Guild events and workshops and the city's natural assets like the river, we've been able to lure people here from all over the region for overnight stays," said Ann Stewart, marketing and tourism director for



*Ann Stewart, Marketing and Tourism Director, Glasgow-Barren County Chamber of Commerce*

Glasgow-Barren County Chamber of Commerce. "And we're always looking for ways to connect our attractions. For instance, we're finishing up new bike trails that will allow us to link city trails to the trails at nearby Barren River Lake State Resort Park. It's working out great for us."

For years Louisville has spun tourism revenue from long-standing annual events – the Kentucky Derby, The Derby Festival, the St. James Court Art Show in Old Louisville and now the two-day Forecastle Festival, which sells out every year. But Louisville's reputation for great food and cultural amenities is making it a magnet for new event organizers.

The Louder than Life Festival, a heavy-metal concert festival now in its fourth year, attracted 50,000 attendees and netted the city \$13 million in economic impact, according to a recent study released by the promoters.

The national Bourbon Women's Association is based in Louisville, where it hosted its fourth annual "Sip-osium" last month and drew bourbon-lovers from across the nation for several days of tastings, networking and food events. The Kentucky Distiller's Association has ramped up its annual Kentucky Bourbon Affair into six days worth of tastings, food events, parties and tours for the true bourbon aficionado.

The success of these events has helped give rise to a new festival, Bourbon & Beyond, that brings together top chefs, master distillers and legendary performers in rock and bluegrass. The event had sold more than 14,000 tickets, Williams said, several weeks before it was set to take place. Talks are underway for a similar, country-music themed concert event.

And this doesn't count the steady A-list concerts the seven-year-old KFC



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Yum! Center has attracted, including Taylor Swift, Beyonce, Jimmy Buffett, Cher, Motley Crue, Katy Perry, Luke Bryan, Justin Timberlake, Lionel Richie, Maroon 5 and many more.

#### Experiential, bucket-list travel

“Experiential travel is a big buzzword these days. We’re looking to connect visitors to Paducah in a new, and immersive way,” said Laura Oswald, director of marketing for the Paducah Visitor’s Bureau.

New tours have been a part of that, capitalizing on Paducah’s river city history and its recent designation as a UNESCO Creative City, an award that links them to other, like-minded cities that are focused on the arts and creativity as a way to express their local culture, Oswald said.

Paducah has put together a signature experience around its nationally known Quilting Museum, offering a white-glove, behind-the-scenes visit to the museum that allows tourists to create their own quilt block. Paducah has a tour centered around river culture, with a trip to the River Discovery Center, discussion with a modern day river captain, live river music and a dinner of local cuisine. Another tour centers on the restored Hotel Metropolitan, highlighting the famous “chitlin’ circuit” blues performers who played there, capped off by a soul-food tasting and live entertainment.

Kentucky’s weather is attractive to residents of Canada, other northern nations and residents of Northern U.S. states, Branscum said, attracting winter

and early spring golfers. The commonwealth is “the front porch of the South” for Northerners who do not enjoy the heat of the Deep South.

In an increasingly processed, commercialized and homogenized world, tourists come to Kentucky today to see and touch elements of life they consider to have remained authentic



*Laura Oswald,  
director of  
marketing,  
Paducah  
Visitor's  
Bureau*



*Kentucky Department of Parks photo*

*Lake Cumberland’s 65,000 acres of water and 1,255-mile shore attracts millions of visitors all year round.*

“A lot of people we see are coming here to cross things off their bucket list – experiencing those things they’ve always wanted to do,” said Sean Higgins, chief fun officer of Louisville-based Mint Julep Tours.

Mint Julep’s staff fields an average of 100 requests a week for specialty tours, and that business, combined with their general tours, amount to showing

30,000 people a year the best the Louisville area has to offer.

“Our main demographic is people aged 30 to 45, and we are seeing our biggest growth in corporate entertainment, corporate travel, and incentive trips,” Higgins said. “But we’re also seeing a lot of local tourism, too, especially for our supper series. Culturally speaking, there’s never been more to do in Louisville. People are coming back to us for the second and third time, because there’s always something new.”

Several large distillery, beer and general sightseeing public tours are always available. But Mint Julep has success also, Higgins said, with experiences, such as the “Heaven & Evan Behind the Scenes Bourbon Tour,” the “Secrets of Bluegrass Chefs” tour taking visitors to a taping of the popular television show, and the “Southern Supper” tour that goes to a different restaurant for each course of its participants’ meal.

Higgins was quick to say, however, that the Kentucky mystique extends far beyond food, or even bourbon.

“People come to us because Louisville is a place where craftsmanship is king. We make the best baseball bats at Louisville Slugger. We grow the world’s best racehorses in Kentucky. We have some of the world’s best artists at the Saint James, or in our museums,” he said. “We have a great tradition of making things, and making them well. People respond to that.” ■



*Sean Higgins,  
Chief Fun  
Officer, Mint  
Julep Tours*

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



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# EMERGING LANE

Kentucky's young professionals and creatives



## On the Fast Track

Passion for her subject drove Hilary Slone to a CEO role by 24

**A**T 24 years old, Prestonburg native Hilary Slone is already achieving milestones in her career typically reserved for colleagues at least 10 years her senior. But the Morehead State graduate has an often elusive career ingredient: passion.

