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LANE ONE-ON-ONE

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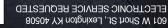
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GOV. MATT BEVIN IS IN A HURRY

Outhustling everyone is his strategy to reform government and recruit the kind of jobs Kentucky needs to pay its bills

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In 2017, LG&E and KU's economic development efforts contributed to 156 announcements of new or expanding businesses within the company's service territory, which includes more than 7,580 jobs and investments of more than \$4 billion.

lge-ku.com/economic-development



EMPOWERING GROWTH: MAKING KENTUCKY A GREAT PLACE TO START AND EXPAND A BUSINESS

Here are five ways the state's largest energy company, Louisville Gas and Electric and Kentucky Utilities, are doing their part to support economic development in the Bluegrass State, to make it even more appealing to new companies and those interested in growing their operations.

AFFORDABLE RATES

Kentucky has the lowest cost of electricity in the industrial sector among states east of the Mississippi River and one of the lowest in the U.S., coming in nearly 20 percent lower than the national average.

SAFE, RELIABLE, ENERGY

LG&E and KU continue to ensure safe, reliable service for customers by investing more than \$2.2 billion in its electric and natural gas system to improve safety, reliability and reduce the frequency and duration of outages. In 2016 and 2017, the company experienced its best reliability performance over the last 10 years. In fact, LG&E and KU have reduced the frequency of outages and their duration by 35 percent and 34 percent, respectively, since 2010. Ongoing planned system improvements over the next five years are projected to reduce the frequency of outages by 26 percent and duration of outages by 17 percent, compared to historical system performance over the last seven years.

AWARD-WINNING SERVICE

Since 2010, Site Selection magazine has recognized LG&E and KU's economic development efforts five times, along with two honorable mentions. The company has been recognized numerous times for its award-winning customer service.

FINANCIAL INCENTIVES

New and expanding qualifying customers are offered a financial incentive to invest through LG&E and KU's Economic Development Rider. The rider encourages brownfield development and economic development for existing customers who expand – or new customers who locate in our service territory – by providing demand bill credits over the first five years of a new service.

RENEWABLE ENERGY OPTIONS

LG&E and KU have expanded their portfolio of renewable energy options for customers, with programs such as business solar, Solar Share and Green Energy. Whether interested businesses want to install solar energy on-site, or subscribe to help grow local and regional renewable energy, LG&E and KU partner with customers to meet their sustainability goals.



Lane Report

Kentucky's Business News Source For 33 Years

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On a Roll

Kentucky's aluminum-industry growth is white hot. Aerospace, automotive and other advancedmanufacturing companies looking to reduce metal weight in their products are rolling into Kentucky to open new plants and expand existing facilities.

Kentucky offers a perfect central location close to the action, a skilled and talented workforce, Build-Ready sites and multiple ways to cut the costs of doing business.

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PERSPECTIVE

THE LANE REPORT'S NEWSIEST ISSUE EVER

There are more ways to reach your target audience also

BY MARK GREEN

OU might or might not notice small tweaks occasionally in *The Lane Report*, the lanereport.com website and our FasterLane email with news about and advertising from Kentucky's business world. *The Lane Report* and its growing family of media operations is always looking to better serve our readers – the leaders in Kentucky's business and professional communities – and those who use our special platforms to reach this audience with marketing messages.

For instance, the issue you are reading has arrived at a different part of the month – and it is a combined June-July issue. Readers who take the time to well explore the 72-page issue should easily find it the newsiest we've ever produced.

There are articles on Kentucky's nationleading aluminum sector, solar power's emerging role in the

energy landscape, the first in a threepart look at how important behavioral health is turning out to be now that the fog of stigma attached to mental illness is lifting, a report on the state's new highway plan, a piece on the Kentucky Wired project to put gigabit-speed broadband into all 120 counties, details about the fresh new Kentucky Culinary Trail state tourism leaders have cooked up and much more.

The unquestioned centerpiece of it all, though, is our popular Lane Oneon-One feature – a "double issue" itself this time around – an interview with Kentucky Gov. Matt Bevin that runs twice the length of the typical questionand-answer conversations with commonwealth business and public policy leaders.

Bevin gives few interviews, so we wanted to use the opportunity well. Our late founder Ed Lane's original vision for One-on-One was having key leaders address important public policy matters on our collective agenda, and Bevin steps right up to the plate beginning on page 22. Bevin, sent to the governor's office by voters from the business sector, is nothing if not a change agent and in this interview he shares his methods and motivation.

The number of visitors to our lanereport.com website keeps climbing, as does the number of recipients of our FasterLane email blast, for which you continue to give us positive and muchappreciated feedback. *The Lane Report*, lanereport.com and FasterLane are all important tools for Kentucky's business leaders and decision makers as they monitor the competition, stay informed on innovation and strategize for their operations.

To help connect with our important, decision-maker audience in ways that are appropriate and effective for a wider array of marketers, we now present digital video, have added sponsorship opportunities for certain portions of our news reports and are launching native advertising products.

> These channels help Kentucky's business-tobusiness solution providers not only brand themselves but present their vision and role as thought leaders in today's market.

> You, the state's influencers and decision makers, have shown interest in more ways to communicate with your peers via our effective print and digital platforms.

The Lane Report is increasing its participation in the events sector also, because we understand that you trust us to provide and curate information that keeps you up to date with what is happening across the commonwealth and pass along best practices and success stories among your peers. Events help us market to you.

Lastly, though, while our print products may change with the times, their core elements endure. That's because the most sophisticated research in the world shows the magazine experience remains one of the most effective means of communication bar none. Its rich and active tactile and visual experience creates a heightened engagement, comprehension and recall level that is valuable for offering and gathering information. That will never change.



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





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FAST LANE A compilation of economic news from across Kentucky

STATE: FOUNDATION FOR A HEALTHY KENTUCKY PARTNERS WITH STATE TO LAUNCH NEW MEDICAID WAIVER PROGRAM

HE Commonwealth of Kentucky has partnered with The Foundation for a Healthy Kentucky to help implement Kentucky HEALTH (Helping to Engage and Achieve Long Term Health), the state's new Medicaid waiver program. The Foundation for a Healthy Kentucky is a nonprofit, nonpartisan organization

that focuses on health policy advocacy, research and demonstration projects across the commonwealth. The Foundation will support Kentucky HEALTH's community engagement component, called PATH (Partnering to Advance Training and Health).



PATH is a hallmark feature of the waiver program, designed to help Medicaid recipients become more involved in their communities through employment, training, education, volunteering, caregiving or treatment for substance-use disorder. The Foundation will collaborate with local, regional and statewide partners to build and coordinate support services and opportunities to help beneficiaries meet the community engagement and premium requirements. The Foundation also will promote preventive health-care services and focus on other ways to improve health outcomes, particularly in the area of substance-use treatment, and provide health and financial literacy education.

"In order for Kentucky HEALTH to succeed, we must rethink the way we are delivering support services," said Derrick Ramsey, secretary for the **Kentucky Education and Workforce Development Cabinet**. "We must help individuals become more engaged in their health care, and help employers be more informed and invested in helping individuals transition successfully from benefits programs to commercial insurance."

The PATH Community Engagement requirements do not apply to all Medicaid recipients, including pregnant women, children and individuals identified as "medically frail." To meet the requirements, PATH participants must participate in activities such as education, job training, employment, or volunteering for 80 hours per month. Participants will use the online system at citizenconnect.ky.gov to track their hours.

PATH Community Engagement will begin July 1 in Campbell County, with additional counties and regions added through the end of 2018.

GUTHRIE: NOVELIS BREAKS GROUND ON \$300 MILLION AUTOMOTIVE ALUMINUM MANUFACTURING FACILITY



Ford's F-150 pickup truck – produced in Louisville – is one of many vehicles that incorporate the use of Novelis aluminum to lighten the overall vehicle weight and achieve better fuel efficiency.

OVELIS Inc. held a groundbreaking ceremony on May 14 for its new \$300 million automotive aluminum sheet manufacturing facility in Guthrie. Once complete, the company will heat treat and preheat rolled aluminum coils from the nearby **Logan Aluminum** operation in Russellville that is co-owned by Novelis. Logan Aluminum's proximity to the Guthrie site played a deciding factor in the company's site-selection process.

"The increased adoption of aluminum in cars, trucks and SUVs, coupled with more automotive manufacturing plants in the Southeast, makes Guthrie a strategic location to serve our

customers," said Novelis President and CEO Steve Fisher. Operations at the 400,000-s.f. facility are expected to begin in 2020 and will bring

approximately 125 jobs to the Todd County community.

