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SUDDEN FEDERAL TAX REFORM'S BIG IMPACT WILL COME SLOWLY

IRS must write rules before accountants
and attorneys can answer
Kentucky business clients' questions

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Kentucky law and CPA firms are preparing advice for their clients to take advantage of the major changes in federal tax rates and incentives contained in the Tax Cuts and Jobs Act enacted in late December 2017. However, some of the specifics must await the writing of implementing rules and official guidance from the Internal Revenue Service.



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PERSPECTIVE

JUST ENJOY YOUR TAX CUT

Trump critics receive benefits
of his policies like all the rest

BY PAT FREIBERT

"YOU don't have to like Trump to acknowledge the obvious." These words headline a recent column from a liberal syndicated writer who is no fan of the president, and who has been a harsh critic of President Donald Trump.

The "obvious" in this story refers to the array of successful outcomes achieved in this administration's first year, despite gloom and doom and apocalypse predictions from the political left. While the president gives his critics ample reasons to criticize, early results of his first year in office belie their continuing charges. Paul Krugman wrote in *The New York Times* in October 2016: "We are probably looking at a global recession with no end in sight." Just before the president was elected, a *Washington Post* editorial warned, "A President Trump could destroy the world economy."

Contrary to these dire predictions, "the world economy is as strong today as it has been in at least a decade," reports *The Wall Street Journal*. Wall Street is roaring, unemployment is down (black unemployment is at a 20-year low), the economy is growing, de-regulation is occurring at a rapid rate, and the most sweeping tax reform since 1986 is the law. The federal government is opening up natural resources that were previously off limits, has removed the individual mandate in ObamaCare, and has appointed an exceptional jurist in Neal Gorsuch to the U.S. Supreme Court. Trump has appointed 12 federal Appeals Court judges, the most ever by a first-year president.

As a direct and immediate result of the tax cuts in the reform legislation, a string of major employers have announced bonuses for their workers. AT&T is giving \$1,000 to 200,000 of its workers and pledging an added \$1 billion in capital investment. Other similar announcements quickly followed by Boeing, Bancorp, Wells Fargo and others. The tax cuts allow businesses and individuals to keep and invest more of their earnings and benefit from the growing economy.

Americans can thank Art Laffer,

economist and architect of the Laffer Curve used by President Ronald Reagan to cut taxes and herald economic growth in the '80s. Laffer has been the chief "supply side" economist, along with other supply-side economists Larry Kudlow and the late Jack Kemp. Laffer and like-minded economists have shown presidents and other leaders that economic growth is a more effective and sustainable way than heavy taxation to fund government. JFK was like-minded with Laffer, as was Reagan with his historic tax cuts. Laffer worked with President Trump on the recently enacted tax reform, and early indications are that the Trump reforms may prove as successful as the Reagan tax reforms and cuts.

Hardly anyone initially regarded Trump as a "conservative" – yet he has propelled the most conservative governing policies of any recent president. His reliance on slashing outdated regulations in addition to lessening the tax burden as a way to grow the economy are welcome approaches to governing. Upon taking office, he issued an executive order requiring that "at least two prior regulations be identified for elimination for each new regulation issued."

While the Trump administration is off to a good start in its first year, there is much left undone. The tax reform legislation provides for only a temporary tax cut for individuals – it is not permanent. Moreover, the spending side was not addressed. We still need to repeal the death tax. To boost the economy further, we need to lower the capital gains tax.

While we don't know what the future will bring, we do know that the economy and activity on Wall Street are very good news for the 55 million Americans with 401K plans, the approximately 25 million who have IRAs, and another 20 million with company pension plans and stock ownership plans.

So, who do we Americans listen to for guidance about how the economy really works, the businessman or the chattering bureaucratic class that has not been elected by anyone? The left expected the opposite results would happen with a Trump presidency. They have been proven wrong.

"You don't have to like Trump to acknowledge the obvious." Just enjoy your tax cut. ■



Pat Freibert is a former Kentucky state representative from Lexington. She can be reached at editorial@lanereport.com.



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FAST LANE

A compilation of economic news from across Kentucky

PARIS: NEW AGTECH SCIENTIFIC FACILITY WILL EMPLOY 271 TO DEVELOP, PRODUCE INDUSTRIAL HEMP CBD PRODUCTS

AGTECH Scientific is investing more than \$5 million to build a facility in Paris that will develop and manufacture industrial hemp-based products, bringing 271 new jobs to the central Kentucky area.

The 50,000-s.f. plant will be located in the Bourbon County Business Park and is expected to open later this year.

AgTech holds a conditionally approved 2018 grower license from the Kentucky Department of Agriculture Industrial Hemp Research Pilot Program and intends to partner with Kentucky farmers on large-scale hemp production. The company will then extract cannabidiol (CBD) from the locally grown hemp. (CBD differs from THC, the intoxicant in marijuana.) The facility will initially produce an energy drink that incorporates a hemp additive and plans to later expand its product lineup.

In partnership with the **University of Kentucky College of Agriculture, Food and Environment**, AgTech is also researching the potential health benefits of hemp-based additives for animal food.

"Kentucky at one point many years ago was responsible for the vast majority of industrial hemp production," said Mike French, founder and president of AgTech. "The growing conditions are excellent and it's ideally located geographically and near large-scale 'pick-and-pack' facilities like Amazon. We thought it best to cover the full spectrum, from seed to sale. The best way to do that is to work with the farmer. The state needs to replace tobacco as a cash crop, but growers are used to getting a price before they plant. The problem with industrial hemp has been there is not a known commodity price, or price for quality. We are going to work with Kentucky farmers and guarantee a net price per acre through our Kentucky Farmer Value Added Partnership (KFVAP). If farmers are successful, then AgTech will be successful."



AgTech will be working with Kentucky farmers on large-scale hemp production. The company's new Paris plant will then extract cannabidiol (CBD) from the hemp for use in a variety of products.

GUTHRIE: NOVELIS ROLLS OUT PLANS TO BUILD \$300M AUTOMOTIVE ALUMINUM PLANT, CREATING 125 JOBS



Ford, which operates two manufacturing facilities in Kentucky, is among the many automotive manufacturers who utilize Novelis aluminum in their production.

NOVELIS Inc., a global leader in the aluminum rolling and recycling industry, has announced plans to build a \$300 million automotive aluminum sheet manufacturing facility on 150 acres in Guthrie that will create approximately 125 new jobs.

Guthrie is located in Todd County, near the Kentucky/Tennessee border.

The greenfield facility will include heat treatment and pre-treatment lines, which prepare aluminum for use in vehicle parts such as hoods, doors, lift gates and fenders.

The company expects to break ground on the 400,000-s.f. facility in early spring and open the plant in 2020.

The investment is the latest addition to Novelis' extensive network of automotive finishing lines.

Demand for automotive aluminum is expected to rise according to a 2017 **Ducker Worldwide** survey projection that aluminum content in North American passenger vehicles, particularly light trucks and SUVs, will increase 42 percent from its 2015 level by the year 2028.

The new facility will be in close proximity to **Logan Aluminum Inc.**, a Novelis joint venture in Russellville, Ky., and several nearby automotive manufacturing plants.

Novelis has had a presence in Kentucky for 34 years. In addition to the Logan plant in Russellville, Novelis also operates a recycling facility in Berea that melts down used beverage cans to produce aluminum for new cans. The company currently employs a total of 1,260 people in Kentucky.

NORTHERN KENTUCKY: REGION HAS RECORD-BREAKING ECONOMIC GROWTH IN '17

COMPANIES that located, expanded or were launched in the Northern Kentucky region in 2017 created a record-breaking year for the region in terms of capital investment, according to figures released by the **Northern Kentucky Tri-County Economic Development Corp.** (Tri-ED)

"Northern Kentucky had a record-breaking year in 2017 with more capital investment announced than at any other time in our 30-year history," said Kenton County Judge-Executive Kris Knochelmann, Tri-ED's board chair. "The extraordinary level of investment was nearly eight times greater than a typical year for Northern Kentucky, mostly attributed to the **Amazon Prime Air** hub at **CVG** announcement in early 2017. Northern Kentucky also enjoyed a 22 percent increase in announced projects for both new and expanding operations across a range of industries.



Amazon photo

Amazon's announcement that it planned to locate an air hub at the Cincinnati-Northern Kentucky International Airport was a primary factor in Northern Kentucky's record-breaking year for economic development.

Kentucky as a whole also produced a record-breaking year in 2017, with more than \$9.2 billion in announced new capital investment by primary industries.

"Northern Kentucky contributed significantly to this state effort with 19 percent of the total capital investment from just 9 percent of Kentucky's population," noted Tri-ED President and CEO Dan Tobergte. "Our region had a balanced portfolio of expansions and new market entries in 2017. With the federal tax law changes enhancing the business attractiveness of the U.S. and continued pro-business support from the commonwealth and Northern Kentucky's communities, our future is quite bright."

The total economic impact on the Cincinnati metropolitan statistical area (MSA) for 2017 is slated to produce 7,649 new jobs, the highest recorded in the last 10 years and 98 percent higher than the average over the last decade.



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BUSINESS BRIEFS

BARDSTOWN

■ **Castle Brands Inc.**, a New York-based company that is a developer and marketer of premium spirits, has joined **The Bardstown Bourbon Co.**'s collaborative distilling program. Through the collaborative program, Castle will work with Bardstown Bourbon Master Distiller Steve Nally and Executive Director of Distilling Operations John Hargrove to produce custom bourbon and whiskey for Castle's **Jefferson's Bourbon** portfolio. The success of the collaborative program has led to a distillery expansion project that will grow the distillery's current 3-million proof gallon capacity to 6-million proof gallons by June 2018.



■ More than 100 employees of **American Greetings'** Bardstown plant will be laid off in March, according to a report from **WDRB**. The job cuts are tied to a change in the greeting card company's production needs. According to the latest data posted by the **Nelson County Economic Agency**, the Bardstown plant employs approximately 500 people, making it one of the community's largest employers.



ERLANGER

■ **Delta Private Jets**, an Erlanger-based subsidiary of **Delta Air Lines** that operates aircraft charter services, has launched a new program that offers members unlimited access to "empty leg" flights for no fee. Empty legs are repositioning flights that are scheduled without passengers to ensure that aircraft are in the right airport at the right time for the next scheduled departure. Members of the **Sky Access**

program will be able to book the entire aircraft without sharing it with others. First-year memberships for the program are priced at \$8,500 and are renewable for \$6,000. Delta Private Jets operates more than 70 twin-engine jets, all of which are equipped with Wi-Fi.

FLEMING COUNTY

■ Fleming County's **Park Lake Mountain Nature Preserve** has grown to more than 860 acres, thanks in part to citizens who purchased "Nature's Finest" license plates for their vehicles. The purchases help fund the **Kentucky Heritage Land Conservation Fund**, which paid for the 40-acre addition. The preserve is one of the largest locally managed conservation areas in the Kentucky Heritage system, providing more than five miles of hiking trails and wildlife habitat.

FLORENCE

■ **Celanese Corp.**, a global technology and specialty materials company, has opened a new customer color and aesthetics solution center at its compounding and manufacturing facility in Florence. Color technologists at the new Celanese solution center will collaborate closely with industrial designers interested in product innovations for appearance technologies using engineered materials. The new solution center will support original equipment manufacturers and their tier suppliers in the automotive, consumer electronics, appliance, medical device and other specialty application industries.



■ **Beckfield College** has launched a fast-track bachelor of science nursing (BSN) program that allows students to earn their BSN degree in three years instead of the typical four-year track. The program includes a disaster management in nursing course that focuses on the preparation for, response to and management of natural and man-made disasters or emergencies.



FRANKFORT

■ **Buffalo Trace Distillery** set a new record for visitors in 2017, ending the year with 201,491 guests. The figure represents an 18 percent increase over 2016 and a total increase of 287 percent since 2010. The distillery is already looking at ways to expand its visitor center, which was just expanded in 2015. "It took us 15 years to get to 100,000 visitors, but only three years to get to 200,000, so the momentum just keeps going," said Meredith Moody, Buffalo Trace marketing services director.

GREENSBURG: HARDIN SCIENTIFIC TO OPEN BIOTECH DEVICE MANUFACTURING PLANT

BIOTECH device-maker **Hardin Scientific Inc.** plans to open a new \$11.6 million manufacturing and development operation in Green County that will create 50 full-time jobs.

The California-based company is moving into a 40,000-s.f. spec building in Greensburg where it will manufacture T3-i7 cell-culture incubators, the first modular and internet-enabled device on the company's platform. The device enables accurate reproduction of human-like body conditions for tissue culture, stem-cell research, protein expressions and genetics in the research, diagnostic and forensic industries.



Founder and CEO Aaron Hardin, a native of Berea who holds a degree in biology from **Eastern Kentucky University**, founded the company in 2016 with the mission to reduce human suffering through the elimination of disease, removal of barriers and an increase in the rate of discovery. Hardin said the impetus for creating Hardin Scientific was a realization that "innovators weren't being innovated." Hardin says he believes the primary reason for the high cost of prescription drugs is that equipment used in developing medications has become obsolete. Hardin notes that his company's T3-i7 technology helps to reduce the gap between equipment and treatment technology and features a patented health-monitoring system to help safeguard samples and ensure a higher level of safety and security.

STATE: STUDY FINDS TRANSPORTATION UPGRADES WOULD BOOST ECONOMY

A new economic analysis says Kentucky's economy could gain an additional \$3.33 for every dollar invested in transportation.

Lexington-based **Commonwealth Economics** studied infrastructure funding and gaps for all modes of transportation at a time when funding for state highway projects in fiscal year 2018 is down 67 percent from fiscal year 2012 and is \$227 million less than the average over the past decade.

"These needs are real and necessary to accommodate the system's workforce, manufacturers, distributors, retailers and other users who are the engines of our economy," said Juva Barber, executive director of **Kentuckians for Better Transportation** and chairwoman of the **Kentucky Infrastructure Coalition**, which funded the report.

The report also notes that an additional \$554 million in annual transportation investment is needed to simply maintain the average level of construction funding from the past decade and provide the necessary level of maintenance on existing highways and bridges. That level of funding would support employment for 6,239 people and generate \$296 million in total wages.

When combining the construction impacts with the ongoing operational benefits, the benefit-cost ratio jumps to 5.01 to 1. This means Kentucky would realize a benefit of more than \$2.7 billion from each additional \$554 million investment in transportation infrastructure.

GLASGOW: LYNX LABELING EXPANDING TO MEET GROWING CUSTOMER DEMAND

LYNX Labeling Inc., a company that develops and sells custom labeling machinery and software, is investing \$500,000 to build a new facility in Glasgow's Highland Glen Industrial Park.

The company also plans to invest \$65,000 in new equipment and another \$25,000 in start-up related activities at the new 12,000-s.f. facility, which will be nearly three times the size of its existing building and provide the space needed to keep pace for growing customer orders.

Lynx primarily produces inventory management systems that weigh, package and label products, with **Tyson Foods** being the company's major client. In addition to simplifying weighing, checking, sorting, counting and data collection processes, Lynx also develops user-specific software applications and is planning to delve more into the software needs of its customers, according to Lynx President Billy Jones.

Lynx plans to break ground on the new facility in March and hopes to finish construction this coming summer. According to the *Glasgow Daily Times*, the company currently has nine employees – in addition to three full-time partners and two part owners – and expects to add another 10 employees to support the upcoming expansion.

STATE: BOURBON TRAIL TOURS SURPASS 1 MILLION MILESTONE FOR 2ND YEAR



FOR the second year in a row, visitors made more than 1 million stops at **Kentucky Bourbon Trail** and **Kentucky Bourbon Trail Craft Tour** distilleries across the state.

The popular tourism attraction now has 23 distilleries participating – with more slated to join this coming summer – and attendance has grown by a 314 percent over the past 10 years, with visitors pouring in from across the world. 2017 represented the ninth straight year of double-digit increases in turnout, according to **Kentucky Distillers Association** President Eric Gregory.

"We're thrilled with the sensational success of our Kentucky Bourbon Trail experiences and their impact on the Bluegrass economy," Gregory said. "Bourbon has spawned a renaissance in state tourism, from restaurants and bars to hotels, specialty shops, tour companies and more."

The "more" includes a new partnership with the **Frazier History Museum** in downtown Louisville to develop the Kentucky Bourbon Trail Welcome Center, which will become the official starting point of Bourbon Trail excursions when it opens in August.

Bourbon has become one of the state's main economic drivers, a booming \$8.5 billion industry that generates some 17,500 jobs with an annual payroll topping \$800 million. Furthermore, the industry is in the midst of a \$1.2 billion building boom to meet a growing demand for Kentucky's signature spirit. There are now 39 companies operating 52 distilleries across the state.

BUSINESS BRIEFS

FRANKFORT

■ The **Council of State Archivists** has announced that it will relocate its offices from Albany, N.Y., to Frankfort. Barbara Teague, who served as Kentucky's state archivist and records administrator from 2008 to 2015, has been named as CoSA's new executive director following a five-month nationwide search.

HEMPHILL

■ The Eastern Kentucky community of Hemphill has opened a community-owned bakery to provide work, ownership and training opportunities to local residents. Once a thriving coal camp, Hemphill is now "a community struggling with unemployment, addiction, and poor health outcomes," said Gwen Johnson, secretary and treasurer of the Hemphill Community Center. "Many of its citizens, in the throes of addiction, have been incarcerated. When they emerge from their cells they find it almost impossible to find a job." The **Black Sheep Brick Oven Bakery**, she said, "will be a place willing to forgive and willing to train folks who are searching for acceptance and work." Start-up costs for the bakery are being funded through a partnership with **Appalshop**, a Whitesburg-based arts and education center.

LEXINGTON

■ **Blue Grass Airport** and **Republic Parking** have introduced a new app that allows travelers to pay for airport parking with their cell phone. Available for both **Apple** and **Android** users, the **Arrivio** app allows passengers to scan a QR code at any of the airport parking lot entrances and then again at any of the exit gates. Upon exiting, a parking fee will be applied to the passenger's credit card and a receipt is automatically emailed. Users can download the app in their phone's app store or online at arrivio.com prior to entering the airport parking areas. Once an account is set up with a registered credit card, the app can be used in the airport's short-term, long-term, and park and shuttle lots. A transaction fee of \$1.25 per visit will apply.



■ Alabama-based **Landscape Workshop** has acquired **Henkel Denmark**, a commercial and residential landscaping firm that has been in operation in Lexington since 1999. Founders Bill Henkel and Gordon Denmark will remain with the company, with Henkel serving as general manager of Lexington construction and Denmark serving as general manager of Lexington maintenance. With the acquisition of Henkel Denmark, Landscape Workshop now operates nine locations throughout Alabama, Kentucky, Mississippi and Tennessee. Financial details of the transaction were not released.