We asked her a few questions about her role as CEO of Bracken County Nursing & Rehabilitation Center in Augusta, Ky., and how she's achieved the title at a young age. Slone has a bachelor's degree in

healthcare management and now works to ensure that the roughly 32 residents and 50 staff members are in the best environment possible.

**TLR:** Where did your love for working in nursing homes begin?

**HS:** When I was a senior at Prestonsburg High School, I entered the mentoring program and it allowed me to leave school every day for two hours and volunteer at Riverview Health Care Center in the quality of life department. When I first got there I was totally intimidated. I thought, 'How am I going to interact with these 80-some-year-old people?' After a couple days I figured out it was a natural thing for me, and I could easily interact with the elders. Not a lot of people can do it.

**TLR:** What did you like about that interaction?

**HS:** I loved hearing about their past, and how much life is different for them compared to how I was living life. And their sense of humor! I learned that long-term care is not a place to wait until the end of life, but a new chapter in life to experience and be loved along the journey. When you enter this facility, you are entering the elder's home, where we just so happen to work.

**TLR:** What types of things did you do with them?

**HS:** We ensure that elders are interacting with people and having fun on a daily basis. The stereotype that elders love to play Bingo rings very true; it's their favorite game!

**TLR:** How did this steer the course of your life as you headed to college?

**HS:** I had a driven plan to one day return to long-term care. College was never easy for me, but I was determined to graduate and begin my journey in long-term care. Upon graduation, I entered the administrator-in-training program at Riverview and became a licensed nursing home administrator in February 2017. I worked as an assistant administrator until I heard about this job coming open. As CEO of a long-term care facility, I learn more about this industry every day. It's not an easy

field to work in, but if I can bring a single smile or laugh to an elder, it's worth it.

I think there are certain career paths that every kid is expected to go toward; you've got nursing, law, medicine, and so mine was nursing. I thought that I would go into nursing, but it wasn't until I started volunteering at the home that I knew that's what I wanted to do, and I didn't want to take the clinical path but the administrative and business path.

**TLR:** What are some of the challenges you face?

**HS:** In my mind we were going to have a waiting list of people coming in, but healthcare and long-term care are very expensive so we're finding that a lot more people when they're discharged from the hospital are discharging home to take the cheaper route. People have Medicare and Medicaid, but that only goes so far. It's tough to keep revenue coming into the building, and staffing has been hard.

Also, long-term care is one of the most regulated industries in the U.S. My goal is always to transform negative energy into positive energy. A stressful industry can create a lot of negativity in a building, so I always want to ensure that staff and elders know they are cared for.

**TLR:** What are your long-term goals?

**HS:** I want to make sure I am leaving the world in a better place than it was. I realize that the world is so much bigger than myself, and I want to benefit the lives of others. I don't want to live my life seeking the American dream, I want to live my life giving love and kindness to others. I think it's so important to focus on things that are bigger than ourselves. If you go into a career simply focused on making money then you're going to burn out quickly.

**TLR:** What's next for you down the road?

**HS:** I'm 24 and I'm already over my own building, so I feel like I've just been trying to keep my head above water and figure out what I'm doing. Eventually I'll look at transferring to a bigger facility and continue to grow.

—Abby Laub



Hilary Slone said that even as a teenager she was able to connect in meaningful ways with nursing home residents.



*Elixir Kombucha owners are, from left, Ryan Cheong, Danielle Wood and Corey Wood. They started their company in 2016.*

## Elixir Kombucha Brewers Are Growing a Good Business Culture

THE fermented tea known as kombucha is gaining new popularity, but this particular type of probiotic has been around at least 2,000 years in other civilizations. When a trio of friends in Louisville realized there weren't any local options for bottled kombucha, they started commercially brewing their own in April 2016.

"We developed a serious passion for home brewing kombucha and promoting gut health in our friends and family before we ever had the idea to start a business," said partner Corey Wood. "More and more research is emerging regarding the role that gut health plays in autoimmune issues, disease pathways and even mental health."

The kombucha recipe centers around a culture called a scoby, which stands for symbiotic colony of bacteria and yeast. Wood and his wife, Danielle Wood, and friend Ryan Cheong named their company Elixir Kombucha. They operate out of Chef Space, a kitchen incubator in Louisville. The equipment necessary for brewing kombucha in small batches is similar to that of brewing beer.

"Being in Louisville, a city with a thriving beer scene, we have been lucky enough to get advice about scaling

from our friends at some of the local breweries," Corey Wood said.

In just over a year's time, the local bottled kombucha product is already available at 50 retail and restaurant locations, including Whole Foods Market in Louisville, Lucky's Market in Louisville and Lexington, and Branch Out Foods in Paducah. Elixir Kombucha can also be found on tap at a handful of taverns and cafés in Jefferson County.

In a collaborative effort, all three partners brew, bottle, label and deliver to their house accounts. Danielle Wood is the flavor architect and culture farmer, using her background in wellness and nutrition to research the seasonal flavors and ingredients that can be incorporated into the product.

The owners flavor their scoby with organic fruits, juices, herbs and spices to create such labels as Lavender Lemonade and Pineapple Ginger, plus a Watermelon Jalapeno in summer and Harvest Cider in fall.