"These are the kinds of investments that are transforming Kentucky and transforming the aluminum industry," Gov. Matt Bevin said. "If we can go all the way down the supply chain – from fabricating, rolling, smelting and slitting those materials – to get those materials to market, these are the kinds of things that are going to transform our state."

Novelis is the world's largest recycler of aluminum and has had a presence in Kentucky for 34 years. In addition to the Logan plant in Russellville, Novelis also owns a recycling facility in Berea that melts and casts ingots from 20 percent of the nation's recycled beverage cans.

LOUISVILLE: SAZERAC BUYS PILLSBURY PLANT FOR NEW BOTTLING FACILITY

HE Sazerac Co., one of the oldest family-owned distilling companies in the nation, has announced its intent to purchase the former **General Mills Pillsbury** plant in New Albany, Ind. – part of the Louisville metro area – for use as a bottling facility.

General Mills closed the plant in 2016 and it has been vacant since that time.

Sazerac – which owns the **Buffalo Trace Distillery** in Frankfort, the **Barton 1792 Distillery** in Bardstown and the **Glenmore Distillery** in Owensboro – is investing \$66 million to purchase, renovate and equip the 455,000s.f. facility. Sazerac will utilize the additional space to expand its processing, blending, packaging and distribution capabilities.

The company plans to begin the renovation process immediately and anticipates starting operations as early as November of this year with a staff of approximately 50 new employees. By the close of 2021, Sazerac estimates the plant could be at full capacity and staffed with 110 workers in total. The company intends to start with two production lines upon opening.

Sazerac has grown significantly over the past several years and has invested heavily in its manufacturing network, including large investments in its three plants in Kentucky. The Buffalo Trace Distillery in Frankfort is undergoing a \$1.2 billion investment over the next 10 years, including new mash cookers, bottling lines and barrel warehouses. The company's Barton 1792 Distillery in Bardstown completed a \$15 million distillery and grain drying upgrade in 2017, and The Glenmore Distillery in Owensboro completed a \$45 million addition in 2016 with a new state-of-theart distribution center.



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

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FAST LANE

BUSINESS BRIEFS

BARDSTOWN

■ Construction is now underway on **Takigawa Corp.**'s manufacturing plant in Bardstown, where the company will produce high-impact packaging for consumer goods. The 148,000-s.f. project, which is being designed and built by Lexington-based **Gray Construction**, is the Japan-based company's first U.S. manufacturing facility and is expected to create 180 new jobs.



BEREA

■ Figures from a newly commissioned study show that the operations of **Berea College** have an annual economic impact of more than \$202 million on Madison County. The college supports a total of more than 700 full-time equivalent jobs; paid \$3.9 million in local taxes; has an annual impact of \$5.1 million and supports 68 direct and indirect jobs through the historic **Boone Tavern Hotel**; and generates more than \$89.1 million in consumer spending.

BOWLING GREEN

■ Berry Global Inc., an Indiana-based plastics manufacturer, is investing nearly \$16.5 million in new production lines at its Williamette Lane facility in Bowling Green. As part of the project, Berry Global will install two blown film extrusion lines. The expansion, which will create 20 full-time jobs, comes in response to new and expanding business opportunities and will increase the company's printed film production.

■ Crown Verity USA Inc., a manufacturer of outdoor commercial and residential grills and other cooking equipment, is investing \$3.6 million to build a new facility in the Kentucky Transpark that will create

25 new jobs. The multiphase project



will initially include a 60,000-s.f. warehousing and distribution center and will grow

to include a vertically integrated supply chain for the company's fabrication, assembly and packaging operations. The Bowling Green location will be the first U.S. facility for the Canada-based company.

CADIZ

■ A 570-acre site in Cadiz's **Interstate 24 Business Park** has been added to Kentucky's Build-Ready program, a designation that identifies to potential buyers that a site already has the necessary permits and paperwork to streamline a building project. The Cadiz property, which is zoned for heavy industrial use, includes a building pad for a manufacturing facility and access to water, sewer, natural gas and electric. The property is one of 15 Build-Ready sites statewide.

COVINGTON

■ Approximately 35 acres in Covington's central business district will be part of a **public Wi-Fi network** slated to get up and running in June, according to a report from the *Cincinnati Business Courier*. The network, powered by **Cincinnati Bell**'s Fioptics internet, will offer speeds of up to one gigabit per second.

EASTERN KENTUCKY

■ The Kentucky Public Service Commission has granted **Big Sandy Rural Electric Cooperative Corp.** a revenue increase of just over \$1 million to cover rising operational costs and maintain the cooperative utility's ability to meet its financial obligations with lenders. Big Sandy serves nearly 13,000 customers in eight eastern Kentucky counties. The typical Big Sandy residential customer will see their average monthly electric bill rise by around \$7.

EDGEWOOD

■ St. Elizabeth Healthcare has invested \$250,000 to help Children's Home of Northern Kentucky create a new psychiatric residential treatment facility for youth who due to mental illness, substance abuse or severe emotional disturbance are in need of treatment most effectively provided in a residential setting. "There are only 10 such facilities in Kentucky with none in Northern Kentucky before now," said CHNK CEO Rick Wurth. A community needs assessment recently conducted by St. Elizabeth revealed behavioral health and substance-use disorder as the region's top priorities.

CYNTHIANA: NEW PRODUCT LINE CREATES 100 MANUFACTURING JOBS AT E-Z PACK

-Z Pack Refuse Hauling Solutions,

a manufacturer of commercial truck bodies, is investing nearly \$7 million to expand its facility in Harrison County. The expansion will add 100 new jobs.



E-Z Pack, which has been owned by Commercial Specialty Truck Holdings LLC

E-Z Pack's Cynthiana plant produces refuse trucks for a broad array of customers, including municipalities, private haulers and dealers.

since 2014, has been located in Cynthiana since 2006 and currently employs 240 people. The company manufactures refuse truck bodies and sells to a wide array of customers, including dealers, municipalities and private haulers.

E-Z Pack, with its sister company **One Source Parts**, is launching a new product line and will manufacture and sell front-discharge drums and service parts for the ready-mix industry, which will contribute to the creation of the additional jobs. Company leaders expect work on the project to start in mid-2018 and finish by the end of 2020.

CSTH is negotiating to purchase the 350,000-s.f. facility E-Z Pack currently leases in Cynthiana and shares with another sister company, **Continental Mixers**. Continental Mixers, which was also purchased by CSTH in 2014, is a significant player in the rear-discharge mixer market, supplying ready-mix bodies to customers.

OWENSBORO: GERMAN AMERICAN BANCORP TO ACQUIRE FIRST SECURITY FOR \$101M

ERMAN American Bancorp Inc. has announced that it is acquiring Owensboro-based **First Security Inc.** in a transaction valued at \$101 million.

Upon completion of the transaction, First Security subsidiary First Security Bank Inc. will be merged into German American Bank.

German American Bancorp is a bank holding company based in Jasper, Ind. Through its banking subsidiary, German American Bank, the company operates 58 banking offices in 20 contiguous Southern Indiana counties and one adjacent Northern Kentucky county. The company also owns an investment brokerage subsidiary and a full-line property and casualty insurance agency.

First Security President and CEO Michael F. Beckwith said the partnership "will enable us to deepen and broaden the financial services we provide in all of our markets, and will provide great opportunity for both our customers and employees. Strategically and culturally, we are well aligned with German American, and through this partnership, German American is gaining a meaningful presence in Kentucky."

Combining the two organizations gives German American a significant entry into three of the largest Kentucky metropolitan market areas – Owensboro, Bowling Green and Lexington – and enhances German American's existing presence in Evansville, Ind., the third-largest metro market in Indiana.

Upon completion of the acquisition, which is expected to close in the fourth quarter of 2018, Beckwith will assume the newly created position of Kentucky divisional president for German American.

According to local reports, the merger will have minimal impact on staffing levels.

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FAST LANE

BUSINESS BRIEFS

ERLANGER

■ Delta Air Lines has launched new nonstop flight service between the Cincinnati/Northern Kentucky International Airport and Austin, Texas. The flight operates daily except Saturday, utilizing the 69-seat Bombardier CRJ-700 aircraft.

■ American Airlines has relocated all of its operations at the Cincinnati/ Northern Kentucky International Airport (CVG) to Concourse B to support a major ramp rehabilitation project on all Concourse A gates over the next two years. Ticket counter check-in and baggage service locations in the main terminal are not impacted by the change.

FLORENCE

■ HDT Global, a company that produces highly engineered products for extreme environments, is investing \$14.5 million in upgrades at its manufacturing facility in Florence. The company makes products for the U.S. military as well as for public and private businesses. The Florence expansion will add 113 full-time jobs to the existing 166-member staff over the next two to four years.