■ **Holland Development** plans to open a **Skyline Chili** restaurant and a **LaRosa's Family Pizzeria** in Lexington, the first of a multi-unit Lexington development agreement with the two restaurants. Holland owns the **First Watch** restaurants in Lexington and Louisville as well as multiple Skyline and LaRosa's franchises in Kentucky.



■ Lexington has finalized a tax agreement that calls for online lodging broker **Airbnb** to automatically collect and remit the Lexington transient room tax (8.5 percent) for taxable bookings. With the new agreement, the city is now taxing Airbnb the same way it taxes local hotels. If Airbnb generates the same revenue in 2018 as it did in 2017, the agreement will provide approximately \$240,000 in room-tax revenue. The revenue will go to **VisitLex** and **Lexington Center**, which promote local tourism. Last year, some 400 Lexington residents listed their homes on the Airbnb platform, welcoming more than 27,000 guests to the city. According to Airbnb, the typical Lexington host earns approximately \$6,600 annually via Airbnb.

LOUISVILLE

■ **Botanica Inc.**, a nonprofit botanical gardening group, has received a \$390,000 partially forgivable loan from the Kentucky Brownfield Redevelopment Program that will be used to transform a former city dump into a waterfront botanical garden. In addition to providing green space for children and adults near Louisville's Waterfront Park, **Sluggers Field** and a future soccer complex, the gardens will also feature an edibles garden for children to learn about the benefits of local produce.

BUSINESS BRIEFS

LOUISVILLE

■ The **KFC Yum! Center** in Louisville sold more than 386,000 concert tickets in 2017, breaking its previous record for tickets sold and number of concerts hosted in a calendar year. Both previous records were set in 2014. According to *Pollstar Magazine*, the figures – which do not include sporting events, private meetings or trade shows – place the arena 24th in the nation and 50th in the world for ticket sales by venue.

■ The **Louisville Slugger Museum & Factory** set a record for attendance in 2017, with 326,595 visitors coming through the doors of the downtown attraction. The milestone was unexpected, given the fact that the nearby **Kentucky International Convention Center** has been closed for renovations and the national **Future Farmers of America** convention, which brings tens of thousands of visitors to the downtown area, was not held in Louisville in 2017. The year marked the sixth time in eight years that the attraction has set a record for attendance.



■ Louisville-based **PBI** has changed its name to **Limestone Bank**, a name derived from the rock found across much of the commonwealth and the source of supplemental calcium for the horses that are tied to the livelihood of many of the bank's clients. Ownership of the bank has not changed and current clients will maintain their account numbers and information.



■ Louisville-based **Copper & Kings American Brandy Co.** has sold a minority equity stake to **Constellation Brands**, an international producer of beer, wine and spirits. Copper & Kings CEO Joe Heron noted “significant synergies” between the two companies in terms of supply chain, company culture and product portfolios. “We are operating in an increasingly dynamic and changing business environment; [there is] distributor consolidation, retailers are embracing smaller, innovative craft spirits and consumers are becoming more adventurous and discerning drinkers,” said Heron. “We are going to need additional gas in the tank to keep up with the growth we are now encountering as a brand, and for the brandy category in general...Constellation’s investment will help us move forward with appropriate capital.”

■ The Cleveland-based law firm of **Buckley King** has opened a new office in Louisville. The new office will be headed by Bill Mabry, formerly a partner with **Frost Brown Todd**. Buckley King also has offices in Atlanta and Phoenix.

NICHOLASVILLE

■ The **Kentucky Equine Humane Center** in Nicholasville is the newest nonprofit member to become part of **Horse Country Inc.**, a not-for-profit organization that offers a behind-the-scenes look at the racing industry through tours of farms, veterinary clinics and other equine attractions. KyEHC is a safe haven for equines in need, providing humane treatment and shelter while seeking adoptive homes, regardless of breeds.

OWENSBORO

■ **Brescia University** has announced that its new academic building will be named the C.E. Field Center for Professional Studies at Brescia University. The name was selected to honor the legacy of the late Charles Eldred Field, founder of **Field Packing Co.** (now known as **Specialty Foods Group LLC**), and the generosity of his family, as well as their respective philanthropic foundations. The building will house the Charles Albert Reid School of Business, including the William H. Thompson Center for Business Graduate Studies, the School of Education (still to be named), and the Marilyn Younger Conley School of Social Work. The building will also feature a 150-seat auditorium, an art gallery, a small chapel area, a digital studio for innovative learning, computer labs, and seminar rooms.

LEXINGTON: CITY-UK LAND SWAP ADDS TO AREA'S DEVELOPABLE PROPERTY BASE

THE University of Kentucky board of trustees has approved a proposal that involves swapping 250 acres in and near UK's **Coldstream Research Campus** with the **Lexington Fayette Urban County Government** in exchange for 13.5 acres in and around UK's main campus.

Under the proposal, UK would convey to the city 50 “shovel-ready” acres of land within the Coldstream Research Campus. Another 200 acres near Coldstream and the city's existing business park also would be conveyed for future development. Lexington city and economic development officials say the community is currently out of land for development needs within the urban service boundary.

UK and the city also are working together to create a tax increment financing (TIF) district at Coldstream to further stimulate development. Already, over 50 organizations employing more than 2,100 people are at Coldstream. In a TIF district, tax revenues generated by new development can be reinvested back into the district's infrastructure to accelerate its growth.

UK Executive Vice President for Finance and Administration Eric N. Monday said one of the key interests for UK in working on the land swap was the opportunity to play a part in economic development that would expand job and internship opportunities for students. Moreover, as the campus continues to grow, the ability to invest in and improve key roads in and around the university is critically important.

Kentucky Finance Secretary William M. Landrum III has already approved the land deal and the transaction is now awaiting approval by the Lexington-Fayette Urban County Council. The move has already been endorsed by Lexington Mayor Jim Gray.



A proposed deal between the University of Kentucky and the Lexington Fayette Urban County Government involves some 250 acres in and around UK's Coldstream Research Campus.

FRANKFORT: COURT DISMISSES LAWSUIT CHALLENGING KY'S RIGHT-TO-WORK LAW

THE Franklin Circuit Court has dismissed a lawsuit brought by labor unions challenging Kentucky's **right-to-work law**.

The law – which states that employees in unionized workplaces cannot be required to join a union – was passed by the 2017 **Kentucky General Assembly** and signed into law by Gov. Matt Bevin, making Kentucky the 27th state to extend right-to-work guarantees to all its workers.

The lawsuit was filed by the Kentucky State **AFL-CIO** and **Teamsters**.

“Kentucky's right-to-work law rests on a sound legal bedrock and is an essential economic driver for our state, bringing unprecedented job growth and a record \$9.2 billion in corporate investment in 2017,” Gov. Matt Bevin said in a statement following dismissal of the lawsuit.

Craig Bouchard, chief executive officer of **Braid Industries**, has cited Kentucky's new right-to-work law as a key factor in the company's decision to locate its planned \$1.3 billion aluminum mill in Eastern Kentucky.

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BUSINESS BRIEFS

OWENSBORO

■ **Owensboro Health** has joined the **Markey Cancer Center Affiliate Network**, enabling patients in the Owensboro area to receive enhanced cancer care closer to home. The UK Markey Cancer Center is one of only 69 medical centers in the country to earn a **National Cancer Institute (NCI)** cancer center designation. Because of the designation, Markey patients have access to new drugs, treatment options and clinical trials offered only at NCI centers. Owensboro Health's Mitchell Memorial Cancer Center serves a population of nearly 400,000 people across 14 counties in Western Kentucky and Southern Indiana and more than 1,000 patients are treated at the center each year.



Owensboro Health photo

RICHMOND

■ **Eastern Kentucky University's** graduate program in speech-language pathology has been ranked among the top 100 programs in the nation, according to SpeechPathologyGraduatePrograms.org. The ranking is based on student achievement (licensure examination pass rates, employment rates, on-time completion rates, etc.) and cost/affordability.

ROCKCASTLE COUNTY

■ The Kentucky Public Service Commission has approved the sale of the **Eastern Rockcastle Water Association** to **Kentucky American Water Co.** KAWC is to pay no more than \$770,000, subject to a final accounting of Eastern Rockcastle's finances. According to the PSC, the sale will benefit Eastern Rockcastle customers since KAWC has greater resources available to make system improvements. Eastern Rockcastle is owned by and serves more than 600 customers. KAWC has nearly 131,000 customers in Fayette and 10 other Central Kentucky counties.

SPRINGFIELD

■ An affiliate of Louisville-based **Michter's Distillery** has purchased 145 acres in Springfield with plans to build a barrel house for whiskey aging. "This is strategically significant for us as we plan for the future," said Michter's President Joseph J. Magliocco, noting that the land will complement the company's operations at its **Shively Distillery** in Louisville and the soon-to-open **Fort Nelson Distillery** in downtown Louisville. "The property has natural springs and currently has crops grown on it. This acquisition opens up a multitude of exciting possibilities, including farming our own estate-grown grain for Michter's distillation program."



WILLIAMSBURG

■ The **University of the Cumberlands** reports that it is seeing a surge in student enrollment, with fall 2017 enrollment climbing to 10,078. University officials say the major increase has been in its new executive program, which offers degrees in information technology, digital security, digital forensics, and other technology-related curricula. In addition, the school has graduated its first class in the physician assistant program, with 100 percent of its graduates passing the Physician Assistant National Certifying Examination.

WILMORE

■ **Asbury University** has partnered with the **University of Kentucky College of Medicine** to launch an early assurance program, providing top Asbury pre-med students assured admission to UK College of Medicine's new Northern Kentucky campus. The program was initiated to increase the number of regional students to attend medical school locally. The program will give two of Asbury's strongest sophomore pre-med students a chance at guaranteed seats in UK COM, which would place them ahead of competing applicants. Students chosen will have a strong interest in establishing a medical practice in Northern/North-Central Kentucky. The Class of 2020 will be the first eligible to apply for the program.

STATE: LOWER UTILITY RATES COMING AS A RESULT OF FEDERAL TAX CUTS

THE **Kentucky Public Service Commission** has ordered for-profit utilities in Kentucky to track their savings under lower the new corporate tax rates implemented as part of a federal tax cut, paving the way for those savings to be passed on to customers.

Under the federal tax law enacted in December 2017, the corporate income tax rate will decline from 35 percent to 21 percent this year, substantially reducing the tax burden on for-profit, investor-owned utilities.

"Since ratepayers are required to pay through their rates the tax expenses of a utility, any reduction in tax rates must be timely passed through to ratepayers," the PSC said.

The orders direct the affected utilities to begin tracking their savings from the immediate reduction in the corporate tax rate. The PSC also ordered the utilities to calculate the excess amount of future tax liabilities that they are carrying on their books and that will need to be refunded to ratepayers.

Louisville Gas & Electric and **Kentucky Utilities** have already filed their plans with the PSC to return tax saving to customers. If approved, LG&E/KU customers will see nearly \$180 million in savings in the form of a reduction on the environmental surcharge line item on their bill in March, followed by a new line-item credit on the bill based on energy consumption starting in April.

PADUCAH: DIPPIN' DOTS' NEW COMPANY CAPITALIZES ON CRYOGENICS EXPERTISE

DIPPIN' Dots, the Paducah-based company that produces unique frozen treats made up of tiny flash-frozen beads of ice cream, has launched a new company, **Dippin' Dots Cryogenics LLC**, that will make its patented technology and equipment available to other industries that utilize cryogenics.

The Dippin' Dots cryogenics process uses liquid nitrogen to flash freeze products that require high-quality standards. The process is suitable as a first step for products that need to be freeze-dried. Industries that apply cryogenic technologies include those involved with nutraceuticals, pharmaceuticals, agriculture, aquaculture and animal feed.

Working with Dippin' Dots exclusive equipment manufacturer, Dippin' Dots Cryogenics will customize machines based on individual company needs.

Sizes run from small-scale pilot plant size to high-capacity, with specifications tailored to each client.

"This is the next logical step for us as an organization," said Dippin' Dots CEO Scott Fischer. "Dippin' Dots Cryogenics not only increases the Dippin' Dots portfolio and global footprint, but also allows our systems to be utilized across various industries to improve and enhance products."

Dippin' Dots' ice cream products are produced in Paducah and distributed in 50 states and 11 countries through its franchised and direct distribution network.



Dippin' Dots' C-Suite executives include (left to right) Chief Marketing and Sales Officer Michael Barrette, CEO Scott Fischer, Chief Development Officer Stan Jones and Chief Operating Officer Mark Liebel.

LEXINGTON: TRU-TONE E-COATING TO HIRE 120 FOR NEW LEXINGTON OPERATION

TRU-Tone Finishing Inc., a family-owned company that specializes in coating and finishing processes for industrial clients, is establishing a facility in Lexington that will create 120 new jobs.

Tru-Tone, which also has operations in Illinois and Texas, plans to open its Lexington operation this coming summer in an existing 70,000-s.f. facility, where it will initially implement an e-coat metal finishing process. The company plans to add powder-coating capabilities in 2019. Ultimately, the Lexington plant will operate three 35-employee shifts.

E-coating, or electrophoretic painting, covers metal items with a paint emulsion by submerging the item and applying an electrical current. Electricity causes paint to adhere to any part of the item the liquid contacts. The wet emersion process makes it ideal for coating products with hard-to-reach surfaces. Powder coating also uses an electrical charge, but involves dry paint applied with a spray gun. As with e-coating, a final curing process produces the desired finish. E-coating is widely used in the auto industry for corrosion resistance, but has also gained popularity in the construction, telecom and agricultural equipment industries.

Tru-Tone President Greg Klemenswicz said a large part of Tru-Tone's business will initially come from automotive suppliers, but will eventually include a mix of general industrial clients. The facility will also offer some limited support activities, including part washing and finishing.

BUSINESS BRIEFS

WINCHESTER

■ Nicholasville-based biotech company **Alltech Inc.** has closed its algae facility in Winchester, citing the need for a "more flexible, less constrained" arrangement for the production of algae. The company purchased the Winchester facility in 2010 from **Martek Bioscience** when it decided to relocate its production to South Carolina. In a statement announcing the Winchester closure, Alltech said it is working with the 20 employees affected by the closure to find other employment either within Alltech or outside the company.



STATE

■ **WellCare of Kentucky**, Kentucky's largest **Medicaid** managed care organization, has pledged \$10,000 to **The Healing Place** in Louisville and \$25,000 to **Addiction Recovery Care** in Eastern Kentucky to help support addiction recovery programs. WellCare has also implemented a pharmacy management program that requires members at risk for opioid abuse to fill prescriptions at only one pharmacy and use only one prescriber. In the first six months of the pilot program, opioid dispensing decreased by 50 percent.

■ The Kentucky **Personnel Cabinet** reports that it has achieved \$2.5 million in savings thanks to a healthcare program offered to nearly 300,000 state employees beginning in June 2015 that allows them to take advantage of "virtual" doctor consultations. The program provides participants with access to free web-based medical professionals on demand at any time of day or night via a computer with a webcam or a mobile device. In addition to medical and behavioral specialties, psychiatric "virtual visits" began at the beginning of 2018. The **Kentucky Employees' Health Plan** is the state's largest self-insured health plan.

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INTERSTATE LANE

Business news from Indiana, Ohio, Tennessee and West Virginia

BUSINESS BRIEFS

INDIANA

■ **Lessonly**, a company that specializes in online training software, has announced plans to expand its headquarters in Indianapolis, creating up to 102 new jobs by 2020. Lessonly recently announced an \$8 million Series B funding round led by Boston-based **OpenView**. The company has doubled in size every year for the last five years and currently employs 83 full-time employees in Indianapolis.



■ **Sony DADC** has notified the State of Indiana that it will be laying off 375 workers at its Terre Haute facility, a move that will impact more than half of the site's employees. The layoffs are tied to the company's decision to outsource the facility's music and video manufacturing operations. Sony DADC officials have also said the company has been affected by growing competition from online streaming services, which has impacted sales of DVDs and CDs. The remaining Terra Haute staff will focus on support of the company's Sony **Playstation** business.

OHIO

■ **Topre America** has completed a \$46.5 million expansion of its automotive parts plant in Springfield, Ohio. The plant specializes in stamping and high-strength steel production, both of which are essential to manufacturing lightweight vehicles that can withstand a crash while still maintaining fuel efficiency.



■ **Miami University** (Ohio) and the **Wright Brothers Institute of Dayton** are collaborating to identify technologies from an **Air Force** research lab portfolio of more than 1,000 patents that have potential commercial use for public good. The agreement creates the Miami University-AFRL Research Technology Commercialization Accelerator and provides Miami support in reviewing and accessing the lab's entire portfolio of patents and patent applications.

The university will create and lead programming to connect those technologies with entrepreneurs, funding and other resources needed to bring the technologies to market.

■ **Midmark Corp.**, a provider of healthcare solutions technology, plans to open a new \$40 million research and development center in Versailles, Ohio, near Dayton. The new facility is expected to open by 2022 and will create at least 97 new jobs.

TENNESSEE

■ Chattanooga-based **Unum Group**, a leading provider of employee benefits and services, has signed a definitive agreement to acquire **Pramerica Zycie TUir**, a Poland-based subsidiary of **Prudential Financial Inc.** Unum President and CEO Rick McKenney said growth through strategic acquisition is "an important avenue" to expand the company's footprint and noted that Poland is an attractive market for financial protection benefits. Unum's primary brands include **Unum US**, **Colonial Life**, **Starmount** and **Unum UK**.



■ **Thiel Audio Products**, a company known for its high-end audio equipment, closed its doors at the end of January, according to a report by the **Nashville Business Journal**. The company was originally founded in Lexington, Ky., and moved its headquarters to Nashville in 2014 after being acquired by a Nashville-based private equity firm in 2012. The company struggled after the acquisition, however, going through five CEOs in five years.

■ **Delek US Holdings**, a Fortune 500 company with assets in petroleum refining, logistics, convenience stores, and asphalt and renewables, has announced plans to expand its headquarters operations in Brentwood, just south of Nashville. The expansion, which will add 175 new jobs, follows the company's July 2017 acquisition of **Alon USA Energy**.

INDIANA: FIBER-CEMENT MANUFACTURER ALLURA REOPENS TERRA HAUTE FACILITY

FUELED by record demand for its homebuilding products, fiber-cement siding manufacturer **Allura** has reopened a 438,000-s.f. manufacturing plant in Terra Haute, Ind., that it closed in 2014.

Allura CEO Jessica L. Navascues said the reopened plant will provide much-needed product availability as the company develops markets throughout the Midwest. The plant employs 60 workers.

Allura's customers include regional and national homebuilders who use the company's fiber-cement building products in the construction of new homes and existing remodels. The company's fiber-cement products include siding, shakes and shingles, panels and soffits that are available as an alternative to wood, vinyl and other traditional building materials.

In addition to the main manufacturing facility, the 95-acre site also includes a 9,120-s.f. office building; an 85-foot high multi-level water building with three internal vessels; a 1,200-s.f. dosing building; and various storage yards, railroad spurs and parking areas.