"The final product is a semi-sweet, semi-tart, bubbly, probiotic beverage that promotes gut health and a strengthened immune system," according to Wood.

He is head of brew operations. Cheong is head of sales for the company and the only full-time partner for now.

The partners have chosen to focus on smart growth over fast growth.

"We hear horror stories about businesses outgrowing themselves before they have a focused and detailed plan for scaling and keeping up with demand," Wood said.

Cheong has a background in food service and was an original member of the NuLu restaurant Garage Bar. "We are all foodies and love to cook, so coming up with flavor profiles is our idea of a good time," Wood said.

"We are honored to have a crazy supportive network of friends and family. We are lucky to be in a city that supports small, independent businesses." —Kathie Stamps

## Foodie Culture for Lexington's South End

THE urban core of Lexington has long been the focus of the city's burgeoning dining scene, but now the south end is undergoing a major injection of new flavors thanks to the newly opened Summit at Fritz Farm.

New openings include local names like Athenian Grill, Atomic Ramen, Smithtown Seafood, and Crank and Boom, which are now centered in the all-new Barn at Fritz Farm. Also included in the space with reclaimed barn wood thanks to Old World Timber are the all-new Pasture, a concept by Marksbury Farm, and Whiskey Bear, the barn's only bar.

The Barn is a not-to-miss food destination.



*CoreLife Eatery in The Summit at Fritz Farm boasts scratch cooking in a fast casual service.*

Health-conscious eaters can head just around the corner to CoreLife Eatery, which opened its second store in Kentucky at the Summit. The fast-growing active lifestyle restaurant offers a variety of greens, grains and broth-based dishes.

CoreLife "brings together scratch cooking with flavorful source ingredients and a fast, casual service line for a healthy and affordable eating alternative," according to a press release.

Partner Todd Mansfield added, "Customers have been trained to believe that healthy food can't possibly taste good. We're debunking that myth. We create our menu from fresh and simple, top quality ingredients that taste great and our customers want to eat."

The CoreLife Eatery concept has taken off quickly in New York, Ohio, Pennsylvania, Kentucky, Michigan and Utah, with the first location opening in 2015 in Syracuse, N.Y.



*Kombucha has been around for 2,000 years in other civilizations and promotes gut health.*



# THE LANE LIST

## KENTUCKY'S LARGEST LAW FIRMS

Ranked by number of attorneys in their Kentucky offices

LAW FIRM	NUMBER OF ATTORNEYS	ADDRESS, PHONE	WEBSITE	OTHER KY LOCATIONS	OFFICERS
<b>Frost Brown Todd</b>	202	400 W. Market St., Suite 3200 Louisville, KY 40202 (502) 589-5400	frostbrowntodd.com	Lexington, Florence	Chairman: John R. Crockett III; Members-in-Charge: Geoffrey M. White, Louisville office; Jonathan S. Miller, Lexington; Gregory S. Schumate, Florence office
<b>Stites &amp; Harbison PLLC</b>	131	400 W. Market St., Suite 1800 Louisville, KY 40202 (502) 587-3400	stites.com	Frankfort, Covington, Lexington	Chairman: Robert Connolly
<b>Stoll Keenon Ogden</b>	117	300 W. Vine St., Suite 2100 Lexington, KY 40507 (859) 231-3000	skofirm.com	Louisville, Frankfort, Henderson, Morganfield, Owensboro	Managing Director: P. Douglas Barr
<b>Wyatt, Tarrant &amp; Combs, LLP</b>	116	500 W. Jefferson St., Suite 2800 Louisville, KY 40202 (502) 589-5235	wyattfirm.com	Lexington	Managing partner: Franklin Jelsma
<b>Dinsmore &amp; Shohl LLP</b>	115	101 S. Fifth St., Suite 2500 Louisville, KY 40202 (502) 540-2300	dinsmore.com	Covington, Lexington, Louisville east, Frankfort	Office Managing Partners: R. Kenyon Meyer, Louisville; Chauncey Curtz, Lexington
<b>Bingham Greenebaum Doll</b>	83	101 S. Fifth St. Louisville, KY 40202 (502) 589-4200	bgdlegal.com	Lexington, Frankfort	Co-chairmen: W. Tobin McClamroch and Phillip D. Scott; James R. Irving, Managing Partner – Louisville Office; Timothy W. Dunn, Managing Partner – Lexington Office
<b>Middleton Reutlinger</b>	52	401 S. Fourth St., Suite 2600 Louisville, KY 40202 (502) 584-1135	middletonlaw.com		Managing director: Henry S. Alford
<b>McBrayer, McGinnis, Leslie &amp; Kirkland PLLC</b>	47	201 E. Main St., Suite 1000 Lexington, KY 40507 (859) 231-8780	mmlk.com	Louisville, Frankfort, Greenup	Managing Partner: James H. Frazier III
<b>Boehl Stopher &amp; Graves LLP</b>	36	400 W. Market St., Suite 2300 Louisville, KY 40202 (502) 589-5980	bsg-law.com	Lexington, Pikeville, Paducah	Managing partner: Richard Edwards
<b>Landrum &amp; Shouse LLP</b>	31	106 W. Vine St. Lexington, KY 40507 (859) 255-2424	landrumshouse.com	Louisville	Managing partner: William C. Shouse
<b>O'Bryan, Brown and Toner PLLC</b>	30	401 S. 4th St. Louisville, KY 40202 (502) 585-4700	obtlaw.com		Managing partner: Christopher P. O'Bryan
<b>Ward, Hocker &amp; Thornton PLLC</b>	28	333 West Vine St., Suite 1100 Lexington, KY 40507 (859) 422-6000	whlaw.com	Louisville	Managing Partners: Walter Ward, George Hocker, Gregg Thornton
<b>Dressman Benzinger LaVelle</b>	28	207 Thomas More Parkway Crestview Hills, KY 41017 (859) 341-1881	dbllaw.com		Louisville Managing Partner: James A. Dressman III
<b>Goldberg Simpson LLC</b>	28	9301 Dayflower St. Prospect, KY 40059 (502) 589-4440	goldberg-simpson.com	Louisville	Managing Partner: Jonathan D. Goldberg
<b>Phillips Parker Orbersen &amp; Arnett PLC</b>	27	716 W. Main St., Suite 300 Louisville, KY 40202 (502) 583-9900	ppoalaw.com	Lexington	Manager: committee
<b>Quintairos, Prieto, Wood &amp; Boyer PA</b>	27	9300 Shelbyville Road, Suite 400 Louisville, KY 40222 (502) 423-6390	ppoalaw.com	Lexington	Managing Partner: Donald L. Miller II
<b>English, Lucas, Priest &amp; Owsley LLP</b>	26	1101 College St. Bowling Green, KY 42102 (270) 781-6500	elpolaw.com		Managing partner: D. Gaines Penn
<b>Fultz Maddox Dicken PLC</b>	26	191S. 5th St., Suite 2700 Louisville, KY 40202 (502) 588-2000	fmdlegal.com		Managing partner: Scott T. Dickens
<b>Lynch, Cox, Gilman &amp; Goodman PSC</b>	26	500 W. Jefferson St., Suite 2100 Louisville, KY 40202 (502) 589-4215	lynchcoxlaw.com		Managing partners: Scott R. Cox, Scott D. Spiegel