FRANKLIN

■ Vermont Thread Gage has announced a new registered apprenticeship program that will bring machine operator jobs to Franklin. Through an extensive recruitment process, up to 12 individuals will be selected for an eight-week education program at VTG, a manufacturer of threaded ring and plug gages. Upon completion of the education program, individuals will be chosen to participate in a year-long registered apprenticeship program, where they will earn full wages and benefits. Successful completion of the program will lead directly to full-time employment as a machine operator. The pay scale for apprenticeship graduates will start at \$13 per hour, with the potential to grow to \$15 or more per hour upon completion of the one-year program.

■ Effective June 30, **Prairie Farms Dairy** will close its milk-processing plant in Fulton, eliminating 52 jobs. The plant produces milk, mixes and ice cream through **Turner Dairy Holdings**, a branded partner of Prairie Farms. A Prairie Farms distribution center in Fulton that employs 12 people will not be affected by the closing.



GLASGOW

■ T.J. Samson Community Hospital in Glasgow has become the 20th member of the University of Kentucky Markey Cancer Center affiliate network, providing Glasgow-area patients with enhanced cancer care closer to home. The Markey Center is one of only 69 National Cancer Institute-designated cancer centers in the country and the only one in Kentucky. The NCI designation gives patients access to new drugs, treatment options and clinical trials only offered at NCI centers.



LEXINGTON

■ ORLink, a Lexington-based company that has developed a surgical workflow platform for operating-room professionals, has attracted \$1 million in expansion funding from investors. ORLink's technology incorporates the use of artificial intelligence to improve communication and workflows for surgical teams, which in turn helps control facility costs, increases staff efficiency and improves patient

outcomes. The concept behind ORLink was developed by Lexington surgeon Wayne Colin. Lexington surgeon Jason Harris serves as CEO of the company.

■ ARGI, a Louisville-based personal and business financial advisory firm, has expanded to include an eighth location in Lexington. In addition to its headquarters in Louisville, the company has Kentucky locations in Bowling Green and Elizabethtown, as well as offices in Cincinnati; Indianapolis; Grand Rapids, Mich.; and Norwalk, Conn.

STATE: KENTUCKY TOURISM INDUSTRY GENERATES MORE THAN \$15B IN 2017



The equine industry continues to be a major draw for those traveling in Kentucky.

HE economic impact of **Kentucky's tourism industry** grew to more than \$15 billion in 2017, a 3.8 percent increase over the previous year.

"The tourism industry is a driving force for Kentucky's economy and the 2017 economic impact numbers reinforce this," Commissioner Kristen Branscum said. "We look at

growth in our state in terms of investment and the impact numbers prove that visitors are investing their money and time into Kentucky."

All nine of the state's tourism regions registered gains and generated more than \$1.5 billion in tax revenue, with \$202 million going directly to local communities. In addition, the tourism industry supports more than 195,000 jobs.

LOUISVILLE: CITY AMBASSADOR PROGRAM FORMED TO ATTRACT, RETAIN JOB TALENT

REATER Louisville Inc. (GLI) has partnered with the **Bingham Fellows** Class of 2017 to launch a city ambassador program for Louisville with the goal of attracting new residents to the city and helping them acclimate to their new home.

The City Champs pilot program has trained 22 area professionals to be resources



Louisville's new City Champs program is designed to help promote the city's many charms to newcomers or those considering a move to Louisville.

for people who have recently moved to Louisville or are considering a move to the area. City Champs receive extensive training on the Louisville region and are then available to be contacted by people new in town with similar interests.

Those interested in getting more information about Louisville can simply go to the liveinlou.com website. There, they'll find pictures of each of the 22 City Champs and their areas of "expertise," which range from real estate information and volunteer opportunities to things to do with your dog, where to eat and the arts scene, among many more.

Research recently conducted by GLI revealed that the top reason new residents choose to stay in an area is because of ease of acclimation and fit with the city. The purpose of the City Champs program is to recruit and train a group of brand ambassadors who are diverse in background, ethnicity, industry, religion and interests, and provide an opportunity for potential and/or new residents to connect with people like them.

"This is an important portion of our strategy to get more people to make their homes here and stay here," said Lisa Bajorinas, GLI's vice president of entrepreneurship and talent. "We identified a gap in the marketplace for job recruiters to make genuine connections for job candidates and with the help of the Bingham Fellows, this program is now up and running."

GLI is also actively recruiting businesses with potential new hires who would like to use City Champs to further their hiring efforts.

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FAST LANE

BUSINESS BRIEFS



LEXINGTON

■ Bluegrass Community and Technical College held a ribboncutting ceremony on May 14 for its new science education center. The 64,000-s.f. facility houses the college's biotechnology and environmental science programs.

■ Lexington-based LBX Co., which produces Link-Belt excavators, material handlers and other heavy equipment, has acquired 25 acres in Lexington's Citation Business Park with plans to build a customer experience center. Construction will begin this summer and is expected to be complete by the first quarter of 2019.

■ EnerBlu Inc., a technology company that focuses on energy solutions, has completed the relocation of its corporate headquarters from Riverside,



Calif., to Lexington. EnerBlu is also preparing to open a research and development center in Lexington that will create more than 100 new STEM jobs and plans to open a lithium battery manufacturing plant in Pikeville that will create some 875 new jobs with an average salary of \$75,000. The company will continue to operate an engineering center in California that will support product development and West Coast sales.

■ Valvoline Inc., a Lexington-based company that is a worldwide supplier of lubricants and services for the automotive industry, is investing \$70 million to build its first plant in China. The 80,000-s.f. plant, which will have an annual production capacity of more than 30 million gallons, will be located on 20 acres in the Jiangsu province and is expected to begin production by the end of 2020.



■ Gray Construction, a Lexington-based design-build firm, has acquired InLine Engineers, a Louisville-based engineering and design solutions firm. Founded in 1996, InLine specializes in working with

clients in the food and beverage industry and has a customer list that includes **Kellogg**, **Coca-Cola**, **Brown-Forman**, **Folgers**, **Keebler** and **Smucker's**. In addition to its Louisville headquarters, InLine also has full-service offices in Atlanta and Cincinnati.

LOUISVILLE

■ Rooibee Red Tea, a Louisville producer of organic tea beverages, has closed after 10 years. Company Chairwoman Phoebe Wood said that despite a loyal following of consumers and retail customers that included Kroger, Whole Foods and Costco, the company was unable to obtain the capital it needed to fund and grow its operations.



■ Louisville-based Humana Inc. has joined with TPG Capital and Welsh, Carson, Anderson & Stowe to acquire Curo Health Services, a privately held North Carolina-based company that is one of the nation's leading hospice operators. The consortium is

purchasing Curo for approximately \$1.4 billion, in which Humana will have a 40 percent interest. The group is also in the process of acquiring the Kindred at Home division of Louisville-based **Kindred Healthcare Inc.**, the nation's largest home health provider and the second-largest hospice operator. The consortium intends to merge Curo with the hospice business of Kindred at Home to create the country's largest hospice operator.

■ Louisville-based technology company **QSR Automation**, a company that provides hardware and software solutions for 70,000 restaurants around the world, has broken ground on a new headquarters facility in Louisville. The new 51,220-s.f. space will allow the company to consolidate its area workforce from four locations to one. QSR CEO Lee Leet has said the company hopes to add more employees as well, bringing its numbers up to around 200 by the end of 2018. The new office will be located next to QSR's newly opened warehouse off River Road, northeast of downtown Louisville.

STATE: KY CHOSEN FOR PRESTIGIOUS MIT ENTREPRENEURSHIP ACCELERATOR

ENTUCKY has been selected as one of nine international teams – and the first from the United States – to participate in the **Massachusetts Institute of Technology Regional Entrepreneurship Accelerator Program** (MIT REAP), an intensive process designed to engage partners from throughout the state in developing a plan to support entrepreneurs.

The other regional teams selected for the cohort are from Italy, Denmark, China, Ecuador, the United Kingdom, Mexico, Norway and Australia. Each team comprises members who share a vision for their regional ecosystem for innovative startups and represent government, risk capital, academia, corporate and entrepreneurial communities.

MIT REAP, now on its sixth cohort of teams, helps develop collaboration between entrepreneurs, universities, government, corporate representatives and venture capital. Workshops every six to nine months throughout four learning cycles are followed by action phases, during which teams return home to analyze, validate assumptions and implement new programs and policies.

In addition to providing participants access to the school's academic and business development resources, MIT REAP plugs team members into its Sloan School of Management and an alumni network that boasts some of the world's greatest entrepreneurial success stories.



Brian Mefford, who leads the **Kentucky Cabinet for Economic Development**'s entrepreneurship office, said Kentucky's participation in MIT REAP will further distinguish the state as a top location for innovation.