Allura is part of **Elementia**, an international company that produces building materials for the construction sector through cement, building systems and metals divisions in nine countries throughout the Americas.



An increase in homebuilding has led Houston-based Allura to reopen its fiber-cement manufacturing plant in Terra Haute, Ind., which has been closed since 2014.

OHIO: HI-TECH GROCERY DISTRIBUTION CENTER CREATES 500 JOBS IN FINDLAY



McLane's new grocery distribution center in Findlay, Ohio, uses robotics and artificial intelligence to maximize efficiency.

McLANE Co., a leading supply chain services company, has opened a \$150 million grocery distribution center in Findlay, Ohio, creating up to 500 new jobs.

Of McLane's 80 distribution centers nationwide, the 417,338-s.f. Findlay facility is the most technologically advanced – utilizing teammates, robotics and artificial intelligence to deliver over 325,000 picks of items per day at peak operation.

The Findlay distribution center will store approximately 16,000 grocery and convenience store items representing over 700 suppliers, which will continue to increase in 2018. Robots utilize bar codes on the products to store and transfer pallets of goods, traveling up to 60 mph to fulfill orders. McLane teammates help control and program the robots and load and organize products into bins based on the products' final destinations. The items are then delivered to convenience stores, mass merchants, warehouse clubs and drug stores in Ohio, Michigan, Indiana and Pennsylvania.

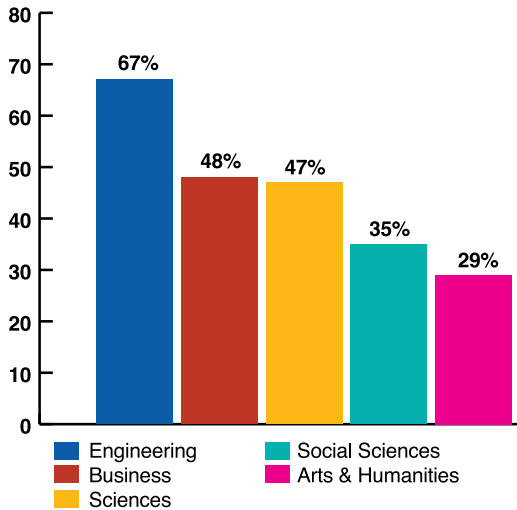
In addition to the distribution center jobs, the Texas-based company has also hired more than 95 truck drivers and plans to hire another 75 more.

SHOULD COLLEGES REQUIRE INTERNSHIPS?

It's a widely held belief that a four-year college degree is key to securing a good job. Yet, among bachelor degree graduates between 2002-2016, only 27 percent of graduates had a good job waiting for them upon graduation and it took a year or longer for 16 percent to find a good job, according to recent statistics released by Gallup. However, those graduates who had a relevant job or internship while in school were more than twice as likely to acquire a good job immediately after graduation. Furthermore, that trend held across all academic majors, begging the question: Should colleges begin requiring internships for college graduates?

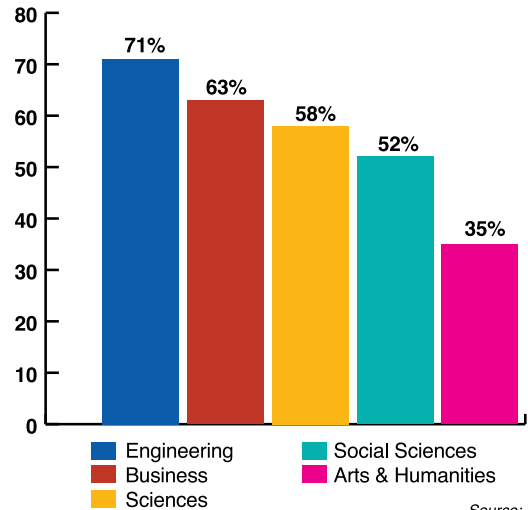
LIKELIHOOD OF HAVING A GOOD JOB WAITING AFTER GRADUATION

(for graduates who had an internship/meaningful job)



GRADUATES IN JOBS "COMPLETELY RELATED" TO THEIR UNDERGRADUATE STUDIES

(for graduates who had an internship/meaningful job)



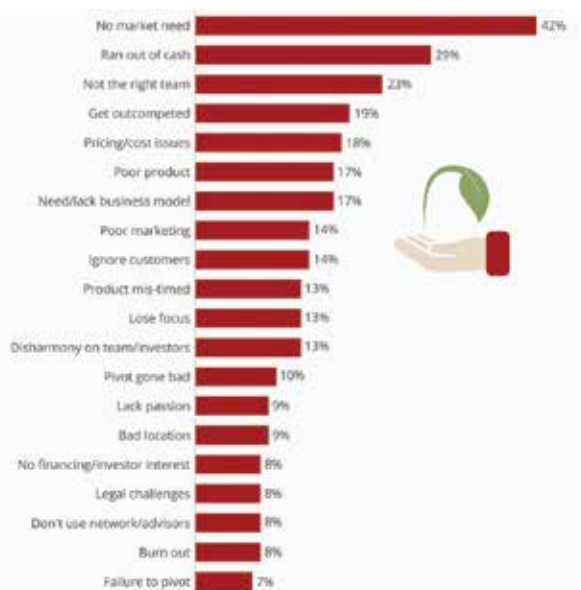
Source: Gallup

FAILURE TO LAUNCH

Back in 2005, Accel Partners made a \$14.8 million investment in "thefacebook.com" – and made a whopping \$5.6 billion return, 378 times their original outlay. Unfortunately, the Facebook experience is far more the exception than the rule. CB Insights analyzed 101 startups that failed to succeed to help determine where founders and investors go wrong.

THE TOP REASONS STARTUPS FAIL

Most frequently cited reason for startup failure.*



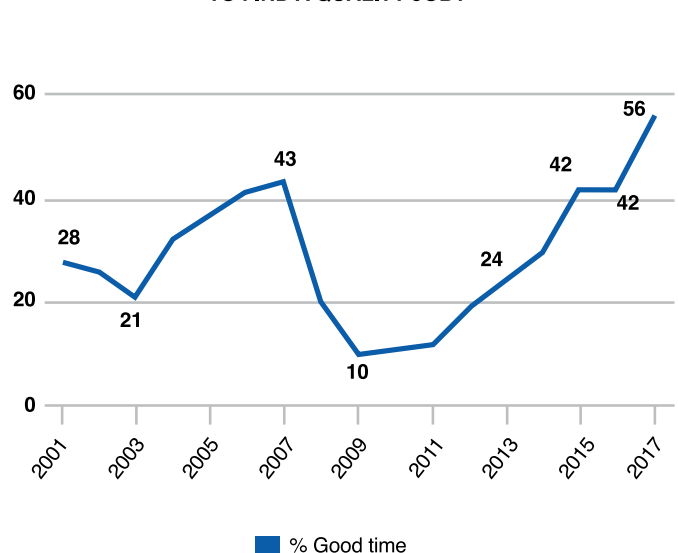
* Based on an analysis of 101 startup post-mortems

Source: Gallup

JOB MARKET OPTIMISM HITS RECORD HIGH

Americans' optimism about finding a quality job averaged 56 percent in 2017, the highest annual average in 17 years of Gallup polling and a sharp increase from 42 percent in 2016. Coinciding with rising optimism, the U.S. unemployment rate fell from an average 4.9 percent in 2016 to 4.4 percent in 2017, the lowest rate since 2000.

IS NOW A GOOD TIME OR A BAD TIME TO FIND A QUALITY JOB?



Data for 2001 is based on four readings Aug-Dec.

All other years have data for 12 months.

Source: Gallup

CORPORATE MOVES

New leadership for Kentucky businesses

ACCOUNTING

■ **Michael Grim, Matt Neely and Kourtney Nett** have been appointed as partners in MCM CPAs & Advisors Louisville and Jeffersonville offices.

■ **Greg Pope** has been named managing partner for the Louisville office of Ernst & Young.

ART

■ **Stephen Reily** has been named director of the Speed Art Museum in Louisville. Reily has served as interim director of the museum since March 2017.

BANKING/FINANCE

■ **Sam Pollom** has been promoted to vice president, director of operations and compliance for WealthSouth, a division of Farmers National Bank in Danville.



Sam Pollom

■ **Anthony (Tony) Parrish** has been promoted to chief executive officer of Winchester-based Peoples Exchange Bank. Parrish has served as chief operating officer since 2006.



Tony Parrish

■ **Patricia (Trish) DeWitt** has been named mortgage area sales manager for Fifth Third Bank's Kentucky market.



Trish DeWitt

EDUCATION

■ **Chris Ernst** has been appointed senior vice president of Sullivan University.



Chris Ernst

■ **James Buss** has been named founding dean of Northern Kentucky University's Honors College. He will assume the role on July 1, 2018.



James Buss

FOOD/SPIRITS/HOSPITALITY

■ **Chris Poynter** has joined Louisville-based Brown-Forman as public relations and partnership manager for Woodford Reserve.



Brian Mefford

GOVERNMENT

■ **Brian Mefford** has been appointed executive director of the Kentucky Office of Entrepreneurship.

■ **Andy Barber** has been named state highway engineer for the Kentucky Department of Highways. Barber succeeds **Patty Dunaway**, who retired at the end of 2017.

■ **Paul Looney** has been appointed deputy secretary for the Kentucky Transportation Cabinet.

■ **E. Paulette Akers** has been appointed director of the Kentucky Division of Conservation in the Kentucky Department for Natural Resources.

HEALTHCARE

■ **Tammy York Day** has been named president of the newly formed Louisville Healthcare CEO Council.



Tammy York Day

LEGAL

■ **Emma Wolfe** has been elected as a new member of Dickinson Wright's Lexington office.



Emma Wolfe

■ **Stephen Mattingly** has been elected partner at the law firm of Dinsmore Shohl. Mattingly works out of the firm's Louisville office.

■ **Bill Mabry** has been appointed to lead the new Buckley King law office in Louisville.



Bill Mabry

■ **Allison L. Brown and R. Benjamin Straus** have been named partner at Wyatt, Tarrant & Combs. **Carole D. Christian** has been elected to the firm's executive committee.



Allison Brown



Benjamin Straus



Carole Christian

MANUFACTURING

■ Braid Industries has announced key hires and executive promotions for its new aluminum rolling mill in Greenup County: Chief Operating Officer – **Blaine Holt**; Executive Vice President of Business Development – **Jaunique Sealey**; General Manager – **Gregg Whigham**; Operational Readiness Manager – **David Durci**; Vice President of Research and Development – **Eric Dahlgren**; and Managing Director of the War Room – **David Shealy**.

■ **Gary W. Parker** has joined Louisville-based Kentucky Trailer as chief operating officer.

MEDIA

■ **Jennifer Adams** has been appointed Louisville development officer for Kentucky Education Television's Commonwealth Fund.



Jennifer Adams

NONPROFIT

■ **Layla George** has been named as president and CEO of the Olmsted Parks Conservancy in Louisville.

PROFESSIONAL SERVICES/CONSULTING

■ **DeLaine Bender** has been promoted to vice president of Lexington-based AMR Management Services and named to the organization's executive team.

DEPARTURES

■ **Allen Luttrell** has resigned as commissioner of the Kentucky Department for Natural Resources. **John D. Small**, deputy commissioner of the department, has been named acting commissioner.

■ **Lance Tucker** has resigned as chief financial officer and chief administrative officer for Louisville-based Papa John's International to accept the role of chief financial officer at San Diego-based Jack in the Box Inc.

■ **Michael Skoler** has resigned as president and general manager of Louisville Public Media to pursue other interests. **Stephen George** has been named to serve as interim president and general manager.

■ **Angela Blackburn** has joined Lexington-based Hawkins HR Consulting as senior HR consultant.



Angela Blackburn

■ **Mary Pat Regan** has been named chief operating officer of TKT & Associates Inc., a Louisville consulting company.

REAL ESTATE

■ **Jamie Adams** has been promoted to assistant vice president for NAI Isaac in Lexington.



Jamie Adams

RESEARCH

■ **Dr. Robert Gaston** has joined Covington-based CTI Clinical Trial and Consulting Services (CTI) as medical director.

TECHNOLOGY

■ **Sammy Kinlaw** has joined Lexington-based Lexmark as vice president of worldwide channel and OEM sales.

■ **Terry Samuel** has been named president of Kentucky Science & Technology Corp. and head of the Exomedicine Institute, a research and development think tank. Samuel succeeds KSTC founder and President **Kris Kimel**, who is leaving to assume an extended role at Space Tango Inc., a KSTC spin-off he co-founded in 2014.

TRANSPORTATION

■ **Dan Mann** has been named executive director of the Louisville Regional Airport Authority. He succeeds **C.T. "Skip" Miller**, who is retiring in March.

UTILITIES

■ **Paul Thompson** has been named chairman and chief executive officer of Louisville Gas & Electric and Kentucky Utilities. He succeeds **Victor Staffieri**, who has announced his retirement effective March 8.



Paul Thompson



Victor Staffieri

ON THE BOARDS

Kentuckians named to organizational leadership roles

BIG SANDY COMMUNITY AND TECHNICAL COLLEGE

■ **Deborah Craft, Bobby McCool, Howard Roberts** and **Charles Arnett** have been appointed to the Big Sandy Community and Technical College board of directors. Craft, of Paintsville, is a retired special education teacher. McCool, of Van Lear, is director of the Paintsville/Johnson County Chamber of Commerce. Roberts, of Pikeville, is dean of the Coleman College of Business at the University of Pikeville. Arnett, of Prestonsburg, is a physician with the Floyd County Health Department.

ELIZABETHTOWN COMMUNITY AND TECHNICAL COLLEGE

■ **Paul Wallas Witten, Steven Sargeant** and **Robert Steve Bratcher** have been appointed to the Elizabethtown Community and Technical College board of directors. Witten, of Leitchfield, is a retired educator. Sargeant, of Elizabethtown, is general manager of technology for Flex Films USA. Bratcher, of Elizabethtown, is director of quality, continuous improvement and safety for Maker's Mark Distillery.

FORD NATIONAL DEALER COUNCIL

■ **JP Miller Jr.** has been elected as 2018 vice chairman of the Ford National Dealer Council. Miller is CEO and dealer principal of Paul Miller Ford and the Paul Miller Motor Co. in Lexington.

KENTUCKY DISTILLERS' ASSOCIATION

■ The board of directors of the Kentucky Distillers' Association has announced the following appointments for 2018: Chair – **Rob Samuels**, chief operating officer of Maker's Mark Distillery; Vice Chair – **Rick Robinson**, vice president of U.S. product supply chain for Wild Turkey Distillery; and Secretary/Treasurer – **Larry Kass**, director of trade relations for Heaven Hill Brands. Board members for 2018 include: **Pauline Rooney**, Diageo; **Joseph J. Magliocco**, Michter's; **Campbell Brown**, Brown-Forman; **Ryan Ashley**, Four Roses; and **Earl Hewlette**, O.Z. Tyler.



Rob Samuels

KENTUCKY HOUSING, BUILDINGS AND CONSTRUCTION ADVISORY COMMITTEE

■ **William Keith Doelker, James William Gibson, James K. Piper Jr.** and **Sherry Diann Redmon** have been appointed to the Kentucky Housing, Buildings and Construction Advisory Committee. Doelker, of LaGrange, is a homebuilder and developer. Gibson, of Benton, is a plumber. Piper, of Lexington, is an architect. Redmon, of Russell Springs, is a mobile home retailer.

KENTUCKY REAL ESTATE APPRAISERS BOARD

■ **Marshall Flynn** has been appointed to the Real Estate Appraisers Board. Flynn, of Frankfort, is a real estate appraiser.

KENTUCKY STATE BOARD OF CHIROPRACTIC EXAMINERS

■ **Chad C. Henderson, James H. England** and **Jaclyn Cooper Henson** have been appointed to the Kentucky State Board of Chi-

ropractic Examiners. Henderson, of Somerset, is a chiropractor and owner of Henderson Chiropractic. England, of Robards, is a chiropractor with Nunez Chiropractic. Henson, of Russell Springs, is a chiropractor with Cooper Chiropractic Center.

KENTUCKY STATE BOARD OF PHYSICAL THERAPY

■ **Ron Pavkovich** and **Edward Dobrzykowski Jr.** have been appointed to the State Board of Physical Therapy. Pavkovich, of Lexington, is a physical therapist and owner of Advantage Osteoprapctic Physical Therapy. Dobrzykowski Jr., of Florence, is a physical therapist and director of system rehabilitation services for St. Elizabeth Healthcare.

LEXINGTON-FAYETTE URBAN COUNTY AIRPORT BOARD

■ **Daniel Mason** has been named to the Lexington-Fayette Urban County Airport Board for a four-year term. Mason is chief lending officer for Traditional Bank.

MADISONVILLE COMMUNITY COLLEGE

■ **Alan Jay Thorner** and **Gary Edward Carver** have been appointed to the Madisonville Community College board of directors. Thorner, of Madisonville, is an emergency medicine physician with Baptist Health Madisonville/TEAM Health. Carver, of Central City, is an insurance agent with State Farm.

PRICHARD COMMITTEE FOR ACADEMIC EXCELLENCE

■ The following individuals have been elected to positions with the Prichard Committee for Academic Excellence: Chair – **William H. Wilson**; Vice Chair – **Wynn L. Radford III**; and Secretary/Treasurer – **Carol Lamm**. Wilson previously served as deputy executive director for education and outreach for Kentucky Educational Television. Radford retired as president of Higgins Insurance & Benefits Inc. in Hopkinsville. Lamm, of Berea, is a retired CPA whose career focused on Appalachian community development.



William Wilson

PUBLIC RELATIONS SOCIETY OF AMERICA

■ **Kathy Previs**, associate professor of public relations in the Department of Communications at Eastern Kentucky University, has been appointed to serve as the diversity and inclusion liaison for the Public Relations Society of America. She will represent the Thoroughbred Chapter of Lexington.

SOUTHCENTRAL KENTUCKY COMMUNITY & TECHNICAL COLLEGE

■ **Jackie Perkins, Paula Ratliff Pedigo** and **William Tye Burklow** have been appointed to the Southcentral Kentucky Community and Technical College board of directors. Perkins, of Glasgow, is an IT internal auditor with Fruit of the Loom. Pedigo, of Smiths Grove, is owner of Superior Fence Systems Inc. Burklow, of Bowling Green, is public relations manager for Franklin Precision Industry.

SOUTHEAST KENTUCKY COMMUNITY AND TECHNICAL COLLEGE

■ **Jane S. Hendrickson** and **Sandra L. Hogg** have been appointed to the Southeast Kentucky Community and Technical College board of directors. Hendrickson, of Harlan, is a retired court reporter and legal secretary. Hogg, of Neon, is health and wellness lead for the Kentucky Valley Education Cooperative.

SOUTHEASTERN CONFERENCE ATHLETICS DIRECTORS

■ University of Kentucky Director of Athletics **Mitch Barnhart** has been named chair of the Southeastern Conference Athletics Directors.