Source: Law firms' websites

# SPOTLIGHT ON THE ARTS



*Kentucky Crafted artist Deborah Greene, co-owner of LaGrange-based Life Celebrations, shows customers samples of her clothing designs at the 2017 Kentucky Crafted: The Market in Lexington. Greene is one of more than 1,000 artists who have participated in Kentucky's premiere craft marketing program since its inception in the early 1980s.*

## Support for the Creative Industry

Partnerships, service to state's creative industry key to art council mission

BY LYDIA BAILEY BROWN

**L**YDIA Bailey Brown, Kentucky Arts Council executive director, recently sat down with senior staff member Emily Moses to discuss the creative industry, service to Kentucky artists and upcoming opportunities for artists sponsored by the arts council.

**Lydia Bailey Brown: What do you do at the Kentucky Arts Council?**

**Emily Moses:** I am currently the administration branch manager, but have had two other positions – creative industry manager and communications director – since I started here more than five years ago. The arts council gave me the opportunity to blend my interests and training into one job. Working in different capacities at the agency has given me unique perspective on our operations, which I appreciate.

**LBB: Did you ever imagine yourself working in the business capacity you do now, in arts administration?**

**EM:** In a word, no. When I graduated from college (Morehead State University, 2001) having studied journalism and theater, I was mostly interested in pursuing a creative career. And I did. I worked in theater a couple of years and worked as a journalist/editor for several years. What I can say is that my initial career tracks prepared me for the roles I have taken on at the arts council. So essentially, my artistic and creative training paved the way for me as an arts administrator.

**LBB: Do you view artists as small businesses?**

**EM:** That's a loaded question and not easily boiled down. From the perspective of my work at the arts council, I'd say yes. Professional artists have the same needs as other small businesses. However, you'll often find what is most important to the artist is not to make money, rather to make work. Many of our agency goals are related to assisting artists in career development, and that includes developing professional business skills. That has always been the case with the arts council.

**LBB: In what ways does the arts council assist artists in developing business skills?**

**EM:** The state arts agency has worked for more than 30 years to provide necessary training to artists and arts businesses to grow and secure Kentucky's creative sector. Kentucky has one of the oldest state-supported arts marketing assistance programs in the country. The Kentucky Crafted Program, formerly the Kentucky Craft Marketing Program started in the '80s as an initiative of then-First Lady Phyllis George Brown. This program has assisted more than a thousand artists in its 30-plus years of operation by providing business training, marketing assistance, sales and promotional opportunities, and other professional development, to Kentucky artists who jury into the program. It really is a feather in the state's cap.

**LBB: What is the creative industry and its relevance in Kentucky?**

**EM:** The "creative industry" is a sector of the economy which includes arts and cultural businesses, organizations and entrepreneurs who meet a specific need in the marketplace. The Kentucky Creative Industry Report released in 2014 helped the arts council gain traction more broadly with the state's business community and increased our ability to create valuable partnerships that broadened access to resources for the state's artists and creative professionals.