Brian Medford, Kentucky Cabinet for Economic Development Office

"This program promises to bring incredible value to our state, its innovation economy and

to current and future startups," Mefford said. "We are already hard at work developing a forward-thinking system that serves our startups, traditional small businesses, innovation-driven entrepreneurs and investors. MIT REAP's proven initiative aligns perfectly with our goal of empowering founders to rapidly scale their companies, create jobs and advance the state's economy."

LOUISVILLE: ALLIANT TECHNOLOGIES TO BUILD A 2ND KY FACILITY IN GLASGOW

A LLIANT Technologies, an electrical and software engineering company headquartered in Louisville, is investing over \$1 million to establish a 30-job electrical panel fabrication facility in Glasgow.

The new factory will be located in an existing 21,000-s.f. facility and will manufacture electrical and control panels, helping the company enter new markets and meeting growing customer demand. The new operation will double the company's production capacity.

Alliant was established in Louisville in 2005 as an electrical and software engineering company with an electrical panel fabrication shop. Increased parcel-handling automation, modernization and growth among Alliant's customers, including **UPS**, **Amazon** and other major logistics companies, helped grow the company from 20 employees to more than 100.

"We are growing at an aggressive rate, opening offices in Texas and California," said Alliant President Lee Seward. "We are proud of our roots in Kentucky, where we are headquartered, and excited to locate our second panel fabrication facility in Glasgow."







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FAST LANE

BUSINESS BRIEFS



LOUISVILLE

■ The Galt House, Louisville's largest hotel, has joined the Trademark Collection by Wyndham as an independently owned soft-branded property. Trademark is a collection of upper midscale and above hotels that was formed in 2017. An \$80 million renovation of the 1,310-room hotel is set to begin in June.

■ Old Forester Distilling Co. made its return to Louisville's historic Whiskey Row on June 14, opening a \$45 million, 70,000-s.f. distillery and joining 10 other distilleries as an official member of the Kentucky Bourbon Trail tour. Visitors to Old Forester are able to witness the entire bourbon-making process, from fermentation and distillation to barrel-making, aging and bottling. Founded nearly 150 years ago, Old Forester is the founding brand of Louisville-based Brown-Forman.

■ The Louisville Sports Commission has been named the 2017 Large Market Sports Commission of the Year by the National Association of Sports Commissions. Submission criteria included economic impact, success connecting with community partners, legacy, facility development or enhancement, client support service and client satisfaction, successful event operation, successful event creation and execution, and improving the quality of life in the community. The selection was made by an NASC national committee comprised of peer organizations and national sports event rights holders. The LSC annually helps attract, support, and host an average of 75 sports events that generate more than \$60 million in economic benefits for the community.

■ Louisville-based Whittenberg Construction has been selected to construct the first building for Louisville's Waterfront Botanical

Gardens project. The 6,000-s.f. Graeser Family Education Center will house an education/ event venue that will accommodate 250 people and is expected to open by fall 2019. In addition to the



education center, the \$60 million development project – which is being built on a 23-acre landfill site in Louisville's Butchertown neighborhood – will ultimately include two more buildings, multiple gardens, a greenhouse and 2.5 miles of walking paths.

■ Spencerian College, part of the Sullivan University System Inc., held a formal dedication ceremony in late April for its new Dupont Circle campus, located in the St. Matthews area of Louisville. The new location, which was previously used as a training facility by the city's police and fire departments but has been vacant for quite some time, underwent an extensive renovation and now features mock operating rooms and patient-simulation labs, as well as labs for respiratory therapy, phlebotomy, massage therapy and energized radiology.



■ Louisville-based Charah LLC, a provider of ash management and support services for the coal-fired power generation industry, has acquired SCB International, a Connecticut company that focuses on

developing cost-effective and innovative solutions to meet environmental regulations. The acquisition will allow Charah to more than double the volume of materials available to its customers, improve the quality of fly ash produced by electric utilities, and increase the supply of fly ash to concrete producers. Using fly ash in concrete products reduces CO2 emissions and conserves natural resources by replacing materials that would otherwise have to be mined and processed for such products. Charah also recently launched an initial public offering of more than 7.3 million shares of its common stock. The company plans to use net proceeds from the offering to repay borrowings and for general corporate purposes.

LOUISVILLE: KITCHEN INCUBATOR ADDS BUSINESS SKILLS TO ITS MIX FOR CHEFS

HEF Space, Louisville's first kitchen incubator, is launching a new program to help teach entrepreneurs the skills needed to own and operate a food business.



Old National Bank has awarded Chef Space \$7,500 to implement the Tasting Success: Quick Start Program.

Chef Space has been working with food entrepreneurs since opening its doors in 2015. The 13,000-s.f., state-ofthe-art kitchen facility is located in the heart of West

Louisville and houses 40-plus first-stage entrepreneurs, providing technical assistance and resources to take their concept to the next level by securing their own business location.

"Chef Space is about engaging with entrepreneurs ready to take the next step in their food business," said Kevin Smith, CEO and president of **Community Ventures**, which operates Chef Space. "We are creating a vibrant working space where chefs from the area can begin, test and build healthy operations."

LOUISVILLE: INNOVATIVE THERAPEUTIX WINS VENTURE SHARKS COMPETITION

A start-up company that has developed a feeding device for infants using music reinforcement has been named the winner of the ninth annual Venture Sharks business competition in Louisville.

Innovative Therapeutix Inc. is a pediatricfocused device company that addresses early medical and developmental issues in infants and children to help prevent long-term and/or more complex problems. Co-founders Michael Detmer and Rebekah Gossom are a neonatal intensive-care unit music therapist and speechlanguage pathologist, respectively, with a shared mission to optimize the developmental progression of infants and children.





Rebekah Gossom, Co-Founder, Innovative Therapeutix Inc.

The other competition finalists were: **Desicorp**, developer of a dried blood transfusion unit; **MyNurse**, a mobile platform that enables patients and families to easily find a caregiver in real time by geolocation; **Parasite ID LLC**, developer of Lice Detector, a test strip for lice; and **Agent Ally**, winner of the 2018 Startup Weekend, which is working on a plan to streamline Medicare software.

For the second year, the audience was invited to choose their favorite finalist via text voting at the finals. In addition to receiving more than \$20,000 in cash and prizes to help take their idea to market, Innovative Therapeutix also took the home audience favorite award and received \$695 raised via an audience participation crowdfunding campaign.

Venture Connectors received more than 40 applications from entrepreneurs across the region.

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14

CLAY CITY: POWELL VALLEY MILLWORK TO EXPAND OPERATIONS, ADDS 20-25 JOBS



POWELL Valley Millwork is investing more than \$3 million to expand its poplar mouldings manufacturing facility in Clay City, where the company plans to add 20 to 25 new jobs to support the expansion.

PVM produces a wide variety of mouldings and millwork products – including primed interior-

trim profiles, plantation shutter components, door and window jambs, picture frame mouldings and canvas stretcher bars – for large-volume customers, such as millwork distributors, lumber yards and big-box stores. The company has carved a niche in poplar hardwood production and sources materials from more than 30 sawmills, most of which are located in Eastern Kentucky. PVM operates a closed-loop facility, meaning no byproduct or waste is sent to landfills. Sawdust and wood shavings are used as fuel for the facility's boiler and as animal bedding.

The company is adding 26,000 s.f. to its facility to accommodate new product lines and meet increased demand from both new and established customers. The project began in April and is expected to be complete later this year.

PVM, which previously operated in Montgomery County, purchased the 35-employee facility four years ago and has since added more than 65 employees across two shifts.

STATE: KY UNVEILS FIRST-OF-ITS-KIND Social Services Apprenticeship

ENTUCKY has announced a new registered apprenticeship pilot program aimed at strengthening social-service careers throughout the state.

One of the first such initiatives of its kind in the country, the program will offer apprenticeships to young adults who are interested in pursuing a career in social services but may not have the opportunity to go to college, have never considered secondary education, or are impacted by generational poverty.

The pilot program began earlier this year as a co-op for high school students interested in social-services careers. Curriculum will require a minimum of 144 classroom hours and 2,000 to 3,000 on-the-job training hours per year and will include opportunities within the **Kentucky Department for Community Based Services** offices in Frankfort and across the state. The program will be available to both high school and college students, and eligible high school juniors and seniors may enroll in the **Department of Education**'s Tech Ready Apprenticeship for Careers in Kentucky (TRACK) to obtain dual secondary and postsecondary credits while earning an apprenticeship wage.