Mitch Barnhart

SOUTHERN ASSOCIATION OF COLLEGES AND SCHOOLS COMMISSION ON COLLEGES

■ **Jay Marr**, president and chief executive officer of Sullivan University has been appointed to the board of trustees of the Southern Association of Colleges and Schools Commission on Colleges, the regional accreditor of colleges and universities in the southern region of the United States.



Jay Marr

SOUTHERN REGIONAL EDUCATION BOARD

■ **John M. Carney** has been appointed to the Southern Regional Education Board. Carney, of Elkhorn, is an educator and state legislator.

STATEWIDE ADVISORY COUNCIL FOR VOCATIONAL REHABILITATION

■ **Cynthia Elaine Elliott** has been appointed to the Statewide Advisory Council for Vocational Rehabilitation. Elliott, of Frankfort, is an attorney and consumer ombudsman for the Kentucky Client Assistance Program.

STOCK YARDS BANK & TRUST

■ **Paul J. Bickel III** has joined the boards of directors for both Stock Yards Bank & Trust Co. and its parent company, Stock Yards Bancorp Inc. Bickel is founder and president of Louisville-based U.S. Specialties, a commercial building supply company.

UNION COLLEGE

■ Union College has announced its new members and officers for the board of trustees: Chair – **Don Jones**; Vice Chair – **Don Lane**; Treasurer – **Kay Dixon**; Secretary – **Frank Beaty**. **Teresa Cahill** and **Gus Hauser** have been elected as new trustees.



Don Jones

UNIVERSITY OF KENTUCKY

■ **Elizabeth Griffin McCoy**, of Hopkinsville, has been appointed to the University of Kentucky board of trustees. McCoy will replace **Kelly Knight Craft**, who has resigned to accept a presidential appointment as U.S. Ambassador to Canada.

LANE ONE-ON-ONE

Kentucky's leaders express their opinions



Paul Verst

Paul Verst is president and CEO of Walton-based Verst Logistics and Zenith Logistics. He assumed the leadership role from his father in 1993 and since then, has overseen the expansion of the company's strategic plan and customer solutions. Verst is currently on the boards of the Kenton County Airport, WOW Logistics, and Xavier University's President's Advisory Council and Hall of Fame Nominating Committee. He is a past board member of Gateway Community and Technical College Foundation and the Dan Beard Boy Scout Council, and a past chair of the Tri-County Economic Development Foundation, the Cincinnati Grocery Manufacturers' Representatives, and the executive board of the Northern Kentucky Chamber of Commerce. Verst is a member of the Council of Supply Chain Management Professionals, the Warehousing Educational Research Council, and the Young Presidents' Organization and past chairman of the International Warehouse Logistics Association Inc. and the Ohio Warehouse Association.

A GOOD TIME TO BE IN LOGISTICS FOR THE FAST AND ACCURATE

Personnel, technology investments drive double-digit growth in a fast-changing market, says Verst Logistics CEO Paul Verst

BY MARK GREEN

Mark Green: Verst began as a trucking company but has grown into a diversified logistics company today, including packaging and other operations. Can you take us through the sequence of steps of diversification as they occurred?

Paul Verst: Our company started in 1966, and since then Verst has provided logistics services for startup companies all the way up to Fortune 100 to 500 companies. We've been recognized by magazines such as *Inbound Logistics* as a Top 100 Third Party Logistics Provider, and we've been recognized in that publication for 10 straight years. We provide warehousing, transportation, customized packaging and fulfillment services. Those are the four pillars of our company, along with real estate that we hold.

Our product fulfillment service represents our newest capability. It allows our clients to deliver products to their customers in over 85 percent of the U.S. in one to two days. As we look at ourselves, we really exist to extend the expertise and capabilities of our clients. We like to see that our business is an extension of our client's business.

My dad, William G. "Bill" Verst Sr., founded the company in 1966 when he bought an existing trucking company in Cincinnati. Right next to it was a little combination trucking/warehousing com-

pany, and he purchased that in 1968. We continued to grow in pretty much just strictly transportation and warehousing throughout the '70s and into the '80s, and it was sometime late in the 1980s that we had an opportunity to move down to Northern Kentucky and get into some contract warehousing business. That took us quite a long way as well, with the warehousing and trucking.

Then, in 2001 we were going through a strategic planning session and identified some value-added services we wanted to get into, and found a contract packaging company in Cincinnati that we acquired. We've grown that business since. Then the last and latest new venture we've gotten into is in order fulfillment and e-commerce. We started that division in early 2017.

We started with a fleet in 1966 of about 10 tractors and 20 trailers. Today we're at 6.5 million square feet and a fleet of about 100 tractors and up to 1,600 employees between all of our companies. Out of 1,600, there are 1,000 who reside in Kentucky.

MG: Where are the other employees located? How many locations?

PV: We're in five states: Ohio, Kentucky, Indiana, and we opened in Arizona and Alabama in 2017.

MG: Verst Logistics handles four major lines of activity: packaging, warehousing, transportation and fulfillment. Can you tell us how much of your overall revenue stream each sector represents?

PV: I can break that down percentage-wise. Packaging overall is about 20 percent. Our warehousing is roughly 40 percent. Transportation is 35 percent. And fulfillment around 5 percent.

MG: Of those 1,600 employees, how many are in each category, and what is the company's capital allocation or distribution?

PV: Within Verst World, we're about 371 employees. Warehousing and fulfillment is around 227, packaging we're at 56 and then transportation 88. We've got a separate company, Zenith Logistics, that does nothing but dedicated warehousing, and there are 1,200 employees.

MG: Has the company expanded and diversified as a result of responding to opportunities or after strategic planning to move into new but related sectors?

PV: Every three years we go through strategic planning, and a session we have is what kind of new value-added services can we get into? What are our customers asking for that we're not providing now? In the 1980s, we identified that contract warehousing would be something a lot of companies would take a look at in the future. We were blessed to land several contracts in the late '80s.

Around 2001, in the strategic planning session we were sitting around a table saying what else can we do to add value to our customers, and are any of our competitors doing that right now? One guy in our group said, "There's this thing called contract packaging, and in particular, shrink labeling." He knew of a small company in Cincinnati doing it. I met with that owner, and he had five employees in about 8,000 s.f. We worked out a deal where we acquired his company, and we've grown that business in the last 15 years. Now we have, including staffing service employees, around 200 employees, and we operate about 300,000 s.f.

The last thing was fulfillment. Obviously, with Amazon and Wayfair and the rest of them around here, this is really a hotbed – the Midwest, and primarily the I-75 corridor – for e-commerce and fulfillment when you think about overnight delivery and one- to two-day delivery to 85 percent of the U.S. population. DHL obviously expanded into the CVG airport, and Amazon has distribution centers all over the place. We identified that as an opportunity for some of our existing and new clients and for expanding in that arena.

MG: What type of packaging operations does Verst perform?

PV: The majority of what we do is filling empty containers. Yogurt cups is a big piece of business that we do. Distilled spirits. Liquid laundry detergent caps.

MG: Was there a specific customer or client that allowed you to really grow packaging and be so successful?

PV: Yes, our first customer: When we acquired the company, their biggest customer was Procter & Gamble. We've got Swiffer WetJet bottles. Tide liquid laundry detergent, we shrink-label a lot of their caps. And we do a lot of work with Kroger. We do a lot of business with Kraft Foods. We have Fortune 100 customers. We are very blessed with a lot of our contract packaging customers.

MG: Logistics is a rapidly changing sector. What major trends are you working to stay abreast or ahead of?

PV: The demand for faster velocity, speed to market, speed delivery. That continues to increase. It's all about how can you get a product from Point A to Point B as fast as you can. The millennial generation is driving a lot of that. With the "Amazon factory" you can order today, get it delivered tomorrow. The need for speed and consistency is more important than ever. Winners are those who are flexible and can provide B2B and B2C solutions including final-mile delivery. We think we're well-positioned with our fulfillment solutions to handle the evolving demands of today's consumers. It's all about speed, and accuracy!

MG: What is your geographic footprint, both for operations and for your customers?

PV: From our core area here in the Northern Kentucky/Cincinnati area, our (transportation) fleet goes out primarily 300 miles. We have some sleeper cabins that get up to Canada, down to the Carolinas and Tennessee. But the majority of them are drivers going out for delivery, picking up loads and coming back here, so about 300 miles. With that said, we're down in Alabama and in Arizona as well, and we're servicing areas out from there.

MG: How did you hop all the way to Arizona?

PV: An existing customer we were running distribution centers for wanted to expand and they did an acquisition out in Arizona and needed some expertise in logistics and took us out there with them.

MG: How big is your operation there?

PV: It's an 800,000-s.f. manufacturing plant of which 200,000 s.f. is warehousing, so we run the 200,000 s.f. for them. For now, just warehousing.

MG: Can you describe Verst's transportation and fulfillment operations?

PV: If you look at our overall customer base, we have a lot of international customers. We have customers from France, Germany, Canada, England, Japan, the Netherlands. I could keep going on. So they're international and national, as well as a lot of great local customers like Kroger and P&G. They range from startups – we might have a customer that is doing several pallets a day – to the Fortune 100 companies that may do 100 truckloads a day. We have international customers who might be based in Japan, but they have manufac-

turing plants here in the States, and we do a lot of their warehousing and transportation just within North America.

MG: There is discussion that freight delivery vehicles are among the leading candidates for early adoption of self-driving vehicles. Is this likely?

PV: Self-driving vehicles are already being tested on roads around the world. The platooning vehicle convoys, groups of trucks, will likely come first, and then semi-autonomous highway control systems and finally fully-autonomous trucks. Given the increasing driver shortage and the need for safer highways, transition appears very likely, although the timeline is less certain as we see it. In the early stages, it's likely drivers would remain on board. With the electronic logging data or ELD systems (that monitor vehicle and driver), drivers need to spend more time resting, relaxing. So you'll see the driverless vehicles, but the driver will be in the sleeper cab just resting up while the tractor-trailer drives itself.

MG: In shipping, the captain's main job is to bring the ship into port, or navigate a certain section of the Mississippi River. Is trucking liable to follow a model like that?

PV: The challenge on driverless trucks is at Point A or Point B; it's not in between. In between the trucks can drive themselves without a problem. But for an engine pulling into a parking lot, who's going to walk up to a dispatch office and say, "I'm here to pick up a load going from here to there. What door do I check into?" The truck can't do that. Somebody's got to bring it in,

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back it into the door, check the freight if they have to, sign the bills of lading, things of that nature. But once the truck leaves, it can automatically drive itself. But then, when it gets to the destination and pulls into the customer's parking lot, the same thing has to occur. The technology's not there yet for the communication between the truck and the customer on where to back in, what to do and everything from there. That's going to take some time.

MG: Any educated guess on the timetable for when trucks with the driver spending a lot of time in the sleeper cab might be out on the interstate?

PV: I think InBev (a Belgium-based company that is the largest beer producer in the world) may be using driverless trucks right now. There are several companies out there. It is being done. But right now it's primarily interstate driving.

MG: So there might be self-driving trucks on the road today on I-75 or I-65, I-71 or I-64?

PV: There could be. They're seeing more success out West where it's wide-open highways and expressways than around here right now.

MG: Does Verst foresee trucking remaining the dominant mode of product transportation for the immediate future?

PV: Trucking demand is here for the foreseeable future. Right now, trucking moves 70 percent of national freight by weight; however, the ability to optimize trucking is still the key. There are too many trucks moving around the country empty or partially loaded as they attempt to find freight or return to base. There are internet visibility tools. Verst is in a position to locate empty capacity and match it to our equipment in real time. It reduces trucks; it reduces fuel consumption, pollution, highway congestion and deterioration on our interstates. Our goal is to make sure every one of our drivers that goes out with a load also brings back a load, doesn't come back empty.

MG: What's the status of the price point for truck freight shipment? Has that been changing in recent years? Is it dropping?

PV: The price point is actually increasing. The truck freight rates hit a recent all-time high in January, and right now there's no end in sight. It's the strongest trucking market in over a decade, caused by an increase in demand for services coupled with a driver shortage and a recent implementation of ELD

(electronic logging devices) regulations that went into effect in December. There are a lot of carriers out there that are becoming more selective with the freight they haul, where they haul freight to. With the hours drivers may drive being cut down, a lot of carriers are being really selective.

MG: Is this a good time to go into truck driving?

PV: It's always a challenging industry, but yes, right now it's a pretty good industry to be in. We love it. I remember a conversation in a business meeting, and they asked if you walked into a classroom full of students and said, "How many of you would like to be a truck driver?" you would probably have zero people raise their hands. But if you approached it a different way and said, "How many of you would like to make \$65,000-75,000 a year?" every one of those kids would raise their hands. And that's what a lot of drivers are making.

MG: Kentucky has a large logistics sector, and Northern Kentucky is a big hub of that. How does the size and expertise of Kentucky's logistics sector compare to other regional clusters? Who are our peers and/or competitors?

PV: Ohio, Kentucky, Indiana, Tennessee, Pennsylvania are the hotbed for logistics. We're fortunate to be in the heartland, in some of the best distribution geography in the country, where we can reach over 85 percent of the population in under two days. Verst's facilities are in Northern Kentucky, Louisville, Lexington or the Cincinnati area.

MG: How has your number of employees grown in the past decade?

PV: We have two different companies, Verst (transportation, packaging and fulfillment) and Zenith (warehousing). Within Verst Logistics, we're at about 375 employees now, and 10 years ago we were at about 175. So in the last decade, we've more than doubled. It's pretty stable and consistent with the level of warehouse operations employees.

MG: What is your primary strategy for acquiring and maintaining employees? Do you have relationships with training programs and entities outside your company?

PV: We believe employee satisfaction is key to attracting and retaining talent. Internally, our benefits and pay are very competitive. That really helps starting out. Customers see our skilled workforce as a real plus, as evidenced by awards from companies such as FedEx. We work in partnership with Gateway Community and Technical College here

in Northern Kentucky; I was on their board eight or nine years when they built two new campuses in Boone County. They offer free online courses, and we work with them – they provide a CDL program and we typically hire one to two drivers out of their program every six months.

We also provide comprehensive training, and we have an exceptional safety program that's second to none. Our management team is solid; they're all actively involved in the community. We have a Future Leader Program, where we identify 10 to 20 employees and put them through training that provides them the ability to move up within the company. Another thing we did is make adjustments in our vacation and holiday schedule to enhance vacation and holiday pay for 2018.

MG: The relationships between product producers and their supply-chain partners are changing. Where is the general business community in terms of adopting 3PL practices in supply chain systems?

PV: More and more manufacturers and distributors see the value of outsourcing for supply chain functions. Outsourcing is a common function in many parts of business today such as MRO, which is materials, repairs and back office stuff, and payroll. Supply chain outsourcing is finally catching up as companies see the advantages of flex and respond quickly to market demands using a supply chain partner such as Verst.

What we see is most companies want to focus on their core competencies. And many times logistics is not it. We've been really successful, and one of our new niches is going into our customers' facilities and running their warehouse logistics. We're up to six or seven customers for whom we go into their buildings and run their supply chain logistics warehousing.

MG: What issues generate the most significant challenges or are most important in the near future?

PV: The shortage of drivers. The average age of a truck driver is around 58 years old now, so we continue to see that shortage. Availability of developable land in Northern Kentucky is becoming almost a crisis. We have rolling hills in Kentucky, and most of the flat land now has been fully developed, so we're having to go into some areas we would not even have considered 10 or 15 years ago. EPA rules and regulations, especially as it applies to wetlands and delineation and remediation, has become a big issue as well. It's taken sometimes one to two years just to work through wetlands issues so you can start developing.

MG: How about the proposed additional 11-lane span at the Brent Spence Bridge for I-71/75 between Northern Kentucky and Cincinnati? Would that make a big difference to Verst?

PV: That would. We have employees who live in Ohio and drive across that bridge to work in Kentucky. Our fleet goes across that bridge in both directions numerous times of the day and night. One year we took a look at the cost to our fleet, on our drivers, to idle on the expressway, costing time, costing fuel, wear and tear on the expressway, and the number was somewhere around \$300,000 to \$400,000 that year. As you're looking at the ELDs and the requirements for driver's time off, it makes it really challenging for drivers being able to complete all their duties and deliver loads and pick up loads, when they're sitting there in traffic. And then you're polluting the air. They can't build that bridge fast enough.

MG: The ELD is one of these digital tools and has to do with the Internet of Things. How are digital tools impacting your operations and the management of your transportation fleet?

PV: We try to be proactive as much as we can. Our tractors have been ELD-compliant since 2006. 2017 is when everybody had to be compliant, and we were back in 2006. Our fleet's been really proactive and on the leading edge of technology adaptation. With geofencing, GPS tracking and forward- and rear-facing cameras, we're really prepared to connect with the future. We're also operating smart warehouses as well, with our WMS (warehouse management system) technology that's fully-integrated and web-connected.

MG: People don't generally consider that tractor-trailers out on the road are that techy. But they are!

PV: We've been investing more and more every year in technology. Between business objects, business intelligence – knowledge rules the world right now, and you've got to be not just on par with everybody, but you have to be ahead of the game.

MG: Yes. Can you say how much you spend annually investing in technology, keeping up?

PV: It's a quarter-million to a half-million dollars a year.

MG: What are your annual revenues?

PV: We expect 2018 to hit right at \$200 million. We're projecting an 18 percent growth over 2017.

MG: How do you achieve that kind of growth in one year?

PV: We have a great team, a good story to tell and great customers. We have a lot of customers that sell for us and spread the word. In 2017, we did 12 percent growth.

MG: Do you have a closing statement?

PV: The one thing I can't stress enough is we are truly blessed to have a great team working for us, employees who are dedicated, who would do anything for our family business that they could do. We try to really take care of them, and in return, they really take care of us and take care of our customers. So I can't thank them enough. ■



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

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Sudden Federal Tax Reform's Big Impact Will Come Slowly



During a rally in Washington in November, Senate Majority Leader Mitch McConnell of Kentucky said the Tax Cuts and Jobs Act that was enacted in December will bolster the economy by helping small businesses across the country.

"It's still early on and ... there's a lot of concern about what's actually in the bill because it's the biggest change since 1986 in the tax law," said Noah J. Stern, an attorney who handles tax work in Cincinnati for Dinsmore, which has offices in 22 cities, including Covington, Frankfort, Louisville and Lexington. "There hasn't been time for the IRS to publish guidance on the legislation."



Noah J. Stern, Attorney, Dinsmore and Shohl

Accountants and attorneys said they have not identified any provisions that might create unique impacts on Kentucky businesses compared to those in other states. But they also emphasized – over and over again – that there are striking differences between the federal and state tax codes.

Kentucky lawyers and accountants say the federal Tax Cuts and Jobs Act is expected to impact virtually every taxpayer, but there are still many unanswered questions about the rate-cutting legislation. Some taxpayers and businesses will fare far better than others when they calculate their taxes for 2018. And, yes, some people and companies may wind up paying more this year than they did in 2017.