We've had tremendous success in this arena. We've been able to develop relationships with organizations like the Kentucky Small Business Development Centers, Kentucky Innovation Network, Mountain Association for Community Economic Development, Kentucky Highlands Investment Corp., Kentucky Community and Technical College System, University of Kentucky Cooperative Extension Service, the United States Department of Agriculture, and many others.

All of the organizations I mentioned have been able to provide direct one-on-one assistance to individuals who work within Kentucky's creative industry. I think that's pretty amazing. Whether it has been providing small-business loans, creating hands-on programming in technical skill development, or providing valuable training to artists in basic business practices, these partnerships have all proved essential in supporting and growing the creative industry.

**LBB: What professional and workforce development opportunities are coming up for artists and creatives?**

**EM:** Our fourth annual Creative Industry Summit will be Nov. 16 in Morehead. This is our largest training event of the year and usually draws a few hundred participants. I would recommend checking the arts council's website for more information. Additionally, we have staff who are hitting the road to offer informational workshops about arts council grants and programs and how to get involved with the agency. ■



*Lydia Bailey Brown is executive director of the Kentucky Arts Council.*





*The new Jephtha Creed Distillery is right alongside the eastbound lanes of I-64 in Shelby County. The historic vehicles and farm equipment scattered around the property are a nod to the old-fashioned ways of bourbon making.*

## New Distillery Honors Family Traditions

Jephtha Creed Distillery overlooks 250-year-old Shelbyville farm

BY KATHERINE TANDY BROWN

WHEN you drive in for the first time, Jephtha Creed seems a bit of an anomaly. Commanding the parking lot, a beautifully restored 1932 Ford truck with a load of bourbon barrels in its bed sports the new craft distillery's name. Atop a hill behind it towers a gorgeous, freshly built, 1,760-s.f. clubhouse, rife with iconic timber framing and wide windows overlooking lush Shelby County farmland. Turns out that numerous nods to old-fashioned ways – more classic farm equipment and vehicles, including a 1915 Ford Model T – are scattered around the property. A 1975 International grain truck actually hauls corn for the spirits' base from the field to the grain bin. Here tradition is a byword.

"Our core values include respecting our elders and family history and honoring the sacrifices that have been made to allow us the independence and liberties we now enjoy," explains Autumn Nethery, marketing manager of the business that she helped start in November of 2016. "Our family motto is 'Don't forget where you come from.'"

To date, it's the only distillery owned by two women entrepreneurs. The other is Autumn's mom, Joyce, Jephtha Creed

CEO and master distiller, who brings to the position two degrees in chemical engineering from the University of Louisville Speed Scientific School and 15 years' experience as a process engineer in an industrial-scale distillation facility. Autumn herself spent a school year in Edinburgh, Scotland, studying brewing and distilling at Heriot-Watt University to prepare for the job.

Both Netherys are high energy and obviously passionate about the distilling process and about the impressive company they've created.

"When we decided to start a craft distillery as a legacy for our children, we realized the only way to make it happen was to roll up our sleeves and do it ourselves," says Joyce, whose husband is a dairy farmer.

Owned by Netherys for more than 250 years, the family farm consists of several parcels that altogether total 1,000 acres. While the distillery is on 64 acres, the main farm residence property is home to historic Jephtha Knob, where Squire Boone and his brother Daniel found superb hunting before Kentucky became a state. They left behind a survey stone with their initials carved on it.

The knob lies almost exactly midway between Louisville and Lexington.

One of many unusual things about Jephtha Creed is the fact that it's a craft farm distillery. Simply put, that means instead of extracts and artificial flavorings, the Netherys choose to use real produce to make their spirits, most of which the family grows itself. Autumn explains that with a goal of creating a higher flavor profile, they often use harder-to-find and harder-to-grow varieties. For instance, the distillery is the only one using Bloody Butcher corn, a heritage variety in use since 1845. Its kernels are a shocking dark red.

On this farm sustainability is important, and leftover distiller's solids become pig food and fertilizer. Due to the proximity of the distillery to their farmland, the family can easily experiment with ingredients such as agave, peppers and peaches just by stepping outside to pick something fresh and new.

As for Jephtha Creed's spirits... "We began aging our bourbon in October of 2016," says Joyce. "It was the first bourbon barreled in Shelby County since Prohibition. We plan to age it for a minimum of two years. We'll have straight bourbon coming out in 2019 and will hold some back a bit longer for reserves."

If you just can't wait, there's a limited edition of bourbon made as a trial run in 2014, Bloody Butcher's Creed, available now.



*Autumn and Joyce Nethery work the bar at Jephtha Creed Distillery, which is on 64 acres of the 1,000-acre Nethery family farm in Shelby County.*



In the meantime Jephtha Creed features vodka (Original, Honey, Apple and Blueberry). The original, says Autumn, is “so smooth, George Clooney could take lessons.” And moonshine – Original, Apple Pie, Blackberry or Louisville Lemonade, which can be consumed straight or mixed with tea for a fine time in the ol’ porch rocker! Those yummy flavors of fruit and the honey originate fresh-picked and fresh-gathered from the farm. All are Kentucky Proud products that are distributed throughout the state. (All military customers receive a discount.)