"Through the TRACK program, students get a head start on college by taking dual-credit courses while still in high school; they gain on-the-job work experience that will make them more valuable in the workplace and provide employers with qualified workers; and they can earn a paycheck that can support additional education and training," said Interim Kentucky Education Commissioner Wayne Lewis. "This opportunity is a win for everyone involved."

BUSINESS BRIEFS

LOUISVILLE

■ The Louisville Downtown Partnership has unveiled digital kiosks that provide free Wi-Fi hotspots in downtown Louisville and also offer restaurant and hotel information, visitor attraction and museum listings, a business directory and a calendar of upcoming special events. The first phase of the project includes nine kiosks; plans call for there to ultimately be 100 to 150 CityPost digital kiosks throughout the urban core.



■ Slesser Engineering, a structural engineering firm founded in Louisville 35 years ago, has joined the **KPFF** Louisville office. The combined firm is now operating out of their new office on Sixth Street in downtown Louisville.



CBL Properties has announced that a new multi-entertainment complex will anchor its redevelopment of Louisville's Jefferson Mall. Round1Bowling & Amusement will be located on the former Macy's site and will offer bowling, an arcade, karaoke,

billiards, food and drinks. Construction is already underway, with completion targeted by the end of 2018.

■ Turning Points Brands Inc., a Louisville-based company that produces tobacco products, has acquired related assets of Vapor Supply, VaporSupply.com and some of its affiliates. Vapor Supply is a leading business-to-business e-commerce marketing and distribution platform servicing vapor stores. The company also manufactures and markets proprietary e-liquids under the DripCo brand and operates eight company-owned stores in the Oklahoma market area. Included in the assets is the eCig.com domain, which will be used to educate consumers on the growing dynamics of the electronic cigarette space. Vapor Supply had 2017 revenues of approximately \$33 million and gross profit of \$6 million. Financial details of the acquisition were not disclosed.

■ Defending United Soccer League Cup champion Louisville City FC has acquired \$21.7 million in tax increment funding (TIF) for the team's stadium development site in Louisville's Butchertown neighborhood. The total cost of the project is estimated at \$193 million and will be funded by the



club's investors and traditional banking financing. Construction on the project is set to begin in August.

■ Frontier Airlines has announced plans to offer nonstop flight service between Louisville and Austin, beginning Aug. 13. The flights will be offered twice weekly on Mondays and Fridays, utilizing the Airbus A320 aircraft.

MORGANTOWN

■ Automotive supplier **Corvac Composites** is investing \$6.1 million to expand production at its Industrial Drive North facility in Morgantown, one of two plants the company operates there. Corvac manufactures automotive underbody systems, using a single-sided mold and vacuum to shape products, as opposed to traditional injection molding processes. The company currently employs 190 people at its two Morgantown facilities and plans to add another 30 full-time jobs to support the upcoming expansion.

FAST LANE

BUSINESS BRIEFS



NEWPORT

MURRAY

■ Murray State University has announced a new Master of Science in Economic Development program that will prepare students to work in the field of local and regional economic development. The program can be completed at the university's main campus or in an online format and is open to both full- and parttime students.

■ Albert Fedders, a 20-year veteran of the Greater Cincinnati construction industry, has launched a commercial contracting firm that will be located in one of Northern Kentucky's most historic buildings. **Fedders Construction**, which currently has 11 employees and more than \$10 million in projects under contract, is relocating its headquarters from Erlanger to a historic building in Newport's West Side neighborhood that dates back to 1899 but has been vacant for years. The City of Newport is providing incentives to Fedders Construction, including a five-year city property tax moratorium on the \$600,000 of improvements the company plans to make to the building.

OWENSBORO

■ Brescia University has broken ground on the C.E. Field Center for Professional Studies, a \$9 million project that represents the university's first new construction project in nearly 20 years and the first academic space to be built in over 50 years. The center will house Brescia's schools of business, education and social work and will also include a 150-seat auditorium, the university art gallery, a small chapel, a digital studio, computer labs and seminar rooms. The project is expected to be complete in 2019.

PRESTONSBURG

■ The Jenny Wiley State Resort Park amphitheater reopened on May 25 after closing in January 2018 due to safety concerns. In April 2018, the Kentucky Department of State Parks agreed to lease the amphitheater to the City of Prestonsburg, creating a strategic partnership that accelerated the opportunity for renovations at the amphitheater. The lease is for an initial term of five years and includes an option to renew two additional five-year terms.

RICHMOND

■ Eastern Kentucky University has redesigned its Master of Business Administration program, creating compressed eight-week courses and the option for a two-, three- or four-year format to give students the opportunity to select the pace that best suits them. As they proceed through the program, students will earn three stackable certificates, with completion of the program producing the MBA degree. The redesigned program is set to launch this fall.

STATE

■ eXp Realty, one of North America's largest real estate brokerage companies, has expanded into Kentucky with more than 100 agents from across the



commonwealth. A full-service brokerage, eXp Realty Kentucky is led by managing broker Stephanie Gilezan and serves 26 communities across the central Kentucky, Louisville and southern Indiana markets.

■ McDonald's has announced plans to hire approximately 6,500 employees in Kentucky this summer. The hiring news comes on the heels of the company's recent announcement to allocate \$150 million over five years to its Archways to Opportunity education access program, which increases the amount of college tuition assistance, lowers eligibility requirements from nine months to 90 days of employment, and drops weekly shift minimums from 20 hours to 15 hours. Eligible employees will have access to \$2,500/year in tuition assistance (up from \$10,050). Changes to the program mean that new employees who started in May could be eligible for tuition assistance and other Archways benefits for the upcoming fall semester.

STATE: BOURBON INDUSTRY LAUDS BILL ALLOWING TOURISTS TO SHIP SPIRITS

THE Kentucky Distillers' Association (KDA) is lauding Kentucky's newly signed law that allows visitors to ship bottles of Kentucky bourbon and other spirits back home.

"This is a landmark

day..." said KDA President Eric Gregory. "Ever since the KDA created the Kentucky Bourbon Trail tour, visitors have demanded the right to ship bottles home and to friends around the world."



New legislation allowing visitors to ship Kentucky bourbon and other spirits to other states is being hailed as a bold step in modernizing Kentucky's dated alcohol laws.

Attendance at the

KDA's **Kentucky Bourbon Trail** and **Kentucky Bourbon Trail Craft Tour** distilleries has skyrocketed by 314 percent in the last 10 years. Visitors made more than 1.2 million stops at participating distilleries last year, the second straight year topping that milestone.

The new law allows visitors to ship up to 4.5 liters of spirits and four cases of wine per person when they visit a Kentucky distillery or winery. Guests also can sign up for bourbon and wine "Clubs of the Month" and receive unique shipments of Kentucky products throughout the year.

Visitors can only send bottles if the destination state allows alcohol shipments and the location isn't a dry territory. (Currently, 44 states allow wine shipments, while only seven states plus the District of Columbia accept spirits.)

"House Bill 400 is an important step in eliminating red tape and modernizing one of the commonwealth's signature industries," said Gov. Matt Bevin. "This new law will promote economic development and increase tourism opportunities, ensuring that visitors can take a little piece of Kentucky home with them when they leave."

STATE: 5 KY HOSPITALS EARN NATIONAL AWARD FOR BEST PATIENT EXPERIENCE



IVE Kentucky hospitals have been selected as recipients of Healthgrades' 2018 Outstanding Patient Experience Award, placing them among the top 15 percent of hospitals nationwide for patient experience.

- Recipients of the 2018 award include:
- Baptist Health Lexington
- Logan Memorial Hospital (Russellville)
- Muhlenberg Community Hospital (Greenville)
- Saint Joseph Martin
- Whitesburg ARH Hospital

In determining the award, Healthgrades – one of the leading online consumer resources for information about physicians and hospitals – evaluated 3,478 hospitals that submitted at least 100 patient-experience surveys to the Centers for Medicare and Medicaid Services for admissions between April 2016 and March 2017. The survey questions centered on patients' perspectives of their care in the hospital, ranging from cleanliness and noise levels in patient rooms to factors such as pain management and responsiveness to patient needs.

INTERSTATE LANE

Business news from Indiana, Ohio, Tennessee and West Virginia

INDIANA: REPUBLIC TO LAUNCH FLIGHT TRAINING ACADEMY, ADDING 600 JOBS

NDIANAPOLIS-based **Republic Airways** is establishing a flight-training academy in Indianapolis that is expected to create more than 600 full-time jobs by 2028.

The company will construct a new commercial aviation pilot training campus at the **Indianapolis International Airport** that will have the potential to train 300 to 400 students each year. The



Republic Airways' new flight training academy will help make a career as a commercial pilot more accessible.