A little more than a month after the president signed the Tax Cuts and Jobs Act on Dec. 22, the sentiment at the national level and in the offices of Kentucky accountants and tax attorneys seems to be something like "What's not to like about a tax cut?"

Early advice, though, is to hold off awhile on spending what you think you'll save in taxes this year.

Clients curious but need not rush

Since the federal code changes apply to taxes not due until next year, there has been no tsunami of clients needing

IRS must write the rules before accountants and attorneys can answer Kentucky business's questions

BY GREG PAETH

RATE cuts and incentive shifts in the new federal Tax Cuts and Jobs Act will keep Kentucky tax lawyers and accountants busy for years helping clients make the most of lower levies and an altered inducement landscape. The reforms will result in business structure changes for many – but not yet. Internal Revenue Service staff must write the implementing rules first, and that will take months.

"I think at this point they (business owners) have a lot of questions. Everybody's happy that the rates have dropped," said Rachael High Chamberlain, an attorney who handles state and local tax work for Frost Brown Todd in its Lexington office. "But there are so many other factors that come into play for a company deciding what their over-

all tax burden is; they might have one provision in the tax bill that is absolutely amazing for them, and then you flip over to a different aspect of their tax compliance and there's something else in the bill that's really bad.

"So it really depends on the company and their particular structure," Chamberlain said, reflecting the current common wisdom of Kentucky's accounting and law sectors.

With a push from President Donald Trump but no hearings, open debate or public input, Congress passed a massive tax overhaul in December designed to further stimulate an economy that has been slowly gaining steam for seven years.



Rachael High Chamberlain, Attorney, Frost Brown Todd

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In conjunction with passage of the federal Tax Cuts and Jobs Act, Senate Majority Leader Mitch McConnell of Kentucky presents President Donald Trump on Dec. 20 with a customized Louisville Slugger imprinted with the message “going to bat for the people.”

their returns completed in the next 15 minutes. But plenty of people have questions: Kentucky accountants and lawyers’ office phones rang and email inboxes filled faster than is typical for an icy January, they said.

“There’s definitely a lot of interest in this legislation, and right now people are digesting it and trying to figure out ... what they want to do about it,” said Mark A. Loyd, a partner in the Louisville law office of Bingham Greenebaum Doll. “It will create a demand for CPAs and tax attorneys with regard to thinking about their business structure and whether it needs to change and then (in some cases) changing that business structure. It is tough to estimate how many companies might be revising their status for tax purposes,” said Loyd, who chairs the firm’s Tax and Employee Benefits Department.



Mark A. Loyd,
Partner,
Bingham
Greenebaum
Doll

The concept of “changing that business structure” is critically important because the new code treats a “C corporation,” the organizational structure typically chosen by the largest companies, differently from smaller businesses that are classified as “S corporations,” partnerships, LLCs or sole proprietorships.

One of the most widely discussed provisions of the new legislation cuts corporate tax rates from a maximum of 35 percent to a flat rate of 21 percent.

Smaller businesses will be allowed to take a 20 percent deduction on what’s classified as “qualified business income,”

which is often “pass-through” income to the owner or owners, who would pay taxes on that income as individuals.

For individual taxpayers, the maximum rate under the new legislation is 37 percent for someone who makes more than \$500,000. The key here is how “qualified business income” is defined. Accountants and attorneys made it clear that the business income equation can be extremely complicated.

But it’s doubtful many businesses will swap one structure for another – from “C corporation” to “S corporation,” or vice versa – until they have some clear indication about which option would deliver the biggest tax savings.

Largest corporations fare best

Although they stress that it’s way too early to say much with absolute certainty about the 400-plus-page tax bill, attorneys and accountants seemed to agree that C corporations – organized under Chapter C of the Internal Revenue code – will reap the greatest benefits.

“The larger corporations that are formed as C corporations are the ones that are really getting the windfall in the tax package, and that was really the design of it – the theory being that (lower taxes) makes the U.S. competitive with other countries and hopefully will bring opportunity, stimulate growth, create jobs,” said Mike Shepherd, director of tax services and one of the owners of Dean Dorton, an accounting and business consulting firm based in Lexington.

“On the small businesses, we’re going to see a lot of restructuring. ... You’ll see some businesses that may want to change

their structure and take advantage of the lower corporate rates or they may want to change how their pay works,” Shepherd said.

“I think we (Dean Dorton) will see more work in the summer when we can sit down with nearly every client to see if something needs to be adjusted on how they manage their business with these new laws.”

Accountant Kevin Fuqua, tax services team leader for MCM CPAs and Advisors in Louisville, provided an example of how one of his clients, a Kentucky C corporation, will benefit under the new law when 2018 taxes are filed. This manufacturer, which he did not identify, had sales of about \$60 million last year.

Fuqua ran the company’s numbers through a model of the new tax code.

“On taxable income of about \$12 million, they saved a couple million dollars” in tax payments, he said. “The beauty of this is, and what’s getting lost is: What are they going to do with the money? Many of these companies are saying either ‘We’re building (expanding),’ or ‘Our biggest issues are (finding and retaining) employees, so we’re going to be doing something for them.’”

Walmart, Home Depot, FedEx, Walt Disney and Honeywell are among major corporations that have announced bonuses or pay hikes for their employees because of the tax savings those companies expect.

“I think most people will have some benefit, but they’re not going to get a benefit like they will with a C corporation,” Fuqua said.

“For example, I did my (personal) taxes, and it was about a \$2,000 savings,” he said. “It was nice; it’s better than paying \$2,000. It’s not a windfall like for a C corporation, so I don’t want people to get overly excited and expect a big refund. I think some folks are going to be astonished by the fact that they’re not going to get as much as they think.”

Passing the federal tax reform law late last year was a positive step, Fuqua said, but the specific impact won’t be



Mike Shepherd,
Director of
Tax Services,
Dean Dorton
Allen Ford



Kevin Fuqua,
Partner,
MCM CPAs
and Advisors

known until the Internal Revenue Service issues implementing instructions.

"But we have no (revised) regulations; we have no interpretations (of the new law)," he said.

However, MCM's tax services team will work up what it expects the new code's rules are likely to say and come up with strategies in hopes that their interpretation dovetails with that of the IRS.

Think about business structure

Fuqua and Shepherd plan to provide their clients with nuts-and-bolts data on how the new legislation may affect them.

"One thing I've done and we've done as a firm is taken 2016 tax returns and gone through and calculated them as if they were in the 2018 tax law to show them the difference in the law versus what kind of benefits or, in some cases, what kind of taxes they may owe differently," Fuqua said.

"People want to do planning as quickly as possible, make adjustments for the new law with their specific situation," said Dean Dorton's Shepherd. "When we do their '17 taxes we're going to run an analysis and plug it into the '18 rules and give them an idea – absent changes to their situation – of what their taxes would look like under the new rules. One size doesn't



fit all. I expect we'll have some happy campers and some less happy campers."

Most people, Shepherd said, will find little change in how they're taxed under the new legislation.

Lexington attorney Chamberlain and Fuqua both said their firms have scheduled "road shows" on the new code in Lexington, Louisville, Indianapolis and Cincinnati in the near future.

While the tax rate is lower for C corporations, Fuqua pointed out that plenty of people cringe at the "double taxation" that occurs when a company

pays its corporate taxes and then distributes dividends to shareholders, who must then pay taxes on those dividends.

"If you're a bigger company I think you're going to say something to the effect that it's about time the U.S. lowered the corporate income tax rates to a level commensurate with the rest of the world," said Loyd, the law partner in Louisville. "This is the most significant overhaul of the Internal Revenue code in the last 30 years, so it's not just something you can sit down and digest in an afternoon."

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"This is going to take some time to appreciate it and understand it, and my take on it is you need to be very methodical about taking advantage of it rather than rushing to take advantage of it," Loyd said.

"This year I would tell them (my clients) to rethink how their business is structured for tax purposes. They might not want to change it, but they should at least consider whether changing it would be advantageous to them or not, particularly if they haven't looked at it for a number of years."

Deduction cap's bite begins at \$170K

Another element of the tax package that has received plenty of attention is the \$10,000 cap on the federal deduction for state and local taxes, which has been widely discussed in high-tax states such as New York and California.

But several of those paid to know the tax laws pointed out that capping that deduction could prove costly to some Kentucky taxpayers who have never spent a night in Beverly Hills.

Chris Gilbert, an attorney and tax partner in the Louisville office of PricewaterhouseCoopers, said some of his clients learned about the \$10,000 cap and paid 2018 property taxes in advance late last year so that the deduction wouldn't be subject to the cap.



*Chris Gilbert,
Attorney and
Tax Partner,
Pricewater-
houseCoopers*

"Even in Kentucky, which isn't a particularly high tax state – we're in the middle to the bottom in overall tax burdens – there will be quite a few people in Kentucky who will be affected by this as well," said Chamberlain.

She and other attorneys and accountants said state and local taxes on average cost many Kentucky residents 9 or 10 percent of their income, with the biggest chunk going to the state, which has a 6 percent rate for people who earn \$75,000 or more. With the state rate alone, a taxpayer would hit that maximum deduction of \$10,000 with an income that's just under \$170,000.

Shepherd said high-income taxpayers would be hit hardest by the \$10,000 cap.

The people who either do tax work or analyze tax policy also stressed that there are substantial differences between the new U.S. code and the rules and regulations that are in effect in Kentucky, which hasn't taken steps to make the state tax code conform to the new federal code.

"Right now," Chamberlain said, "the state is using a version of the federal tax code that's a couple of years old. You could wind up in a situation – and some



of our clients recognize this, and some of them don't – where you're doing one set of calculations for your federal income tax and they could be drastically different when you get down to the state side."

Gilbert echoed comments by Chamberlain and several others interviewed for this story.

"One interesting thing is that a lot of the provisions won't even be effective in Kentucky," he said, "because Kentucky law adopts the Internal Revenue (Service) code as of December 31, 2015, so since the tax reform law is not part of the (earlier code) ... a lot of the changes won't even be relevant until the state changes" its tax code.

Kentucky tax update advised

Attorneys and accountants said one of the most striking differences between the federal and state codes is how some purchases of new equipment are handled and how the state "decouples" – Chamberlain's verb – from the new U.S. legislation.

The Trump tax package allows businesses to deduct the entire cost of the equipment – up to \$1 million – this year. Fuqua said that purchase could be treated much differently under Kentucky tax laws, where the equipment, which he described as a "five-year asset," would be depreciated over five years with a 20 percent deduction in the first year.

An analyst with the non-profit Tax Foundation in Washington, D.C., said she believes it's time for Kentucky to revise and update its tax system even if it doesn't duplicate every provision of the new federal code.

"It took the federal government some 30-odd years since the last major tax overhaul, and I think it's time for Kentucky to take up that responsibility now too," said Morgan Scarboro, an analyst for the Center for State Tax Pol-

icy in the Tax Foundation, an 80-year-old nonprofit that focuses on tax reform throughout the country.

Without factoring in the impact of the new tax package, Kentucky ranks 33rd in the country in the foundation's Business Tax Climate Index, which analyzes the impact of corporate, individual, sales, property and unemployment insurance taxes on businesses.

"Kentucky has a fairly uncompetitive tax code compared to a lot of its neighbors ... so that's one reason in itself to look at reform," said Scarboro, whose organization supports broad bases of taxation with low tax rates.

A spokesman for the Cabinet for Economic Development, which set records for business development in Kentucky last year, was optimistic that the tax cuts would spur further business growth this year.

"While it's too soon to know what specific effects individual tax code changes at the federal or state levels will have, tax cuts tend to create the opportunity for business investment," Jack Mazurak, communications director for the department, said in an email.

Mazurak cited tax reform, right-to-work legislation, improvements in the business climate, a focus on workforce development for the near- and long-term and the national economy as key factors that would fuel economic growth in the state.

He said he has not heard about any effort to adopt all or part of the new federal tax code. ■



*Morgan
Scarboro,
Analyst, Center
for State Tax
Policy, The Tax
Foundation*

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



Nate Morris, founder of Rubicon Global, an innovative business creating efficiencies in the multibillion-dollar waste disposal industry, works closely with the Gatton College of Business and Economics and the University of Kentucky where he an entrepreneur in residence.

Clay Cook photo

Dirty Work Pays Off

Rubicon Global's digital efficiencies are worth \$1 billion, and its scale-up has just begun

BY CLARY ESTES

NATE Morris is not afraid to get his hands dirty. As founder of innovative tech company Rubicon Global, Morris credits his background as a Kentucky native for helping bring working-class heartland citizens together with opportunity provided by technology developments in New York and Silicon Valley to solve one of today's most pressing environmental issues: waste disposal.

Rubicon is a "disrupter" with an app, but isn't your typical tech company.

Founded in 2008 in Louisville, its mission is to "disrupt the waste and recycling industry and create less expensive, more sustainable solutions." Rubicon's cloud-based technology connects people and businesses with waste haulers and

processors, reduces the waste stream going to landfills, increases recycling, and promotes development of more diverse forms of waste management in American communities. Its RUBICONSmartCities program tracks and shares waste disposal data from businesses and data on city infrastructure.

The endeavor has been so successful that the company has been valued at more than \$1 billion as of September 2017 after receiving a \$50 million investment by the Mexican private equity firm, Promecap. And that was not the first eight-figure vote of financial confidence.

Rubicon created a mobile app that "connects haulers to customers, streamlines billing, and verifies waste reporting like never before." The app works similarly to the way that Uber and Lyft oper-

ate, connecting businesses directly with waste haulers to better optimize trash pick-up and disposal.

For example, an independent hauler contacts Rubicon with their services and service area and Rubicon connects them with small businesses in the area, as well as waste processing companies to create an independent network of operations. Additionally, with the Rubicon app, businesses have access to real-time information on everything from hauler routes to what kind of trash they are producing so that they can better optimize how they dispose of their waste.

One of the ways Rubicon is able to save clients money is by addressing the issue of landfill usage. "The biggest waste management providers – which handle 65 percent of all U.S. waste – are landfill companies," according to Rubicon's website.

A monopoly of three companies that has dominated U.S. waste disposal and management since the 1960s makes money charging customers rent on their landfill property and has no incentive to move to a business model that promotes innovation and new waste disposal methods. Waste Management, Republic Services and Waste Connections have market capitalizations totaling more than \$70 billion, according to *Forbes*.

Greener disposal options cost less

"They have an outdated, asset-heavy model that pays them twice for every customer – once when they pick up trash, and once when they dump it in the landfills they own," Rubicon's site states. "It's a grossly inefficient industry that thrives on continual price increases, too-frequent pickup schedules and zero billing transparency."

Rubicon provides haulers and businesses access to a greater diversity of waste-processing organizations. Rather than landfill rental fees, many businesses find they can pay less to send their waste stream to new processing companies that, through recycling or anaerobic digestion, produce a usable output. Rubicon Connect app customers gain more control over how their waste collection is managed.

"Imagine," says the voiceover in a Rubicon online video, "if you could get real time updates on when your trash was collected, rate the driver that ser-

vices your business and automate your payment online. Rubicon Connect enables you to toggle between your waste collection and payment information and includes features that help you save money and divert waste.

"Once you get started, you can set up direct payments. At any time you can view all your invoices and your current service requests. You can even request additional dumpster collections during peak periods. Rubicon Connect will also be your direct line to Rubicon's dedicated support team and those drivers who provide the service."

Waste has analytics.

"You'll even be able to assess the make-up of your waste," the voiceover continues. "You can snap a photo of your dumpster to receive an instant waste assessment. With the results, you'll be able to tell whether you'll need containers for different waste streams like recycling."

Garbage truck as data center

Using the system Rubicon developed, entrepreneur haulers are able to expand their service areas independent of the major waste management providers. It's created a space for new waste-processing companies to develop and grow, supports more sustainable waste-management practices, and saves businesses money as a result of the diversified marketplace.

The platform has accrued over

700,000 user service locations across the United States in the nine years it has been operating.

Rubicon's model generates revenue at many levels, from contracts with small local businesses to find more cost-effective waste disposal methods; from multi-million-dollar contracts with larger partners like Wegmans, 7-Eleven, and Lumber Liquidators to streamline waste disposal on a large scale; from work with government entities to better address city infrastructure issues; as well as from large multinationals like Suez Environmental of France so it can grow abroad.

In 2016 Rubicon launched a small and medium business channel. SMB organic growth increased more than 300 percent in 2017 and the company reports it expects to have almost 5,000 SMB customers in 2018.

The RUBICONSmartCities platform is now used in 19 cities, and integrates data to drive efficiency while responding to citizen demands. In effect, Rubicon equips local trash haulers with the technology to document and monitor different metrics on how a city operates.

"What you know as a garbage truck, we know as a roaming data center. We are using our app-based technology to become your city's eyes and ears," Rubicon marketing info advises. Installed into a city's garbage trucks, SmartCity can improve vehicle management, including navigation and route optimization, and

automate service confirmations for trash and recycling collection. Drivers can relay as they happen issues such as contaminated bins, vacant homes, potholes and graffiti hot spots. SmartCity portal dashboard data can go in real time to the right departments to upgrade government services delivery, improve infrastructure decisions and more.

The two-part business model of waste disposal and information technology development is diversifying more sustainable growth for Rubicon, which is setting its sights on international growth via a recently developed partnership with the French water treatment and waste disposal multinational, Suez Environment.

Kentucky sensibility builds business bridges

Morris credits his upbringing for creating the foundation for his cause-based entrepreneurial spirit.

"I learned a great deal from my mother, who was a single mother, and my grandfather, who was a UAW union leader, about the importance of supporting American workers, as well as giving back to my community," Morris said.

That perspective led him to recognize that if the U.S. were going to address its environmental issues and continue to support the ever-growing technology and industrial sectors, it needed to come together around an issue that touches everyone. Morris envisioned this common ground in the waste disposal industry.

"There has to be an issue that can bring everybody in the U.S. together," he said. "Whether you are Republican or Democrat, less garbage is a good thing, recycling is a good thing, and if we can empower small business to get more opportunities while we do that, then it is a win for everyone."

Morris is a Republican with an expansive history of political work who works now in a field largely occupied by more left-leaning groups. As a result, however, he has been able to diversify the way that the environmental issue is being addressed in the United States. Morris has attracted investors from both sides of the aisle, whether they are actor Leonardo DiCaprio, Salesforce CEO Marc Benioff or the Goldman Sachs investment bank.

The environmental movement has been too coastal and, to some degree,

Rubicon Global connects independent waste haulers and processors with customers through its Rubicon Connect app in a format similar to Uber and Lyft, but which also produces analytics on what types of waste customers are producing and how to better optimize disposal financially and environmentally.



Rubicon Global views the traditional garbage truck as a roaming data center for municipal clients who can improve vehicle management and receive real time information on vacant homes, potholes, contaminated refuse bins, graffiti hotspots and more.

too elite and left behind many small-town Americans who may have been interested in contributing to the movement but felt excluded from the conversation, in Morris' view.