Tours of the distillery highlight “everything from the ground to the glass.” There’s a short video and an explanation of the distilling process, which is computerized to provide consistency in quality and to “make old-fashioned new,” followed by a gander at three handsome copper stills. Tastings come next, and Creed cocktails are available, including warm-weather slushies in yummy flavors. Tours can accommodate up to 50 people.

Recurring events at Jephtha Creed include a Friday night concert series, Jammin’ at Jephtha, on the patio with live music, a food truck and a bar. You can try your skill at cornhole and checkers while



you sip and listen. Josh Bogard and the Dirty South will liven the patio on September 29. The distillery’s bartenders also teach monthly Creed Cocktails Classes – including one on September 28.

The property is rentable for outside events. With an enormous fireplace for chilly fall nights, the clubhouse can seat 110 people indoors for an event. After business hours, the 880-s.f. bar can be rented, as can a 5,000-s.f. outdoor patio with seating for 250, nearly 2,000 s.f. of which is covered. Removable natural gas heaters are also available.

*Inside the Jephtha Creed Distillery visitors get some of the modern science involved in making Kentucky bourbon.*

To find out more about tours, tastings and event rentals at Jephtha Creed, go to [jephthacreed.com](http://jephthacreed.com) or call (502) 487-5007. ■

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

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## Saving Kentucky's Retirement Systems

**BY GOV. MATT BEVIN, SENATE  
PRESIDENT ROBERT STIVERS AND  
HOUSE SPEAKER JEFF HOOVER**

KENTUCKY'S pension systems are in critical condition. While certain state retirement plans are arguably in "better shape" than others are, every system is severely underfunded and rapidly spiraling downward towards a single outcome: no more money to pay Kentucky's retirees.

Understandably, retirees and those nearing retirement are concerned. Over the past 10 years, Kentucky's pension systems have lost more than \$7 billion in value. If we keep with the current pace, the only way Kentucky will be able to fund these systems will be through massive cuts to important programs, hurting education, healthcare, public safety and infrastructure.

Without significant fundamental changes, our retirement systems will become bankrupt. Change will not be easy, but it is necessary. Our state's credit rating has been repeatedly downgraded in recent months and years as a result of our unfunded pension liability. We must stop kicking the can of financial responsibility down the road. We must solve this problem – there is no other option.

In order to fully understand the severity of this crisis, we hired an independent pension consultant firm to analyze each of our pension systems. At this time, we have received three reports from this independent group, all of which are currently under review by elected leaders in Frankfort. Going forward, these reports will help inform

our difficult decisions as we prepare for a special session. Some of the recommendations will likely be adopted and others will likely not be adopted.

Our consultants discovered the biggest cause of the shortfall was erroneous actuarial assumptions made by past members of the boards of these systems, which led to significant underfunding. Sadly, it seems past assumptions were often manipulated by the prior pension boards in order to minimize the "cost" of pensions to the state budget. Unreal-



sonably high investment expectations were made and funding was based on false payroll numbers. The result was to provide a false sense of security and justify smaller than necessary contributions to the pension plans. This was a morally negligent and irresponsible thing to do.

We refuse to hide the problem by understating liabilities, as others have been eager to do. Going forward, we must require all of our state pension systems to use a funding method that cannot be so easily manipulated by politically appointed board members. This change alone will ensure a much higher funding level is provided to meet the legal and moral obligations

we owe to our retired teachers and public servants.

We must also make certain that retired teachers and other public employees are not negatively affected by any required pension changes. Those who count on their retirement today should be able to count on that same retirement tomorrow. We intend to meet the legal obligations we have to each retiree.

Likewise, any changes made to our pension systems will not negatively influence the plans of those nearing retirement. The General Assembly will not pass any legislation with an emergency clause, which would make any changes immediately effective. Rather, public servants and teachers eligible for retirement will receive adequate time to understand and review any options they may have. Additionally, it is not our intention to strip away any accrued benefits from current public servants or teachers.

We are fully committed to solving this very important challenge by making thoughtful, but necessary, changes. We refuse to allow continued manipulation of these plans for the benefit of a few well-connected individuals at the expense of taxpayers, hard-working teachers and other public servants. For those now retired, for those still working and for those yet to come, we are determined to save the Kentucky retirement systems.

We will not kick the can down the road. We were elected to fix this problem and we will. The fiscal abuse of Kentucky's retirement systems is over.

## Keeping Track of Pension Reform

THE Kentucky Office of the State Budget Director has launched a comprehensive new website aimed at keeping Kentuckians informed as state legislators work to address the commonwealth's public employee pension crisis.

Visitors to [KentuckyPensions.com](http://KentuckyPensions.com) can obtain answers to frequently asked questions, view detailed reports and a glossary of key terms, follow the latest developments, and offer feedback.

"We hope that retirees, current state employees, and all Kentuckians will find this website to be a helpful, easy-to-navigate tool," said State Budget Director John Chilton. "As we address this vital and com-

plex issue, we want to educate the public, dispel myths, and set the stage for constructive dialogue. We will continue to update the website as things progress."

In a special session this fall called by Gov. Matt Bevin, the Kentucky General Assembly will tackle the state's \$64 billion unfunded pension liability – a figure that averages out to a staggering \$15,000 per citizen.