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develop and retain talent,

provide a high quality of

"We see Nashville as a

Leadership in Flight Training (LIFT) Academy will be one of the largest aviation training schools in the country and will help fill the need for more pilots in Indiana and nationwide. Classes are slated to begin in September.

Republic Airways operates a fleet of approximately 190 **Embraer 170/175** aircraft and offers scheduled passenger service with about 950 daily flights to 100 cities across North America. The airline provides fixed-fee flights operated under its major airline partner brands of **American Airlines**, **Delta Connection** and **United Express**. The company currently employs more than 5,500 aviation professionals, including more than 1,450 located in Indiana.

TENNESSEE: ASSET MANAGEMENT FIRM MOVING HQ, 1,000 JOBS TO NASHVILLE

G LOBAL asset management firm AllianceBernstein has announced plans to invest more than \$70 million to move its corporate headquarters from New York to Nashville, bringing some 1,050 new jobs to the city.



AllianceBernstein is moving its asset management firm's headquarters from New York to Nashville.

life for our employees, enhance our competitive edge in an increasingly challenging marketplace and make a lasting impact on our new community," said AllianceBernstein President and CEO Seth P. Bernstein. "While we will always maintain a presence in New York City and are a global firm with offices in more than 22 countries, we are very proud and excited to call Nashville our new corporate headquarters."

AB's new Nashville headquarters will include finance, IT, operations, legal, compliance, internal audit, human resources, sales and marketing.

AB has approximately \$549 billion in assets under management. The financial firm employs nearly 3,500 employees.

BUSINESS BRIEFS

INDIANA

■ SF Motors, a global intelligent electric vehicle (EV) company, is investing more than \$160 million to renovate and equip a 675,000-s.f. plant in Mishawaka, Ind., that previously housed heavy vehicle and contract automotive manufacturer AM General. The facility will produce the company's first EV models and serve as its primary U.S.-based manufacturing plant. Founded in 2016 in California, SF plans to hire up to 467 employees by 2020 – including many displaced AM General employees – and hopes to have around 200 working there by the end of this year. The company currently operates a manufacturing site in China and research and development facilities in the U.S., Germany and China.

OHIO

■ Cincinnati-based **Fifth Third Bancorp** has announced plans to acquire Chicago-based **MB Financial Inc.** in a deal valued at approximately \$4.7



billion. MB Financial has approximately \$20 billion assets and has served the Chicago

market for more than a century. The acquisition will expand Fifth Third's presence in the Chicago market, making it the fourth largest out of nearly 200 banks in the market in terms of total deposits. The combined company will have a 20 percent share of middle-market relationships in Chicago, ranking it second.

■ Cincinnati-based **Kroger** has announced a merger agreement with meal kit company **Home Chef** worth up to \$700 million. The proposed merger comes on the heels of Home Chef's 150 percent growth in 2017, \$250 million in revenue and two profitable quarters. Chicago-based Home Chef is the largest private meal kit company in the nation, with 1,000 employees and three distribution centers in Chicago, Atlanta and San Bernardino, Calif.



TENNESSEE

■ Automotive parts manufacturer **Dorman Products** is investing more than \$55 million to establish a new production and distribution facility in Portland, Tenn., creating around 215 new jobs. The 815,000-s.f. facility is tentatively scheduled to be operational in the first quarter of 2019. Once construction is complete, Dorman plans to relocate its existing Portland operations and 380-member staff to the new facility.

■ A South Korea manufacturing company is investing \$13 million to locate its first United States plant in Martin, Tenn. **Dong-A Hwa Sung**, established in 1974, is a supplier of rubber and plastic components for the home appliance and automotive sectors. The company's customers include major automotive companies including **Hyundai/Kia**, **Nissan** and **GM** as well as home appliance manufacturers **LG Electronics** and **Samsung Electronics**, among many others. The company is locating its new operations in a 100,000-s.f. facility in Martin and plans to hire more than 200 employees.

British Airways has launched the only nonstop flight service between Tennessee and Europe with a new Nashville to London route. The flight operates five days a week utilizing the **Boeing 787-8 Dreamliner**.



■ GE Appliances has invested \$9.3 million to add two new production lines at its Monogram Refrigeration facility in Selmer, Tenn. The expansion will add production lines for the Zoneline packaged terminal air conditioner and the company's new column-style refrigerator/ freezer products, which are designed to blend in with kitchen

cabinetry. GE is adding 210 new jobs to support the expansion, bringing the total employment at the Selmer facility to approximately 400.

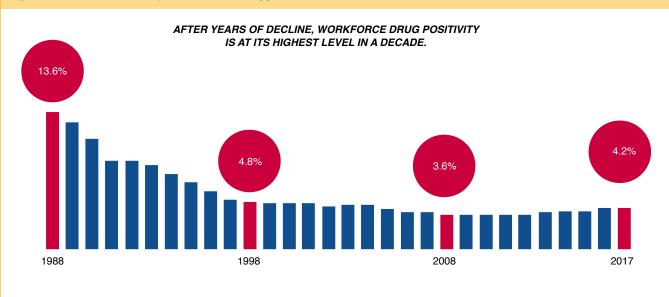
KENTUCKY INTELLIGENCER®

A sampling of business and economic data

WHO'S SURVIVING THE RETAIL APOCALYPSE? **SMALL-BUSINESS OWNERS AND** There's little doubt that the growing level of e-commerce is TAX REFORM affecting brick-and-mortar retailers, but some sectors are being As the effects of the nation's new tax law begin to take hit harder than others. The chart below, based on Nielsen data, shape, 65 percent of small-business owners say they expect outlines which retail categories are feeling the most impact from to see savings, according to a survey of 1,000 small-business the rise in e-commerce. owners. Under the new law, the owner of any "pass-through" business entity - which includes sole CHANGE IN THE NUMBER OF RETAIL STORES IN THE proprietors, partnerships, LLCs and S-corporations - is U.S. BETWEEN 2007 AND 2017. BY CATEGORY able to deduct 20 percent of their income from federal +11,249 Dollar income taxes. (Under the previous tax code, owners were Convenience & Gas +8,650 taxed on the entirety of their income.) Small-business owners also have the ability to write off interest on loans, as +5,632 Drug well as the full cost of new equipment. And for those Liquor +3.528businesses that do not fall under the "pass-through" umbrella, the tax on corporations fell from 35 percent to Discount Department +3.42220 percent. Pet +2,602 Auto +2.265HOW SMALL-BUSINESS OWNERS PLAN TO USE TAX-REFORM SAVINGS +2249Supermarkets Supercenters +1.295+1,041 Home Improvement 7% +593 Sporting Goods 9% 35% Warehouse Club +235 -457 Toy 15% -604 Home/Bed/Bath 27% -638 Department Stores -791 Mass Merchandise Pay down debt -865 Office Supplies No change in plans -1,066 Books Increase wages/benefits -4 125 Apparel Increase expenses (non-wage) Hire more employees -6,425 **Consumer Electronics** Other plans Source: LendingTree Source: Nielsen TD Linx/Statista

AMERICA'S DRUG CRISIS

Driven by increases in cocaine, methamphetamine and marijuana, drug use by the American workforce remains at its highest rate in more than a decade, according to a new analysis released by Quest Diagnostics. Nationally, the positivity rate for the combined U.S. workforce held steady at 4.2 percent in 2017, the same as in 2016, but the 2017 data also suggests shifting patterns of drug use. Between 2013 and 2017, methamphetamine positivity increased 160 percent in the east-south-central region of the South (Kentucky, Alabama, Mississippi and Tennessee).



Source: Nielsen TD Linx/Statista

ON THE BOARDS

Kentuckians named to organizational leadership roles

AMERICAN COLLEGE OF BANKRUPTCY

■ Taft A. McKinstry has been elected secretary of the board of directors of the American College of Bankruptcy, an honorary public service association of bankruptcy and insolvency professionals. McKinstry is an attorney with Fowler Bell PLLC.



Taft McKinstry

APPALACHIAN/KENTUCKY ARTISANS GATEWAY CENTER AUTHORITY

Bobby Carol Noland, of Irvine, has been appointed as both a member and chair of the Appalachian/Kentucky Artisans Gateway Center Authority.

BAPTIST HEALTH FOUNDATION OF GREATER LOUISVILLE

■ Andy Powell and Sue Stout Tamme have been elected to the board of directors for the Baptist Health Foundation of Greater Louisville. Powell is executive vice president and chief lending officer for Republic Bank. Tamme served as president of the Louisville market for Baptist Health



Sue Stout Tamme

System from 2011 to 2014 and was chief executive officer of Baptist Hospital East (now Baptist Health Louisville) from 1995 to 2011.