"For years we've left a lot of our knowledge base (middle America) out of the tech world because there is a big culture clash and difference in world view," he said, "but I believe with things like the shared economy and businesses like Amazon (which has been dominant outside places like California and New York), it shows that there is tremendous opportunity in places people have never looked before. It's exciting."

Growing tech in mid-America

In a country constantly being told how different the left and the right are from each other, Rubicon Global suggests how much we have in common and how much we can achieve if we work together.

"The only people who are against what we are doing are the large waste collection companies who have dominated this industry for generations," Morris said.

Rubicon is able to promote this bipartisan method for environmental and economic development because a founding tenet of the company is the democratization of the waste disposal industry. "Rubicon can't do it alone," Morris says. His hope is that as Rubicon grows it can sow the seeds of further work in its partners, in the technology, environmental and industrial sectors, and the next generation of entrepreneurs.

In a very foundational way, the democratization principle Rubicon stands by is a direct result of Morris' Kentucky roots.

"I felt like there was going to be another wave of technological revolution in the U.S. where the technology and industrial worlds would eventually meet," he said. "Places like Kentucky are ideally suited to start those kinds of tech-industrial businesses."

Rubicon's model promotes simultaneous growth of multiple sectors, from small business to large corporations and from environmental sustainability researchers to tech developers and beyond, and makes it unique not just in the industrial sector but in the technology sector as well.

"The adage in the tech industry has been that you build great tech and the



industry changes for you," Morris said. "What we've learned is that if you want to be successful in developing tech for the industrial world, you have to prove yourself in the industrial space by building scale. That takes a long time and sometimes longer than most venture capitalists are willing to invest on the coast."

To the halls of power and back home

Morris took his understanding of American politics, his international experiences, his passion for the environment and his love of his home state of Kentucky to build a company that is unequivocally shaking things up. Morris spent time studying and working in Washington D.C., getting his undergraduate degree at George Washington University and working at the U.S. House of Representatives, the U.S. Senate, the Department of Labor and the White House. He became a lecturer at Beijing International Studies University, then earned a graduate degree at the Woodrow Wilson School of Public and International Affairs at Princeton University.

But he never forgot Kentucky.

"Kentucky has given us so much," says Morris, "This is where my family is. It was a natural fit for us to start Rubicon in this state."

It was Kentucky investors who built the foundational structure of Rubicon before national investment came.

"We have a who's who roster of some of the most successful Kentucky business people who have helped us get started," Morris said. "They believed in

us. They believed in the business. Many of them had not invested in technology before, but they took a chance on us and it created a space for more investors to come in later."

As Rubicon grew and eventually moved its headquarters to Atlanta, it retained its Kentucky identity. Morris still lives in Lexington and works intimately with the Gatton College of Business and Economics at the University of Kentucky, where he is the entrepreneur in residence and helped develop the Social Enterprise Scholar Program for UK's business school students. Rubicon maintains a small sales office in Kentucky, as well as a number of Kentucky users that it can add to its national roster.

The Rubicon idea gestated in Morris' mind for many years before he started the company with his longtime friend, Marc Spiegel, with whom he attended Eastern High School outside of Louisville and whose family worked in the waste disposal business for nearly a century. After nine years the two-man operation has grown to employ over 300 people.

When it comes right down to it, a Kentucky boy with a good idea may just be the catalyst needed to put the United States on the right track to effectively address our environmental sustainability needs, as well as the development of industry into the 21st century, together rather than divided. ■

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

Policy, Tech Changes Mean More Hours in '18

Kentucky firms expect clients to seek legal advice on taxes, cybersecurity, compliance and strong business growth

BY MARK GREEN

KENTUCKY law firms see growth opportunity in every direction. Federal tax reform and economic growth should increase demand for legal services in most practice areas, even in healthcare where the mandate to have insurance coverage was eliminated. Technological change is shifting the operational landscape in every business sector, too, changing the competitive and regulatory landscape, and in turn creating the potential and need to do more deals of every kind. And that is on top of an increasing demand for services created by a growing economy, within the state, across the nation and internationally. Regulatory change out on the commercial playing field and in the office also means more demand for legal service. Firms themselves are having to make special efforts to keep pace with technology's impact on their own operations. 2018 looks like a busy year for the commonwealth's legal community.



Henry S. Alford
Managing Director,
Middleton Reutlinger

"In 2017 Kentucky saw an increase in deal flow and as a result, Middleton Reutlinger's transactional practice exceeded all expectations. Despite a regulatory environment that remains unpredictable, we expect that trend to continue into 2018 with low interest rates and inflation, consistent corporate earnings, federal tax reform that's enacted, and state tax reform that is right around the corner. As technological advances continue at an astronomical pace, not only are these advances fueling our intellectual property practice as clients continue to protect their unique products and processes, but they are also changing the delivery of legal services to the client. Technology is allowing for

greater efficiency, collaboration and communication between law firms and our clients. Firms that adapt and readily accept this change will have an advantage."



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

While McBrayer expects another period of growth in 2018, the challenge for the legal profession is to adapt to a changing market and economy. Law firms are steeped in tradition, so what will separate successful firms will be the pace at which they re-evaluate their mission and adapt to provide the services needed by clients. McBrayer continues to be successful because our culture allows our lawyers to provide the personal, prompt and efficient service of a small firm while bringing a diverse and varied skillset that meets the criteria of a large one. McBrayer has recently added several new attorneys who practice in the areas of medical malpractice and professional liability defense, and new practices in compliance and mediation."



James Dressman III
Managing Partner,
Dressman Benzing LaVelle

healthcare, real estate development, construction and banking. The strong economy throughout Kentucky and, in

particular, the expansion of Amazon in the Northern Kentucky market, make us confident of considerable growth in 2018. DBL Law's membership in the Geneva Group International network of midsize accounting and law firms benefits our clients by enabling us to service their national and international needs. DBL Law hopes to announce the opening of a DBL Law office in Lexington sometime during 2018."



Doug Barr
Managing Director, Stoll Keenon Ogden

laws also are expected as 2018 progresses. The National Labor Relations Board is revisiting precedent established during the Obama administration. Decisions that broadened the joint-employer standard and limited employers' rights to include certain workplace rules in their handbooks – including rules prohibiting profanity or abusive behavior toward co-workers – have been overturned. New overtime rules, with increases in the minimum salary threshold for employees to qualify for certain overtime exemptions under the Fair Labor Standards Act, are likely. While this churn of change appears chaotic, experienced counsel can help businesses find opportunities for continued growth and success."



Taft A. McKinstry
Managing Member,
Fowler Bell

"With the ability to provide prompt, high-quality legal service to our clients in business, restructuring and litigation, Fowler Bell has enthusiasm for 2018. The Bluegrass region's stable economy is vital to economic development, making Commerce Lexington "It's Vital" theme an appropriate one. Lexington-Fayette Urban County Government's recent land trade with the University of Kentucky opens 250 acres at Coldstream Farm for manufacturing development while preserving our precious bluegrass. The redevelopment of downtown Lexington by renovation of the "old" courthouse, planned expansion of Lexington Center, development of parks and trails along Town Branch, and the installation of an ultra-fast fiber optic internet service bring tremendous energy to the area, are vital to tourism and make

Lexington and the Bluegrass a top area for new and expanding businesses.”



Bob Young
Managing
Partner,
English, Lucas,
Priest &
Owsley

“Our firm has long concentrated its practice around business services, so we get a close view of how the business community is performing. We’ve not seen any slowdown in the amount of work coming to us to help expand existing operations and start new ones. Bowling Green and Southcentral Kentucky offer great quality of life in their local community that is core to drawing businesses. For our own business, we anticipate a strong year as we have added more personal law services, such as family law and an increased portfolio of estate and tax services, to our firm. This work offers a great accompaniment to the business law services that have long been our area of concentration.”



Robert L. McClelland
Attorney, Elder
Law Lexington

and federal budgets, our aging and special-needs clients see the changing public benefits funding. This will bring more clients to our door to help navigate the maze. Continuing legal education is going to be critical for attorneys, and the client demand should move more general practice and estate planning attorneys into this area of practice as their clients continue to age.”



Bonita Black
Office
Managing
Member,
Steptoe &
Johnson

“The two main issues that will impact the business community this year are cybersecurity and healthcare policy. Cybersecurity is a principal concern in 2018. The growing amount of sensitive information stored by businesses make them key targets for a cyberattack. Businesses must understand how their data is stored and used. Up-to-date data security policies and a strong legal partner ready to assist are key to weathering a cyberattack or breach. The healthcare industry and employers in general should also be on their toes in 2018. Novel legal issues could arise

quickly, depending on moves the Trump administration makes. Although Congress has failed to repeal the Affordable Care Act, administrative action and the tax reform law’s repeal of the individual mandate penalty will effectively strip it of its effectiveness.”



Henry C. T. (Tip) Richmond III
Member,
Dickinson
Wright

“Sweeping changes at the federal and state levels have already resulted in increased economic growth and activity for the wide-ranging publicly and privately owned businesses serviced by Dickinson Wright. Tax reform, greater fiscal responsibility and continued reductions in regulations that unnecessarily restrict businesses will lead to further expansion and growth of most businesses. We are already seeing significant activity in the manufacturing and healthcare sectors. With this expansion, we expect sophisticated legal services to grow in corporate, real estate, taxation, estate planning and global trade.”



Chauncey Curtz
Office
Managing
Partner,
Dinsmore
& Shohl

“The country continues to experience regulatory changes under the Trump administration, with evolving impact to the economy, businesses and individuals. Perhaps most notable is the recent overhaul of the tax code, which stands to significantly affect a variety of industries. The manufacturing, natural resource and energy sectors are in a particular time of flux, and I expect that’s where we will see some of the biggest regulatory effects in Kentucky. As we navigate these developments, we will also stay informed and attuned to additional shifts on the horizon. By taking a strategic, nimble posture, our goal remains, as always, to position our clients to capitalize on opportunity and find solutions to challenges”



Robert M. Connolly
Chair, Stites
& Harbison

“Intellectual property litigation, M&A, regulatory assistance, class action litigation and employment matters dominate the scene for Stites & Harbison. Similar to 2017, the complexity of legal matters continues to drive spend in the marketplace. Our clients are seeing more intellectual property disputes, regulatory and administrative law uncertainty, and

employment issues. Increases in employment matters are attributed to wage and hour issues and social issues within the workplace such as transgender and anti-harassment policies. Also, we are seeing employers facing scrutiny in the media that cause a rise in class actions. The firm continues to have booming health care and construction practices, and we project those areas to continue to grow the next 18-24 months since we have highly skilled attorneys with expertise in these areas.”



Jim Irving
Louisville
Office
Managing
Partner,
Bingham
Greenebaum
Doll

“In 2018 we expect continued growth in demand for corporate, economic development and tax advice. Our clients are seeking counsel on the new Tax Cuts and Jobs Act. BGD’s tax, employee benefits and estate planning attorneys are positioned to help businesses and individuals navigate income tax and executive compensation changes. BGD’s corporate and economic development attorneys were exceptionally busy in 2017, and we expect that to continue in the near term. In certain circumstances, this economic activity has generated new matters for our litigation and restructuring attorneys. All of our attorneys are committed to staying up-to-date and keeping our clients in the know on all regulations and changes that may impact their business. As a firm, BGD is growing with our clients and engaged in the significant business transaction impacting our region.”



Geoff M. White
Member-In-
Charge, Frost
Brown Todd

“The political landscape in 2018 should continue to bolster the business climate, as Kentucky invests \$100 million in workforce training, incentives for highly skilled workers and incentives for companies that provide education to those highly skilled employees. With record interest in Kentucky, a pro-business government and an emphasis on workforce development, Kentucky is well-positioned for growth and economic development. The state does need to focus efforts on critical issues such as tax reform and pension reform to avoid derailing the great steps in long-term progress that we saw in 2017. At this exciting time for our business community, the attorneys and government service professionals at FBT look forward to helping our clients manage and thrive through these significant changes and opportunities.” ■



Tax Reform, Less Regulation, More CPA Service

Kentucky firms expect political climate in Frankfort and Washington to accelerate client demand

NOVEMBER 2016 elections that put all the levers of power in the hands of Republicans in Frankfort and Washington, D.C., should lead to policy changes that create opportunities for business and thus demand for accounting expertise and advice, in the view of Kentucky CPA firms. A relatively healthy economy and a demographic changing of the guard from baby boomer retirements already has been generating demand for CPA services. But the regulatory reform and especially tax reform are expected to drive increased need for the expert guidance that the firms also specialize in providing. The bullish business climate is increasing

demand for new accounting talent, which could well include some mergers and acquisitions in the sector.



Christopher A. Ward
President,
Deming
Malone Livesay
& Ostroff

"I anticipate continued organic growth and expansion of services to existing clients in 2017. Clients are responding in a positive manner and reaping the rewards of an economic environment that continues to show increased optimism from consumers of goods and services. Regardless of your politics, 2017 prom-

ises to bring change at both the federal and Kentucky level due to the full Republican control elected in both places. The potential changes promise to bring more planning opportunities for our clients, and I expect to continue to see them participate in larger transactions. Overall, I am excited to see what this year brings from a legislation standpoint, and I am bullish on our own prospects for a successful 2017."



David Bundy
President/CEO,
Dean Dorton
Allen Ford
PLLC

"Although the recovery has been slow and uneven, the national and Kentucky economies appear reasonably healthy. We are optimistic about 2017, with new leadership in Washington and Frankfort, and a Republican-controlled Congress and legislature. Expect easing of regulations, changes in tax laws, healthcare reform and increased funding for infrastructure projects. Though the exact nature and magnitude of these changes remain uncertain, many are pro-business and can boost the national and Kentucky economies and our clients. In addition to regulatory change, companies need to continue to adapt to improving technologies that create opportunities to enhance their bottom line; clients have outsourced functions such as accounting, efficiently and effectively. As a large regional firm offering traditional CPA services with industry-specific expertise and niche consulting, we are excited about helping clients navigate these challenges and changes."



Diane Medley
Managing
Partner, MCM
CPAs &
Advisors

"In 2017, we expect the accounting industry to remain focused on talent acquisition and the retention of team members. A shortage of those seeking CPA and similar career designations has been facing the sector for several years, and the competition for talent is fierce. With that in mind, retaining that talent becomes a regular, beneficial exercise in ensuring our firm is a place where people want to work and develop their careers. For our clients, we continue to see an urgent need for succession planning for leadership, as the majority of the boomer generation eyes retirement across industries. These changes and transitions will likely

have an economic impact over the next several years, and our firm is working to provide our clients with the counsel and services they need to manage the transition successfully."



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

"The Kentucky economy will continue to reflect what happens nationally. With a new U.S. president, and the recent election results in Kentucky, we know there will be changes in how business is conducted. The expectation is that regulations will be fewer and that significant tax reform could take place. The new administration's wave of populism could be a net benefit for Kentucky as a state that stands to increase manufacturing. We anticipate continued overall growth in our accounting, tax, consulting and technology practices. We use our deep industry expertise to help our clients, people and the profession make smart decisions today to build lasting value tomorrow."



Penny Gold
CEO, Kentucky
Society of CPAs

"There is much optimism among CPAs, who are seeing corporate revenues at the highest levels since the recession. The environment is perfect for organic growth, but also growth through a myriad of mergers and acquisitions. With new administrations in both Washington and Frankfort, Kentucky CPAs are in for a busy year. They will be on the front lines as their clients and firms navigate pending changes in taxation, the Affordable Care Act, and a host of regulatory and reporting standard changes."



Alan Long
Managing
Member,
Baldwin CPAs

"2018 is shaping up to be a good year for public accounting firms. In my travels across the state and country, there is a very upbeat attitude about the economy. Firms I've spoken with are experiencing more demand for services, which is indicative of the economy improving. The connectivity



of the world is driving business to seek opportunities not only locally but in the global market. CPA firms are well positioned to help businesses to expand with these services. The largest obstacle facing the firms is the labor market and finding talent. Succession planning is driving a considerable amount of merger-and-acquisition activity in CPA firms as the "boomer" generation is retiring. Demographics are changing within firms as more of leadership is retiring. New younger leaders are moving into the C suites of firms, which is driving innovation and growth." ■

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Sylvia Lovely
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A rendering of the satellite campus of the University of Kentucky College of Medicine-Bowling Green. Construction is scheduled for completion by the summer of 2018.

Launching Med School Satellites

Partnerships in Bowling Green, Morehead and Northern Kentucky grow UK's doctor training program

BY DEBRA GIBSON ISAACS

MEMBERS of the inaugural class of the University of Kentucky College of Medicine satellite campus in Bowling Green will begin their medical education on July 30, a milestone event that will allow more Kentuckians to earn medical degrees and help address an ongoing shortage of physicians in rural areas of the state.

The new campus – a collaboration between the UK Medical School, Western Kentucky University and The Medical Center at Bowling Green – is the first of three satellite medical campuses UK is creating.

The second satellite campus – this one in Morehead – is set to ramp up later in 2018, and will expand UK's existing Rural Physician Leadership Program there to a four-year curriculum. This campus is a collaboration among the UK med school, Morehead State University, St. Claire Regional Medical Center in Morehead and King's Daughters Medical Center in Ashland.

Dr. Anthony Weaver, an assistant dean with the UK College of Medicine, heads the Rural Physician Leadership Program, which began in fall 2011. Based in Morehead State's Center for

Health, Education and Research, its participants receive their final two years of med school training and classes in a rurally oriented setting.

The third satellite campus will be in Northern Kentucky and is a collaboration among UK, Northern Kentucky University and St. Elizabeth Healthcare. The Northern Kentucky campus will accept students in 2019. UK expects to name the head of this program soon.

Currently, the UK College of Medicine enrolls 547 students, including 139 in the most recently admitted class of 2020. The Lexington campus is at capacity.

However, the need for additional physicians in Kentucky continues to increase. The 2017 Kentucky Physician Workforce Profile ranked Kentucky 36th for active physicians per 100,000 population. In 2016 there were 10,158 physicians, including 3,467 primary care doctors, to care for a population of just over 4.4 million people, according to the report.



Dr. Anthony Weaver,
Assistant Dean,
Rural Physician
Leadership Program, UK
College of Medicine

With this disparity between physician supply and demand, UK has been looking for ways to educate more doctors, particularly Kentucky residents more likely to remain in the state after graduation.

"Although there is a deep applicant pool for medical students, the college can't expand enrollment without the help of regional partners," said Dr. Robert DiPaola, dean of the UK College of Medicine. "This series of partnerships expands throughout Kentucky and will benefit everyone across the commonwealth.



Dr. Robert DiPaola,
Dean, UK
College of Medicine

"This signals a new beginning in the efforts to train more physicians in Kentucky, for Kentucky, and especially a new beginning for our future students as they embark on this journey and career in medicine."