Credit rating agency Standard & Poor's has ranked Kentucky's pensions as the most underfunded in the nation – with just 37.4 percent of the state's total current obligations funded, compared to a national median of 74.6 percent.

With \$7 billion in negative cash flow over the past decade, Kentucky's pension spending has been increasing nearly five times as fast as revenues, reducing money available for other budgetary priorities such as K-12 education, Medicaid and infrastructure.

The commonwealth has three major public pension systems – Kentucky Retirement Systems (KRS), Teachers' Retirement System of Kentucky (TRS), and the Kentucky Judicial Form Retirement System (KJFRS) – which collectively administer eight retirement plans.

Using prior funding patterns, experts conclude that Kentucky Employees Retirement System, Non-Hazardous (KERS-NH), will run completely out of money by the year 2022.

## 8 Kentucky Sites Added to National Register of Historic Places

THE National Park Service has announced that eight Kentucky sites have recently been listed in the National Register of Historic Places, including a Jewish cemetery, wholesale grocery warehouse, and Victorian home school for girls.

The National Register is the nation's official list of historic and archaeological resources deemed worthy of preservation. Kentucky has the fourth-highest number of listings among states, with more than 3,400. Listing can be applied to buildings, objects, structures, districts and archaeological sites, and proposed sites must be significant in architecture, engineering, American history or culture. The Kentucky Heritage Council/State Historic Preservation Office (KHC) administers the National Register program in Kentucky and provides administrative support to the review board.



*Kentucky Home School for Girls, Louisville*



*E. O. Robinson House, Highland Heights*

Newly listed sites include:

- **Rock Cabin Camp** near Cave City, an early motel and motor court consisting of a home/office building and nine limestone cabins, constructed in 1928.
- **Middlesboro Jewish Cemetery**, established in 1904 for the burial of Jewish residents in the Kentucky/Tennessee/West Virginia region.
- **E.O. Robinson House** in Highland Heights, a shingle-style home designed by architect G.C. Burroughs and constructed in 1909 for one of eastern Kentucky's premier timber industrialists.
- **Montgomery-Sandidge House** near Greensburg, a hybrid of dogtrot/saddlebag log-frame construction dating to the early 19th century and modernized in the 1940s.
- **Kentucky Home School for Girls** in Louisville, a late Victorian estate home constructed at the end of the 19th century that served as a private school from 1948 through the 1970s.
- **Kellogg and Co. Wholesale Grocery Warehouse** in Richmond, a two-story building dating to 1906 and constructed of fire-resistant timber within masonry walls, a method known as mill construction.
- **Westminster Presbyterian Church** in Paducah, a late Gothic Revival building constructed in 1951 just as the town was flooded with new employees hired to work at the Gaseous Diffusion Plant.
- **Craig-Peak House** near Georgetown, a Greek Revival home constructed between 1820-1860.

An additional 13 Kentucky sites have been listed in the National Register since January, including the Columbia Commercial District; Bold House in Foster; Doyle Country Club in Dayton; Bush Warehouse in Winchester; Haury Motor Co. and Garage and Calvary Evangelical Lutheran Church in Louisville; Scarce-Roush House in Simpsonville; J.D. Dodson House in Bowling Green; Old Taylor Distillery Historic District; Waveland (boundary increase/name change) near Nicholasville; Rowan County Courthouse (boundary increase); Paducah City Hall; and the Peabody-Fordson Historic District in Clay County.

Owners of National Register properties may qualify for state and/or federal tax credits for rehabilitation of the properties to standards set forth by the secretary of the interior, as certified by the Kentucky Heritage Council, or by making a charitable contribution of a preservation easement. National Register status does not affect property ownership rights, but does provide a measure of protection against adverse impacts from federally funded projects.



*Westminster Presbyterian Church, Paducah*

## IdeaFestival 2017

IDEAFESTIVAL, an annual event that brings innovative thinkers and philosophers from around the globe together to discuss ideas pertinent to the world around us, is scheduled to take place at the Kentucky Center for the Performing Arts in Louisville from Sept. 26 through Sept. 28.

This year's agenda includes:

- **Polarization: A View from the Front Lines**, with **John King** – CNN national correspondent and anchor of Inside Politics.

- **Unleashing the Power of Play** – **Peter Gray**, American psychologist and professor at Boston College, who explores how play makes children happier, more self-reliant and better learners for life.



*Peter Gray*

- **The Trash-Based Economy of the Future** – **Anshu Gupta**, 2017 Curry-Stone Design Prize Social Change Circle honoree, Indian social entrepreneur and founder of Goonj, a Delhi-based non-governmental organization.

- **The Age of Disruption**, with **Emily Dreyfuss** – senior writer at *WIRED* who covers the intersection of technology, society and culture.

- **The Art of Food as Medicine** – **Timothy Harlan**, physician, chef and director of the Goldring Center for Culinary Medicine at Tulane University.

- **Visual and Transmedia Artist Lars Jan** – Founder of a genre-bending performance + art lab, which explores emerging technologies, live audiences and unclassifiable experience.

- **Humans and the Planet: An Unnatural History** – **Scott Hotaling**, biologist studying the effects of global climate change.

- **The Mind and Music of Chopin** – **Richard Kogan**, Julliard-trained concert pianist and Harvard Medical School psychiatrist.