BEREA COLLEGE

■ Diana Artist Wallace, Miriam (Mim) R. Pride and Ken Koh have been elected to the Berea College board of trustees. Wallace is an independent contract editor for Kinesis-Cem, a market research company. Pride is president emeritus of Blackburn College in Illinois. Koh is the group CEO of Singapore-based Yang Kee Logistics Pte Ltd.





Diana Artist Wallace

Wallace Pride Koh BLACKACRE CONSERVANCY

Mim

■ Marisa E. Main has been elected to the board of directors of the Blackacre Conservancy, an organization dedicated to preserving the history Blackacre, a pre-Civil War farmhouse near Louisville, and promoting outdoor and environmental education throughout Kentucky.



Marisa Main

EXECUTIVE BRANCH ETHICS COMMISSION

■ Christopher W. Brooker and April A. Wimberg have been appointed to the Executive Branch Ethics Commission. Brooker, of Louisville, is an attorney with Wyatt, Tarrant & Combs LLP. Wimberg, also of Louisville, is an attorney with Bingham Greenebaum Doll LLP. GOVERNOR'S SCHOLARS PROGRAM

■ Sharon Claypool and Noel Rush II have been appointed to the Governor's Scholars Program board of directors. Claypool, of Park Hills, is a retired secondary French language teacher. Rush, of Louisville, is senior vice president of commercial development with RJ Corman Railroad Group.

GREATER LOUISVILLE INC.

■ Greater Louisville Inc. has announced eight new board members: Theresa Canaday, Frost Brown Todd; Gerard Colman, Baptist Health; Nick D'Andrea, UPS; Sam Scales, Ford Motor Co.; James lacocca, Knox Regional Development Alliance; David James, Louisville Metro Council; Dan Mann, Louisville Regional Airport Authority; and Tammy York Day, Louisville Healthcare CEO Council.

HENRY CLAY MEMORIAL FOUNDATION

■ Linda Breathitt, Mack Cox and Lee Greer have been named to the board of directors of the Henry Clay Memorial Foundation, an organization dedicated to promoting the legacy of the Kentucky statesman.

HORIZON COMMUNITY FUNDS OF NORTHERN KENTUCKY

■ Valerie Newell has been elected to the council of trustees for Horizon Community Funds of Northern Kentucky, a charitable organization that works to improve the quality of life in Northern Kentucky. Newell is chair and managing director of Mariner Wealth



director of Mariner Wealth Newell Advisors (formerly known as RiverPoint Capital Management).

KENTUCKY AGENCY FOR SUBSTANCE ABUSE POLICY

■ Tim G. Robinson has been appointed as a member of the Kentucky Agency for Substance Abuse Policy. Robinson, of Louisa, is the chief executive officer of Addiction Recovery Care.

KENTUCKY BOARD OF EDUCATION

■ The following individuals have been appointed to the Kentucky Board of Education: Hal Heiner, Louisville; Kathy Gornik, Lexington; Tracey Cusick, Union; Joe Papalia, Louisville; Laura Timberlake, Ashland; Amanda Stamper, Lexington; Ben Cundiff, Cadiz; Rich Gimmel, Louisville; Gary Houchens, Bowling Green; Alesa G. Johnson, Somerset; and Milton C. Seymore, Louisville.

KENTUCKY BOARD OF HOME INSPECTORS

■ Steven Cunningham and Paul Ogden have been appointed as members of the Kentucky Board of Home Inspectors. Cunningham, of Lexington, is a home inspector for HomeTeam Inspection Service. Ogden, of Louisville, is a Realtor for RE/MAX Properties East in Louisville.

KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM

■ Wendy Fletcher has been appointed to the Kentucky Community and Technical College System board of regents. Fletcher, of Morehead, is an advanced practice registered nurse with St. Claire HealthCare.

KENTUCKY COUNCIL ON POSTSECONDARY EDUCATION

■ Laura R. Harper and Ronald C. Beal have been appointed as members of the Kentucky Council on Postsecondary Education. Harper, of Cadiz, is the western Kentucky vice president for Rogers Group Inc. Beal, of Bowling Green, is the president of ACR Tubes Division for Luvata/ Outokumpu Tubes Division.

KENTUCKY NONPROFIT NETWORK

■ Florence Tandy has been elected to the board of directors of the Kentucky Nonprofit Network. Tandy, of Crittenden, is the executive director of the Northern Kentucky Community Action Commission, an eight-county human services organization.

KENTUCKY STATE BOARD OF ELECTIONS

■ Sherry Rene Whitehouse and DeAnna Brangers have been appointed members of the Kentucky State Board of Elections. Whitehouse, of Brooks, is the CEO of Whitehouse Solutions. Brangers, of Prospect, is a community volunteer.

KENTUCKY STATE CORRECTIONS COMMISSION

■ Robert Boggs, Shelly Lemons Alvey, Randall G. Dial and Brenda M. Tiffany have been appointed as members of the Kentucky State Corrections Commission. Boggs, of Grayson, is jailer for the Carter County Detention Center. Alvey, of Lebanon Junction, is commonwealth's attorney for Bullitt County. Dial, of Middleburg, is the Casey County judge-executive. Tiffany, of Rineyville, is a project manager for Fiserv.

KOSAIR CHARITIES

Randy Coe has been named chair of Kosair Charities in Louisville.

LEAGUE OF WOMEN VOTERS OF LEXINGTON

■ The League of Women Voters of Lexington has elected its officers and directors for the 2018-2019 year: President – Tammy Fagley; Second Vice President – Donna Blue; Secretary – Richard Heine; Treasurer – Barbara Sterrett. Directors: Liz Holland, Mary Hughes, Jennifer Jackson, Lauren Wallace, Barb Welch and Laura Zimmerman. Appointed directors: Diana Clewett, Cindy Heine, Judy Johnson and Carole O' Reilly.

NATIONAL COAL COUNCIL

■ Danny L. Gray, executive vice president, governmental and environmental affairs at Louisville-based Charah, has been named vice chair of the National Coal Council.



Danny Gray

PHARMACY

TECHNICIAN EDUCATORS COUNCIL

■ Dr. **Sarah Lawrence**, director of the pharmacy technician program at Sullivan University College of Pharmacy, has been elected president-elect of the national Pharmacy Technician Educators Council.

CORPORATE MOVES

New leadership for Kentucky businesses

ADVERTISING

Richard Johnson has been promoted to vice president and chief creative officer for PriceWeber, a fullservice digital advertising agency headquartered in Louisville. Johnson succeeds Tony Beard, who has retired after 30 years of service.



Richard Iohnson

ARCHITECTURE/ENGINEERING

Libby Lamb and Shelby Hilliard have joined the design team at Lexington-based **Omni** Architects.

ΔRT

Rachel Singel, Anthony Heinz May and Natalie Andrew have been selected as artistsin-residence for 2018 at the Bernheim Arboretum and Research Forest.

BANKING/FINANCE

■ Matt Willis has been named banking center manager for First Security Bank's downtown branch in Owensboro.

■ Mike Kempf has joined Town & Country Bank and Trust Co. in Bardstown as vice president and commercial relationship manager.

■ James A. (Ja) Hillebrand has been named chief executive officer of Louisvillebased Stock Yards Bank & Trust Co. Hillebrand succeeds David P. Heintzman, who is retiring as

Mike Kempf CEO and will move into the role of executive chairman of the board through the end of

2018 and will continue as its chairman thereafter. Philip S. Poindexter, currently executive vice president and chief lending officer, will become president of the company and the bank effective Oct. 1, 2018.

Community Trust Bank has announced the following appointments: Ashley Conn residential lending manager, senior vice president; Kristy Gabbart - vice president/ regional residential loan reviewer,

Campbellsville; Shawn Fuller - branch manager, assistant vice president, Elkhorn City; Bridget L. Evans – branch manager, assistant vice president, Pikeville; Brandi Kiser – branch manager, assistant vice president, Virgie.



Shawn Fuller

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Bridget Evans



Sinclaire & Associates in Lexington as vice president of business development.

Anthony

Rick Davies

Richardson

■ Tim Richardson has joined First Security Bank in Lexington as vice president commercial banking officer. Rick Davies has been named a mortgage loan officer for the bank.

Tim

Kirk Schmitt has been promoted to senior vice president of investments for Community Trust Wealth & Trust Management.

Citizens Commerce, a Kirk community bank serving Woodford, Franklin, Schmitt Jessamine and Fayette counties, has

announced the following promotions: William **P. Wilson Jr.** – executive vice

president, credit administration; Eli Barber executive vice president, chief financial officer/chief operating officer; Mark Yates – Lexington market president; and **Čarol Rich** senior vice president operations



Barber

Carol Rich

Bill

Wilson

Traditional Bank in Lexington has announced the following promotions: Dana Adamson senior vice president; F.W. "Buddy" Schneider III – senior vice president; Becky Arnold – assistant vice president; Allison Roberts assistant vice president; Chas Sargent - assistant vice president; and Kristyn Disponette director of advertising.