The partnerships will help ensure Kentucky remains competitive as healthcare changes, he said.

Each new site will be a fully functioning four-year campus, according to DiPaola. They will use curriculum and assessments identical to those used at the Lexington

Demographics driving demand

Demographics – specifically, population growth and aging – continue to be the primary driver increasing demand from 2015 to 2030, according to a report titled "The Complexities of Physician Supply and Demand: Projections from 2015 to 2030."

The report states: "During this period, the U.S. population is projected to grow by close to 12 percent, from about 321 million to 359 million. The population under age 18 is projected to grow by only 5 percent, while the population aged 65 and over is projected to grow by 55 percent. Because seniors have much higher per capita consumption of healthcare than younger populations, the percentage growth in demand for services used by seniors is projected to be much higher than the percentage growth in demand for pediatric services."

campus. On-site faculty will have UK College of Medicine appointments, teach in small groups and provide simulation and standardized patient experiences. Basic science and early didactic training will be taught in conjunction with faculty at WKU through both onsite classes and lectures delivered on site from Lexington.

On the Hill

In Bowling Green, longtime UK faculty member and administrator Dr. Todd Cheever, a psychiatrist by training, will serve as the first associate dean for the Bowling Green campus. Cheever has been associate dean for student affairs the past 16 years. Dr. Don Brown, a vascular surgeon and Bowling Green physician who also serves as director of medical education at The Medical Center in Bowling Green, will be assistant dean for the Bowling Green campus.



Dr. Todd Cheever,
Associate Dean,
UK College
of Medicine-
Bowling Green

"We think Bowling Green and South-central Kentucky has a lot to offer," Cheever said. "We are recruiting a number of applicants who think of this area as home. Bowling Green also has a large immigrant population, particularly from Bosnia. This gives us a unique opportunity to work with patient populations not found in other parts of Kentucky and to go out into the community and do service learning. We are working on opportunities that will be specific to Bowling Green and south-central Kentucky."

Cheever said the Bowling Green campus will also have a different feel.

"There are 136 students (per yearly

cohort) in the Lexington class," he said. "We will only have 30 students at a time. Our campus will have a more intimate feel it, a family feel. We will get to know our 30 students really well, and the students will get to know our staff and administrators really well."

For students from the western half of the state, the new program also means the opportunity to remain close to home.

"I think there are a lot of reasons that future students should be excited about the Bowling Green campus," Cheever said. "The biggest is students from our particular part of the state will be able to go to medical school and hopefully practice medicine in their communities without having to leave where they're from."

"The Bowling Green campus was designed to both grow the medical school class size and increase the number of physicians in the commonwealth, while also teaching them more specifically how to care for their own."

Last June officials broke ground on a new facility on the WKU campus, which will be used for program. Construction is now in the final phase.

The new program fits nicely into area priorities.

In 2008, Bowling Green community and business leaders as well as WKU faculty and staff identified healthcare as one of four regional priorities for south-central Kentucky. Doug McElroy, associate vice president for enrichment and effectiveness at WKU, said this new partnership benefits not just students, but faculty as well.

"The UK College of Medicine - Bowling Green Campus represents a potentially transformative step in addressing the identified healthcare needs in this part of the commonwealth," McElroy said.



A groundbreaking ceremony for the University of Kentucky College of Medicine-Bowling Green Campus was held June 6, 2017, at The Medical Center at Bowling Green. The four-year, regional campus medical school is the first of its kind in Kentucky and is a partnership between The Medical Center, UK and Western Kentucky University.

"Students can come to WKU knowing the opportunity exists for them to earn their baccalaureate degree, undertake medical education and pursue their careers as medical professionals all within south-central Kentucky.

"Our faculty will have the opportunity to deploy their expertise in new and exciting ways, while contributing to improving to access to health care and quality of life in the communities in which they live."

"We're training people in Kentucky, for Kentucky, that's the plan," said Dr. Don Brown, assistant dean for the UK College of Medicine - Bowling Green campus. "It's been a dream for a few; now it's a dream of many people, and to see it actually come to fruition is very exciting."

For more information, including details on how to apply, visit meded.med.uky.edu/bowling-green. ■



Dr. Don Brown,
Director
of Medical
Education,
The Medical
Center in
Bowling Green;
Assistant Dean,
UK College of
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EMERGING LANE

Kentucky's young professionals and creatives



Brittany and Robbie Ross Jr. have been together since high school and married since 2010.

"All the joy everyone was telling me I should have, I had none of," she said. "I was so anxious. I felt like a newborn thrown out into the ocean and told to swim."

Robbie added, "Everyone told us it was a good problem to have. I remember thinking 'I'm living my dream now, and going to be able to support us financially for a long time. I finally am able to do what God has called us to do.'"

However, that meant half the year was spent on the road living out of suitcases. Brittany dropped out of University of Kentucky and worked some as a wedding planner.

"I was so desperate for an identity outside of Robbie," she laughed. "I was not a girl who grew up thinking I'm going to get married and have babies. I'm an independent woman; I was not OK that first year. And I was really lonely; he was on the road all the time and we were in new places where I didn't know anyone."

She dove into a yoga practice, became more intentional about her needs and took opportunities to travel the world. The couple – with Brittany at the reins – then realized they wanted to take nonprofit work more seriously. And this is when she found a niche that was not bound by a sense of place.

In 2012, they started Mission 108, working with impoverished communities in Lexington, and ultimately turned it into a 501(C)3 in 2016. After taking a 2012 mission trip to Ethiopia in East Africa, she connected with the international nonprofit Ethiopia Smile.

"I asked Robbie if he would want to go (to Ethiopia), thinking this would not fit in with our lifestyle – the last thing he wants to do in the offseason is travel more. But he said 'yes' and that started it all," she said. "He pulled teeth in Ethiopia, and he loved it. This was the dream that had been planted, and I

From Lonely Wife to Human-Trafficking Warrior

Pro baseball couple's nomadic life now rooted in nonprofit work

FORGING a career path for most young people typically involves one location and a "ladder" to climb. But for Lexington native Brittany Ross, 27, achieving a traditional "career" like her peers was not really possible – but the results she's creating are changing lives around the world.

Ross is married to Major League Baseball player and high school sweetheart Robbie Ross Jr., 28. Theirs was a privileged but nomadic lifestyle that brought struggles with anxiety, loneliness and heartache. Ultimately, though, she created a unique path that took advantage of her position as the wife of a professional athlete.

Advantaged is not a word Ross would have previously used to describe her role. The couple is typically home in Lexington less than half of the year. She and her husband, who currently is recovering from back surgery, grappled with making their itinerant life work – not able to put down roots anywhere.

"Looking back, I had zero idea what I was getting myself into," she said about

marrying a professional athlete. "I remember we had the draft party and he got drafted (by the Texas Rangers organization) and everything went as planned. I was naive and thought it was great. I just had no idea what he was doing, really."

"I stayed here the first year of marriage, and he was in minor leagues at Myrtle Beach, S.C.," she said. "Every weekend I drove down there. It was very hard."

After a year of non-traditional newlywed life in 2010, she decided to follow her husband wherever he went, but that still didn't take away her inner turmoil. He then got a Big League invite and went to play with the Texas Rangers, and the question became "Where do we live tomorrow?" recalled Brittany.



Brittany and Robbie Ross Jr., at left, work with a slum education ministry in Northern India as part of their prevention program against human trafficking.

had no idea what it was going to manifest into. God put mission trips in my way, and I was traveling internationally after that every six months.”

Today she calls her initial unhappy times “such a blessing.” Robbie had to step back to the minor leagues before joining the Boston Red Sox in 2015. In off-season travels they saw firsthand the devastating effects of human trafficking around the world. It led Brittany to take a trip to Uganda with other MLB wives to see for themselves the extreme suffering victims underwent.

“Coming home from that trip, I couldn’t stop thinking about girls and women and how our culture and theirs treated women,” she said. “There were no girls in the village we were in. All the girls had been trafficked. It bothered me in a way that was different than any other.”

She threw herself into studying human trafficking and building a support network. Now the couple takes college and professional athletes on mission trips. They financially support a safe house and aftercare program in India for women rescued from brothels.

When opportunities for Ross Jr. to give back present themselves, “he doesn’t question it at all.” Sports success has created avenues to meet with other people who are like minded. Beyond providing additional financial support, Robbie’s peers say, “I really want to come with you. I really want to be on the front line with this.”

And it makes an impact.

“They come back with their eyes opened and changed, and they become advocates,” Ross said. “Once you see something, you can’t unsee it. And they also experience the girls who have been completely restored; it just does something to your soul.”

Much of the trafficking prevention involves keeping girls in school, as education is key to the reversal of abuse and poverty. The couple plans to expand Mission 108 in places like the Dominican Republic that have strong baseball connections. They continue financial support of aftercare and prevention in India. In late 2017, a golf scramble fundraiser they hosted in Central Kentucky brought the safe house to 100 percent funding.

“I can’t ever see myself stepping away from this,” Brittany said. “We’ll be doing this for many, many years to come.”

She plans an ambassador program, taking more teams abroad, and to launch wellness based “vision trips.”

“I really arrived at [giving back] from a selfish place and an identity crisis; that’s really where I found myself,” Brittany said.—*Abby Laub*

Shaping Appalachia, Shaping a Career



Jared and Bethany Arnett

At age 27, Jared Arnett became president and CEO of the Pikeville-based Southeast Kentucky Chamber of Commerce. Two-and-a-half years later in fall 2013, he attended a meeting in Hazard that would change his career. Arnett was in the back of the room that day as Gov. Steve Beshear and U.S. Rep. Hal Rogers announced a new program, a summit, to open dialog about innovation and collaboration in Eastern Kentucky.

Shaping Our Appalachian Region (SOAR) held its first summit in December 2013 with

1,600 attending. Arnett served on a job creation panel, then was appointed to chair the group writing recommendations around business incubation and entrepreneurship. From there, he presented quarterly updates to the governor and the executive board. In November 2014, he was offered and took the job running SOAR.

“We unequivocally believe there’s a future in Appalachia Kentucky, and SOAR is the backbone organization of partnerships working to create that future,” Arnett said.

By November 2016 the executive board, which by then included Gov. Matt Bevin, approved SOAR’s “Regional Blueprint for a 21st Century Appalachia.”

SOAR has built a network of partners to implement the blueprint across 54 counties in Eastern Kentucky based on three primary areas: to drive action aligned with the regional blueprint; to promote and inspire Appalachia; and to grow the team in number and capacity.

As executive director of SOAR, Arnett watches all year long as the organization focuses on expanding broadband internet infrastructure throughout Appalachia, developing a competitive regional workforce, increasing industrial employment, creating a local foods movement and healthier communities, and establishing Kentucky’s Appalachian region as a tourism destination.

Internet access and its high-impact economic uses such as telemedicine, e-commerce, remote work opportunities, online education and training are central to SOAR’s vision for a 21st-century Appalachia with healthier lifestyles and healthier communities.

Born in Prestonsburg and raised in Salyersville, Arnett lives now in Harold in Floyd County. He earned a degree in paralegal studies at Morehead State University in 2006 and an MBA three years later. He taught piano and guitar lessons through college and opened a guitar store in Pikeville called Mountain Music Exchange five years ago.

“Our guitar store has shipped a product to all 50 states from the heart of Appalachia,” he said. “We see tremendous opportunity to capture more national market share from right here with low cost of living, a tremendous available workforce and tremendous quality of life.”

Young professionals are an integral part of shaping and sharing the Appalachian region and identifying challenges as opportunities. “Our generation tends to accept, embrace, and many times drive change,” Arnett said. “We often approach problems outside of perceived limitations and barriers. We also love to solve problems and make a difference.”—*Kathie Stamps*

1700s Cabin Transformed to Modern B&B

THE peace and quiet of the late 1700s have received all the modern conveniences of the 21st century in a bed-and-breakfast just outside Louisville. The Inn at Spring Run Farm in Prospect is owned by Susan Lewis Harris and Jeff Perellis. She is a lifelong equestrian and runs day-to-day operations of the working horse farm at Spring Run, while he is the innkeeper.

Two dogtrot log cabins were built on the property, one in 1790 and one in 1820. Farm owners in the late 1920s combined the two 16-foot by 16-foot log cabins into one structure, and three decades later another owner encapsulated the logs of the two cabins into a two-story house.

In 2017, Harris and Perellis renovated the house and turned it into a B&B. They re-chinked the interior hand-hewn log walls and restored the original ash floors and stone fireplaces. The B&B features three suites (the Log Cabin Suite, Bluegrass Suite and Derby Suite) and two dormer bedrooms (the Churchill Room and Keeneland Room) for rental by the day or week. The whole house, with five bedrooms and 4.5 baths, is also available to rent for families and friends to hang, or for corporate events.—*Kathie Stamps*



THE LANE LIST



Norton Commons subdivision in Prospect in east Jefferson County is part of a larger 595-acre Norton Commons community that employs New Urbanism principles stressing healthy living, walkable neighborhoods and sensitivity to protecting the environment and character of the area.



WaterStone at Hamburg apartment complex near I-75 just east of Lexington is among the residential developments being built to accommodate Fayette County's growing population.

KENTUCKY COUNTY POPULATION

Ranked by July 1, 2016 total

COUNTY	ANNUAL JULY 1 ESTIMATES							2010-2016 CHANGE	
	2010	2011	2012	2013	2014	2015	2016	NUMBER	PERCENT
Jefferson	742,277	746,240	751,342	757,715	760,703	763,509	765,352	24,256	3.3
Fayette	296,717	301,272	305,201	308,501	310,725	314,767	318,449	22,646	7.7
Kenton	159,999	160,401	161,297	162,918	163,463	164,342	164,945	5,225	3.3
Boone	119,362	121,449	122,847	123,998	125,735	127,163	128,536	9,725	8.2
Warren	114,209	115,558	117,040	118,948	120,651	123,159	125,532	11,740	10.3
Hardin	107,020	107,498	107,173	108,282	108,610	106,486	107,316	1,773	1.7
Daviess	96,718	97,237	97,886	98,311	98,416	99,333	99,674	3,018	3.1
Campbell	90,610	90,976	90,780	90,873	91,490	91,925	92,211	1,875	2.1
Madison	83,485	84,842	85,517	86,062	87,218	88,276	89,547	6,631	8.0
Bullitt	74,503	75,298	75,947	76,863	78,022	78,653	79,151	4,832	6.5
Christian	74,155	73,573	75,638	74,246	73,962	73,484	72,351	-1,604	-2.2
Oldham	60,425	60,756	62,104	63,059	64,029	64,626	65,560	5,244	8.7
McCracken	65,532	65,779	65,635	65,368	65,324	64,973	65,162	-403	-0.6
Pulaski	63,202	63,435	63,508	63,734	63,837	63,827	63,956	893	1.4
Pike	65,083	64,950	64,645	63,917	63,033	61,804	60,555	-4,469	-6.9
Laurel	58,990	59,368	59,603	59,747	60,048	60,101	60,250	1,401	2.4
Scott	47,457	48,060	49,066	50,067	51,308	52,327	53,972	6,799	14.4
Jessamine	48,712	48,969	49,550	50,222	51,008	51,936	52,357	3,771	7.8
Franklin	49,306	49,379	49,514	49,600	49,963	50,273	50,560	1,275	2.6
Boyd	49,622	49,409	49,256	48,907	48,795	48,488	48,132	-1,410	-2.8
Kentucky	4,369,354	4,369,354	4,384,799	4,400,477	4,413,057	4,424,611	4,436,974	97,607	2.2

Source: U.S. Census Bureau, Population Division



100 Riverside Place in Covington in fast growing Boone County.



Downtown Bowling Green has gone through renovations and multiple construction projects in Warren County.

SPOTLIGHT ON THE ARTS



Market Strategy

Kentucky Crafted Market trade day is a wealth of opportunity for retailers

BY CHRIS CATHERS

THE Kentucky Crafted Market may be changing venues back to Louisville after six years in Lexington, but one thing remains constant: the event's commitment to open up wholesale markets for Kentucky's best makers of art and craft.

The three-day show, March 2-4 at the Kentucky Exposition Center, features a trade-only day on March 2 in which registered buyers – retail businesses, corporate gift buyers, architects, interior designers and others who purchase art commercially – use to meet Kentucky Crafted artists and place orders with them.

One of The Market's perennial buyers for the trade day is the Kentucky Artisan Center at Berea. Chris Cathers, Kentucky Arts Council interim executive director, recently had a conversation with Todd Finley, the Artisan Center's executive director, about the key role The Market's trade day plays in the Artisan Center's buying strategy, and the benefits trade day holds for other retail businesses.

Chris Cathers: How long has the Artisan Center been a wholesale customer at The Kentucky Crafted Market?

Todd Finley: The Kentucky Artisan Center opened in July of 2003, and the Cen-

ter buyers had earlier attended The Market to make wholesale purchases.

CC: How many Kentucky Crafted artists are represented in your inventory at the Kentucky Artisan Center? About what percentage of your inventory do the Kentucky Crafted artists represent?

TF: We have around 300 Kentucky Crafted artists that represent about 40 percent of our family of artisans. The Center represents more than 800 artists in total. Three times a year we hold our own artisan review and, of course, a percentage of those new artists that are added are juried Kentucky Crafted artists.

CC: Why is it advantageous for you to do your wholesale buying on The Market's designated trade day?

TF: We take a great deal of staff in order to see all the artists. Sadly, we do run out of time at some point and might inadvertently miss someone. We enjoy the one-on-one relationships we have with artists at The Market and feel like we make better selections when it's restricted to trade day and there is less distraction. We always enjoy picking out new things our artists are producing and that helps us to ensure that our customer is always seeing new products.

Kentucky Artisan Center at Berea Executive Director Todd Finley examines artwork at the 2017 Kentucky Crafted Market. Kentucky Crafted artists make up about 40 percent of the artists whose work is sold at the Artisan Center.

CC: Are there other types of buyers you feel could benefit from attending trade day, such as realtors, homebuilders, distilleries, etc.?

TF: Distilleries definitely would benefit from attending trade day. In fact, I do know a couple distillery managers that do attend and make purchases. Most all of the larger distilleries have large gift shops and want Kentucky made products. It makes their visitor experience more authentic given that bourbon is such a part of Kentucky's history, just like its art and craft.

CC: Why is it important for retailers who specialize in handmade gifts to consider adding work by Kentucky Crafted juried artists to their inventories?

TF: When you shop inventory that has met the rigorous standards of Kentucky Crafted, you know you are buying a quality piece of work. The work is assured to be of a certain caliber and customers do not mind paying for quality.

CC: Why should retail business owners take advantage of the trade day at The Market?

TF: Anyone looking to add quality products by a Kentucky artisan would definitely benefit from trade day. They can speak to the artist very intimately and be hands on with the products and artwork. They can examine the quality and value for themselves, and I am sure they can see the financial benefit it can bring to their establishments.