- **The Cyberpunk Future is Coming for You** – **Rudy Rucker**, mathematician, computer scientist and founder of the cyberpunk science fiction movement.

- **The Science and Engineering of Whiskey** – **Eric Simanek**, chemistry and biochemistry professor studying the science of whiskey.

- **Beyond Pain and Horror: Rebuilding a Future** – **William Kellibrew**, international advocate for civil, human, women, children and victims' rights.

- **To Innovate: Start at Crazy** – **The Rise Group**, a high-energy team that focuses on high-speed innovation, execution and the mechanics of big ideas.

For information, visit [ideafestival.com](http://ideafestival.com).



# KENTUCKY PEOPLE

## ASHLAND: KENTUCKY POWER GRANT HELPS FUND AREA STEM EDUCATION



Ashland-based Kentucky Power recently delivered the third installment of a \$815,000 multi-year grant that is funding efforts to boost science, engineering and math (STEM) education in Lawrence County Schools. The grant is being funded over five years in partnership with Ashland Community and Technical College (ACTC). Pictured here are (left to right) Brad Hall, Kentucky Power; Sharon Parsons, Lawrence County Schools; Mia Brown, Credits County ACTC project director; Robbie Fletcher, Lawrence County superintendent; and Keith Brammel, ACTC interim dean.

## LOUISVILLE: ANNUAL BOOTS & BBQ BASH BENEFITS OUR LADY OF PEACE HOSPITAL



The fourth annual Boots & BBQ Bash was held on Aug. 19 at the Louisville Marriott East hotel to raise funds for adolescent substance abuse programs and services at Our Lady of Peace Hospital in Louisville. The event committee (top photo) included (bottom row, left to right) Kelly Gillooly, Lisa Prewitt and Guy Prewitt; (second row) Nancy Doctor; (third row) Laura Krebs-Lewis and Susan Riggs; and (back row) Janine Dewey, Evan Gold, Christopher Westmoreland, Michael Gosser, Greg Oerther and Matthew Brent. Pictured at right are Shelley Neal-Shaughnessy (left), president of ambulatory services, KentuckyOne Health, and Jennifer Nolan, president, Our Lady of Peace.



## LONDON: FARM CREDIT AND COBANK PROVIDE FREEZERS FOR FOOD PANTRIES



Farm Credit Mid-America and CoBank recently provided more than 120 chest freezers for food pantries across the commonwealth. The donations were part of a new hunger initiative launched by Kentucky Agriculture Commissioner Ryan Quarles and designed to bring farmers, charitable organizations, faith groups, community leaders and government entities together to help reduce hunger in Kentucky. In August, Quarles (second from right) joined Mike Halligan, CEO of God's Pantry Food Bank in Lexington (third from left) and Tamara Sandberg, executive director of the Kentucky Association of Food Banks (center) to deliver a chest freezer to the New Salem Baptist Church Food Pantry in London. Also pictured are, from left, Craig and Katina Singleton; Mike Waldroff; Greg Deaton, senior pastor of New Salem Baptist Church; Laurel County Judge-Executive David Westerfield; and Diane Hampton.

## LEXINGTON: BCTC STUDENTS, FACULTY PART OF NATIONAL ECLIPSE PROJECT



A team of students and faculty from the Kentucky Space Grant Consortium at Bluegrass Community and Technical College launched a high-altitude balloon on Aug. 21 as part of a nationwide, NASA-sponsored project to live-stream aerial video footage of the Great American Eclipse. The team launched the 8-foot-tall, helium-filled balloon, which carried a video camera and other equipment, to an altitude of up to 100,000 feet. Pictured here is the BCTC team: (kneeling) Tom Busby, software engineer; (first row, left to right) Tracy Knowles, TCTC professor of environmental science; Matt Smither, payload engineer; John Paul Beard, logistic coordinator; Rae Ann Gill, BCTC instructional specialist, chemistry department; Jessica Glasscock, community outreach coordinator; (second row, left to right) Leandro Braga, team co-leader; Alex Eberle, team co-leader; and Jacoby Gardner, payload engineer.

Kentucky Department of Agriculture photo





# GO TEAM, GO!

## RESERVED PARKING WITH A STADIUM VIEW

What's better than fall, football — and guaranteed parking? Supporters of KET who make an annual donation of \$1,200 or more to the KET Fund for Excellence are eligible to receive premier game-day parking at KET's Network Center, located adjacent to Kroger Field. This exclusive benefit extends through the 2017 University of Kentucky home football season. Spots are limited, so don't delay!

Thank you for your support.

Visit [KET.org/football](http://KET.org/football)

**KET**  
WHERE LEARNING  
COMES TO LIFE



**"By working closely with LG&E and KU,  
my business has already earned nearly  
\$400,000 in rebates."**



The Kentucky Exposition Center is a complex operation that hosts a variety of international events. So it's important to invest in the facilities and make energy upgrades to keep its competitive edge. By partnering with LG&E and KU, these upgrades have already earned the Kentucky Exposition Center nearly \$400,000 in rebates. Learn how your business can achieve rebates and long-term energy savings by visiting [lge-ku.com/rebate](http://lge-ku.com/rebate) today.



— Jason Rittenberry  
President/CEO  
Kentucky Venues