The trade day is 10 a.m. to 4 p.m. March 2. For more information or to register as a buyer, go to artscouncil.ky.gov/KAC/Showcasing/2018Market-Buyers.htm.

The Market has limited public hours, 5-8 p.m. March 2. Admission on that day is \$5. It is open the public 10 a.m. to 7 p.m. March 3 and 10 a.m. to 5 p.m. March 4. Admission both those days is \$10, with a \$2 discount for seniors, active military member with ID and state employees with ID. ■



Chris Cathers is interim executive director of the Kentucky Arts Council.



Katherine Tandy Brown photo



The Beaumont Inn dates back to the mid-1800s and is listed on the National Register of Historic Places.

Home Away from Home

Harrodsburg's Beaumont Inn is the epitome of Southern hospitality

BY KATHERINE TANDY BROWN

WHETHER you're a meeting planner in search of the perfect location for a corporate retreat, the chosen friend honing in on a spot for a girlfriends' getaway, the mom or dad in charge of finding a Kentucky stay-cation for your next family trip, or a desperate soul in search of a few days' break from the busyness of life, the Beaumont Inn can easily fill the bill.

Set atop a hill overlooking downtown Harrodsburg, this venerable, classic Greek Revival hostelry blends a delicious mix of historic tradition, contemporary refreshment and pure Southern hospitality.

"We're not a hotel or a motel," says manager and fifth-generation innkeeper Dixon Dedman. "We're not a stop on the interstate. People don't come here to grab a bite, grab a room

and get back on the road. They come to unwind, relax on the front porch, enjoy dinner and take a stroll around the property. There's a certain feel about the inn. I hear it all the time...it's a sense of home that guests feel."

Kentucky's oldest family-operated country inn, this National Register of Historic Places treasure will celebrate a century of innkeeping in 2019. Spreading 33 acres, its grassy, parklike grounds support 33 different species of trees and include three buildings: Goddard Hall, Greystone House and the Main House. Many of the 31 guest rooms contained therein are furnished with original antiques. Each building expresses a distinct period of the heritage of the family.

Splendid in its Southernness, the three-story inn itself boasts a two-story front porch supported by six white Ionic columns, 18-inch walls made of solid brick fired on the property, first-floor ceilings that are 11½ inches high, numerous original hand-rolled window panes, and spacious parlors, where college belles once courted their beaux. Parlor cozies include crystal chandeliers and mirrors from the old Galt House in Louisville, Empire and Victorian furnishings and a mahogany Steinway grand piano.

For those looking to chill, the 1920-era Bell Cottage now houses the new Kentucky Spa. And you can beat the summer heat in the inn's 1950s pool.

Lodging rates include a full Southern breakfast. You might choose cornmeal batter cakes with brown-sugar syrup, though every item on the menu is divine. After all, in 2015 the inn garnered a James Beard Foundation America's Classic Award, an Oscar of the food world. For decades diners have raved about its corn pudding, yellow-legged chicken and two-year-old Kentucky-cured country ham brought to maturity in the inn's own aging house. Not to mention fried green tomatoes with homemade pimiento cheese. Oh, my!

Expanded dining options include the main dining room (seasonally), the Old Owl Tavern and the Owl's Nest. Sunday brunch is an event not to be missed.

Originally a women's college built in 1845, the gracious property was purchased by a former student and her husband – Annie Bell and Glave Goddard – who turned it into an inn in 1918 in response to the demand of returning students who wanted to visit their alma mater. Pauline Goddard Dedman followed her mother,

The site on which the Beaumont Inn is built has a rich and varied history.

who was followed by her son and his wife. Dixon is the son of current owners, C.M. "Chuck" and Helen W. Dedman.

For corporate groups, the main house has one meeting room that can accommodate up to 24 attendees and a breakout room for 20, both with wireless internet, dedicated technology and, of course, that luscious food. The inn can arrange tours of area horse farms and of the Kentucky Bourbon Trail if attendees want to get out and see the area. Business travelers can unwind at two bars: The Old Owl Tavern is a bar and grill restaurant serving fine wines, spirits and draft beer; the Owl's Nest is an English-style pub with a 62-inch plasma TV for big-time sports-viewing.

Named for the Dedman family's Kentucky Owl Bourbon Whisky that was distilled along the Kentucky River before Prohibition, the Old Owl Tavern, which serves 75-plus bourbons, was selected as one of *Bourbon Review* magazine's "Top 80 Bourbon Bars in America" in 2017 and "Top 75" in 2016. Last year, the inn unveiled its new bourbon-tasting room, where Dedman conducts private bourbon tastings for up to 16 folks who want to know more about bourbon, talk about bourbon or try different bour-



Katherine Tandy Brown photo

bons. The room also showcases information about his family's distilling history.

"Distributors have been good about allowing me to get my hands on a lot of really rare bourbon," Dedman says. "You can sample here without all that driving to different distilleries."

Should you be able to tear yourself away from the bar, dining table and porch rockers, downtown Harrodsburg is but a short stroll. Remarkably, this town of 10,000 has five walkable National Historic Districts, some with lovely, bunting-draped homes. Nearby Old Fort Harrod State Park features a replica of the original 1774 fort, the first permanent settlement west of the Alleghenies. And in the summertime, Ragged Edge Community Theatre produces outdoor plays under the stars.

A wide array of day trips are available for guests. A short drive away, award-winning Shaker Village of Pleasant Hill is pure historic, fascinating fun. You can

watch the horses run in April and October at beautiful Keeneland Race Course, just 30 minutes down the road in Lexington, and tour gorgeous Thoroughbred farms while you're there.

The best part...after a day reveling in Central Kentucky, you get to "come home" to Beaumont Inn.

"Some people have been coming for 35 years or more," says Dedman. "We try to know what room, what dining table, what server they prefer, what they like for breakfast. We're a family-owned and operated company. Our guests are like family visiting us and that's the way we talk to our team about how we approach hosting guests."

To become a part of The Beaumont Inn's "extended family," call (800) 352-3992 or go to beaumontinn.com. ■

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



The Bell Cottage houses the inn's new spa.



Get your message before the most significant audience of Kentucky's decision makers available in the state. Get details by calling Curtiss Smith at (502) 548-0434.



No Phishing: Email Scams Can Add Extra Pain to Tax Season



WITH tax season at hand, the Kentucky Department of Revenue (DOR) is issuing warnings for Kentuckians to be alert to tax fraud and identity theft schemes.

A growing issue is “phishing,” emails that appear to be from a trusted source but are actually sent by a malicious source to gain access to your personal or confidential information. This information is then used for further criminal or malicious activity. Many phishing emails contain a link that, if followed, could lead to your computer being infected with malware. This could allow criminals to access files containing your valuable personal information.

According to the IRS, these phishing emails are scams designed to trick or scam taxpayers into thinking they are official communications from the IRS or others in the tax industry, including software companies. These schemes can cover a wide range of topics and seek information related to personal information like personal identification numbers, tax refunds and tax software accounts.

Fraudulent or phishing emails frequently have the following characteristics.

Links that display one web address but actually lead to a different web address. Hovering over the links in emails before you click on them will allow you to see the link’s true destination/address.

Email addresses that are not in the proper format or use the incorrect domain (e.g., ky.com versus ky.gov).

Improper use of English. Many phishing attacks are generated from countries where English is not the native language and the messages have grammatical errors.

Remember that phishing emails use the element of surprise and urgency, as well as other tactics designed to manipulate recipients into cooperating. Always be on guard. Take your time and verify that the information in the email is accurate.

With the number of email phishing schemes on the rise, the DOR notes that it’s important to know what types of emails it DOES send taxpayers:

Email Distribution Lists – If you have signed up on an email distribution list, you will receive emails from DOR. These emails are strictly informational; DOR will never request a response with confidential information.

Web Response Email – You will receive a “web response” email only if you contacted DOR first through the DOR “Contact Us” webpage. In this case, you will see your initial email request in the bottom of the email along with DOR’s response to your inquiry.

Direct Email Contact – If you receive a direct email message from DOR, it will have the name and telephone number of the individual sender. DOR generally initiates taxpayer contact first by letter or telephone call rather than by email. If you receive an email from DOR and have any suspicion about its authenticity, call the sender directly. If there is no sender listed on the email, you can assume it is not from DOR. All telephone numbers at DOR in Frankfort use one of the following two exchanges: (502) 564-XXXX or (502) 782-XXXX. In addition, all DOR employee email addresses use the format first-name.lastname@ky.gov.

If an email appears to be from DOR but looks suspicious, contact the department immediately at (502) 564-4581. Do not open or respond to suspicious email.

Life in Lexington

IT may still be winter in the Bluegrass State, but the city of Lexington has been basking in the warmth of all the glowing accolades that have been showered upon the city of late.

In recent weeks, Lexington has earned high praise from the following:

Smart Asset named Lexington No. 8 on its list of U.S. cities with the lowest startup costs for new businesses. (Louisville was also ranked among the top cities, coming in at No. 10)

Another Smart Asset listing ranked Lexington No. 6 on the Top 10 Cities with the Best Work-Life Balance. In addition to affordable housing – which gives Lexington residents more money to play with after paying for housing – the site noted that of the 100 largest cities studied for the report, Lexington has

the 12th highest concentration of establishments dedicated to arts, entertainment or recreation.

Trip Advisor’s Travelers’ Choice Awards included Lexington among its top 10 “destinations on the rise” for 2018, citing the area’s “natural beauty, culture and history.”

Livability.com ranked Lexington #50 on its 100 Best Places to Live 2018 after analyzing the traits of 2,100 cities with populations between 20,000 and 350,000. In addition to acknowledging the area as the Horse Capital of the World, the website noted the area’s numerous institutions of higher education, a strong economy, scenic amenities, affordable housing and a walkable downtown that features great restaurants, shopping and a vibrant cultural scene.

Magnus Lindqvist, courtesy VisitLEX photo



Lexington has received national attention in recent weeks for its strong economy, livability and scenic beauty.

So now the rest of the nation is learning what those who live in Lexington already know: It’s better in the Bluegrass.

Touted Kentucky Chefs Take the Best of the Bluegrass to the Big Apple

THE culinary world will have the opportunity to get a sampling of some of the best of the Bluegrass on Feb. 27 as noted Kentucky chefs Ouïta Michel and Sara Bradley take their Kentucky-rich cuisine to the distinguished James Beard House in New York City.

"Kentucky continues to emerge as a top culinary destination, and being featured at The Beard House demonstrates that others are catching on to what we have to offer," said Kristen Branscum, commissioner for the Kentucky Department of Tourism. "Even more exciting is the opportunity to showcase our state's hospitality and unique culinary culture through an exquisite menu created by two of Kentucky's top chefs."

Michel is a graduate of the Culinary Institute of America and has been a constant on the central Kentucky culinary scene for the last 16 years. She and her husband,



Ouïta Michel



Sara Bradley



Chris – also a CIA graduate – bought the Holly Hill Inn in Midway in 2000 and opened the fine dining restaurant the following year.

Since then, Michel has opened six more restaurants: Wallace Station Deli just outside Midway, Windy Corner Market and Restaurant and Smithtown Seafood in Lexington, The Midway Bakery in Midway, Glenn's Creek Café at the Woodford Reserve Distillery outside of Ver-

sailles, and her newest endeavor, Honeywood, which opened last year at the new Summit at Fritz Farm development in Lexington.

Michel's restaurants are regularly featured in both local and national media – including *USA Today*, *Wine Spectator*, *Southern Living* and *The New York Times* – and her commitment to sustainability has brought numerous invitations and awards from local, regional and national organizations.

Bradley was born and reared in western Kentucky but honed her culinary skills under chef John Fraser in New York and chefs David Posey and Paul Kahan in Chicago. Now back in her hometown of Paducah, Bradley is chef at the Freight House, the city's first and only farm-to-table restaurant. Her focus is on utilizing locally sourced meats and garden-fresh fare to serve up traditional Southern flavors.

"Eating is an ethical act," says Bradley. "By supporting the people and lands around my home, I truly feel that I am doing the right thing. When there is an honest exchange between the producer and the consumer, everyone benefits."

For the New York event, Michel and Bradley will use locally sourced Kentucky ingredients from start to finish and will feature some of Kentucky's one-of-a-kind items, such as Lake Barkley bighead carp with paddlefish caviar and Franklin County chicken-fried rabbit with rolled parsley dumplings. And of course bourbon will be featured – in the form of apple stack cake cobbler with Crank & Boom bourbon honey ice cream.

Kentucky farmers and producers that will be showcased include: Kenny's Farmhouse Cheese, Heritage Farm, Weisenberger Mill, Freedom Run Farm, Hindman Settlement School, Crank & Boom Ice Cream, JD Country Milk, Broadbent Hams, Newsom's Country Ham, Fin Gourmet Foods, Koru Gardens, Shuckman's Fish Co., Reed Valley Orchard, Jim Nance Hickory Nuts, Country Rock Sorghum, Kennemead Farms, Two Shakes Ranch and more.



2018 Kentucky Derby Festival Poster Unveiled

IF we're talking Derby, then spring must be coming soon, right?

The first 2018 Kentucky Derby Festival posters rolled off the presses in late January and will be available for purchase beginning March 2.

This year's poster was designed by Louisville artists and twin sisters Jeaneen Barnhart and Doreen Barnhart DeHart. It is the fifth time the duo has been selected to produce the official poster, having previously created artwork for the 1994, 1997, 2009 and 2014 posters.

The 2018 poster image, the "Spirited Pegasus," was created with a flow of oil pastel sticks and oil-wash brushstrokes. The poster also features the "Fleur de Festival" emblem, which is a composite of images that represent the Kentucky Derby Festival and its many events.

Said Jeaneen Barnhart, "We took a risk this year with a close-up to show a lot of detail. It's been a work in progress for more than a year."

Over the years, the Derby Festival's official poster series has become a unique symbol of the Louisville community and past designs decorate many offices and homes throughout the city. Peter Max's expressionistic "Bluegrass Pegasus" launched the series in 1981 and a stylistic and geographical mix of artists have been showcased over the years. The signed collector editions continue to significantly increase in value, and the quality of the poster series has been recognized worldwide.

The public will be able to see all the pieces of this year's poster and merchandise line at "Festival Unveiled" on March 1, at the Mellwood Arts Center in Louisville. Tickets are \$30 and can be purchased online at KDF.org.

KENTUCKY PEOPLE

CRESTVIEW HILLS: BUILDING INDUSTRY ASSOCIATION HONORS '17 AWARD RECIPIENTS AT ANNUAL CEREMONY

The Building Industry Association of Northern Kentucky recently presented its annual awards at a ceremony held at the Summit Hills Country Club in Crestview Hills.



2018 BIA President John Curtin (left) presents the Donald M. Wiedeman Lifetime Achievement award to John Toebben of Toebben Builders.



2017 BIA President Bill Cullen (left) and Janis Beard (center) present the Janis Beard Annual Membership Award to Pat Parshall of Northwest Title. The award is named for Beard to recognize her 27 years of staff service at the organization and is presented in recognition of an individual's outstanding efforts in membership recruitment and retention.



2017 BIA President Bill Cullen (left) presents the 2017 Builder of the Year award to John Curtin of the Paul Hemmer Co.



Walt Dunlevy (left), BIA state and local government committee chair, presents the community service award to Randy Poe, superintendent of the Boone County Schools. Poe's partnership has aided the BIA's Enzweiler Building Institute in starting a High School Introduction to Construction Trades program, garnering national acclaim. Also, with Poe's assistance the association's Enzweiler Building Institute was awarded a \$2.69 million Work Ready Skills Initiative grant that will increase capacity for construction trades training for both high school students and adults.



2017 BIA Associate President Pat Parshall (left) presents the 2017 associate of the year award to Mike Eubanks of Wells Fargo Home Mortgage.

MURRAY: MSU'S D'AMBROSIO EARNS TOP PRIZE IN MUSIC COMPETITION



Mike D'Ambrosio, a composition professor in Murray State University's Department of Music, was recently awarded the top prize in the chorus category of the Red Note Music Festival Composition Competition. D'Ambrosio's category consisted of 107 anonymous works submitted from around the world to be judged by members of the music composition faculty at Illinois State University. In addition to receiving a cash prize for his music, D'Ambrosio's winning composition will be performed March 26 by the Illinois State University Concert Choir during the opening concert of the Red Note New Music Festival, a week-long annual event in Normal, Ill.

RICHMOND: BECHTEL PARSONS LENDS SUPPORT TO EKU SCIENCE CLUB

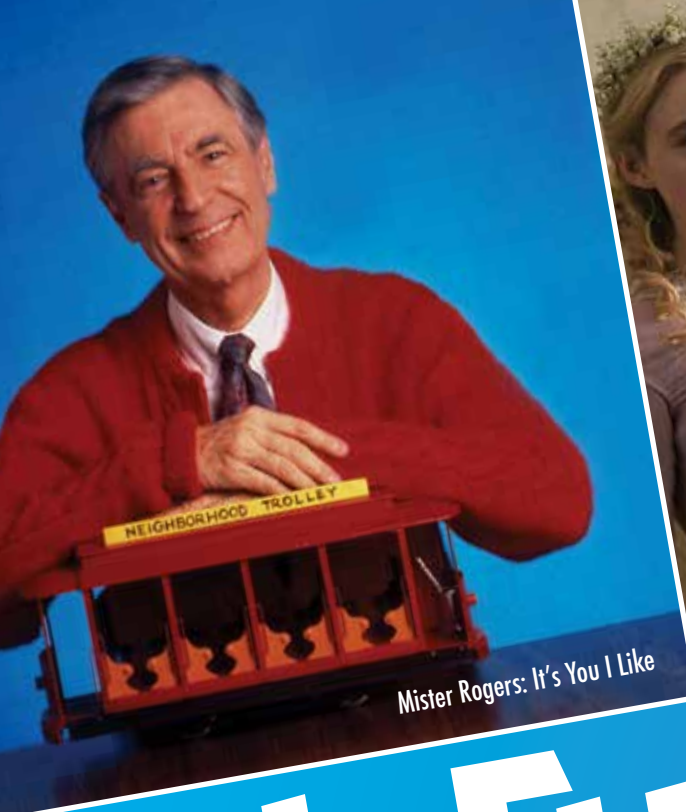


John A.D. McArthur (right), environmental manager of Bechtel Parsons Blue Grass, recently visited Eastern Kentucky University to meet with nearly 50 students, staff and faculty from the Department of Environmental Health Science and present a check to the Environmental Health Science Club. The funds will be directed toward the 23rd annual Environmental Health Symposium in the spring and to support student travel to the National Environmental Health Association's annual conference in Anaheim, Calif. Pictured here with McArthur is Odara Oliveira, president of the EHS Club.



We'd love to feature photos of your event! To submit a photo for the Kentucky People section, please send details of the event and the names and titles of people featured in the photo to editorial@lanereport.com, with Kentucky People in the subject line. High-resolution photos (minimum 300 dpi) are required to reproduce well in print.





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Little Women



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