Mark

Yates

Buddy

Chas

Sargent

Schneider



Dana



Allison Roberts



Becky



Kristyn Disponette

EDUCATION

Rudolph G. Buchheit has been named dean of the University of Kentucky College of Engineering.

Terry Ballman has been named provost and vice president for academic affairs at Western Kentucky



University. Ballman comes to the position from California State University, San Bernardino, where she was dean of the College of Arts and Letters.

■ Carey W. Castle has been named president of Somerset Community College, part of the Kentucky Community and Technical College System

Simon J. Sheather has been selected as the new dean of the University of Kentucky Gatton College of Business and Economics.

■ Michael Bacigalupi has been appointed dean of the University of Pikeville-Kentucky College of Optometry.

■ Alton B. Pollard III has been named president of Louisville Presbyterian Theological Seminary. Pollard will succeed Michael Jinkins, who is retiring Sept. 2.

Aruni Bhatnagar has been

tapped to lead the Envirome





Alton Pollard III

Institute (formerly the Kentucky Institute for the Environment and Sustainable Development) at the University of Louisville, which focuses on the health effects of the environment.

FOOD/SPIRITS/HOSPITALITY

■ Joe Smith has been promoted to chief financial officer of Louisville-based Papa John's International Inc.

Lawson E. Whiting has been selected as the new chief executive officer of Louisvillebased Brown-Forman, succeeding Paul C. Varga, who has announced his intent to retire at the end of 2018. Other new appointments at the company include: John Hayes - senior vice president, president of USA and Canada; Thomas Hinrichs - senior vice president, president of the international division; and Mark McCallum - executive vice president, chief brands officer. The company has also created a new global corporate affairs organization that will be led by Mike Keyes, senior vice president, chief corporate affairs officer. As a result of the new appointments, Jim Jones, executive vice president and president of the North America region, is leaving the company.

Tonya Robinson has been promoted to chief financial officer of Louisville-based Texas Roadhouse



JUNE/JULY 2018









Ashley

Brandi

Kiser

Com

Matt

Willis

GOVERNMENT

Randy White has been appointed deputy commissioner of adult institutions for the Kentucky Department of Corrections.

■ Michael Todd Mansfield has been appointed county judge-executive of Todd County.



White

Dorsey Hall has joined the Kentucky Department of Financial Institutions as the director of the Division of Nondepository Institutions.

■ Alexander Payne has been appointed commissioner for the Kentucky Department of Criminal Justice Training.

Eric Bloomfield has been appointed property valuation administrator for Lewis County.

■ Adam Meier has been named secretary for the Kentucky Cabinet for Health and Family Services. Kristi Putnam has been named deputy secretary for the cabinet.

Andrew Schachtner has been named deputy executive director for the Kentucky Office of Technology and Special Audits.

Tony Hatton has been named commissioner of the Kentucky Department for Environmental Protection.

Derrick Ramsey has been appointed as the new secretary of the Kentucky Education and Workforce Development Cabinet. Ramsey previously served as secretary of the Kentucky Labor Cabinet.

Robert Wier has been appointed by President Donald Trump as U.S. district judge for the eastern district of Kentucky.

Brian Houillion has been named chief of staff for the Kentucky Department of Local Government.

HEALTH CARE

Dr. Kyle Brothers has been named endowed chair in pediatric clinical and translational research at the University of Louisville Department of Pediatrics.

■ Dr. Brian Holland has been named division chief of pediatric cardiology for the University of Louisville Department of Pediatrics.

Emmett Bamser has been named chief administrative officer of Norton Children's Hospital.

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■ Gladys Lopez has been named senior vice president and chief human resources officer for Louisville-based Norton Healthcare.

HEALTH CARE

■ Bahaaldin Alsoufi has joined the Department of Cardiovascular and Thoracic Surgery at the University of Louisville and Norton Children's Hospital as chief of the Division of Pediatric Cardiac Surgery.

LEGAL

■ Elisabeth "Libby" S. Gray has been named chair of Middleton Reutlinger's litigation group.

■ Former Lexington Mayor Jim Newberry has joined Steptoe & Johnson PLLC as the managing member of the

firm's Louisville office. Newberry succeeds Bonita Black, who is stepping down from her management responsibilities to devote more time to her corporate clients and community involvement.

Derek Halliburton has joined the law firm of Stites & Harbison as chief operating officer.

Real estate attorney Virginia "Ginny" Lawson has rejoined McBrayer, McGinnis, Leslie & Kirkland.

Justin Fowles and **Carl Lammers** have been promoted to members of



Derek

Carl Lammers

■ Jonathon P. Nunley has joined the Lexington office of Wyatt, Tarrant & Combs LLP, where he concentrates his practice in real estate and corporate law.

■ Janet S. Luo has joined Sturgill, Turner, Barker & Moloney, working in the firm's government and municipal law and torts and insurance practice groups.

MANUFACTURING

Janet **Paul Banks** has been named Luo plant manager of the Novelis

Inc. automotive aluminum sheet manufacturing facility in Guthrie, Ky. Banks previously served as unit manager at Logan Aluminum, a Novelis joint venture in Logan, Ky.

Tom Murray has been named vice president of marketing for Lexingtonbased Tempur Sealy International Inc.



David Armstrong has resigned as president of Thomas More College in Crestview Hills to accept the position of president of St. Thomas University in Florida. Armstrong has been president of Thomas More since 2013. Kathleen



Armstrong

Jagger, the college's vice president for academic affairs and dean, will serve as acting president while a national search is conducted for Armstrong's replacement.

MEDIA

■ Christy Moreno has been named president and general manager of WHAS11 in Louisville. Moreno comes to WHAS from KUSA in Denver and replaces Linda Danna, who has stepped down from the position to prioritize time with her family.



Ellen Oost has been named director of development for Louisville Public Media.

NONPROFIT

Hal B. Goode has been named executive director for the Central Kentucky



Fllon Oost

Stuart

Byham

Adam

Roth

21

Community Action Council, which serves eight counties in the Lincoln Trail area.

Connie Freking has been named executive director of Holly Hill Child & Family Solutions in California, Ky.

■ George Myers has been named director of PACE Financing for Energize Kentucky, a nonprofit organization that helps secure financing to make energy-

efficient improvements.

RESEARCH

Stuart Byham has joined CTI Clinical Trial and Consulting Services, a Covington-based multinational contract research organization, as director of clinical trials. Adam Roth has joined the company as director of project management/late phase services - clinical research center.

UTILITIES

Amy Spiller has been named president of Duke Energy Kentucky and Duke Energy Ohio.

OTHER

Thomas C. Wiedemann has been named chief executive officer of AAA Club Alliance Inc., which serves more than 631,000 members in Kentucky through roadside assistance, online services and retail stores.

Brothers

Andrew

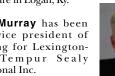
Derrick

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Schachtner







Tom Murray





Emmett Ramser

Frost Brown Todd's Justin Louisville Fowles office.



Libby

Grav

LANE ONE-ON-ONE

Kentucky's leaders express their opinions



Matthew G. Bevin

Matt Bevin was elected governor of Kentucky in 2015, bringing a lengthy business resume to the position. He served as a financial consultant for SEI Investments Co. in Pennsylvania and Boston and vice president of Putnam Investments prior to moving to Kentucky in 1999 to accept a stake in National Asset Management. In 2003, Bevin founded Integrity Asset Management, which was handling more than \$1 billion in investments when Munder Capital Management acquired it in 2011. In 2011, he became president of Bevin Brothers Manufacturing Co., his family's Connecticutbased business, and is also a partner in Waycross Partners, a Louisville investment management firm. After graduating from Washington and Lee University, Bevin spent four years in the U.S. Army, achieving the rank of captain. He has chaired the Louisville-area chapter of the American Red Cross and also endowed scholarship funds, grants and centers to provide educational opportunity for people of limited financial resources.

GOV. MATT BEVIN IS IN A HURRY

Outhustling everyone is his strategy to reform government and recruit the kind of jobs Kentucky needs to pay its bills

BY MARK GREEN

Mark Green: In 2017, Kentucky had \$9.2 billion in economic development announcements tied to state incentives, by far the best year ever. How much of that do you attribute to circumstances outside of state policy, and how much should be attributed to the intentional work of your administration, economic development officials and policy changes?

Matt Bevin: Given the fact that our previous best year ever in the history of Kentucky was \$5.1 billion, I would attribute the vast majority of that success to the proactive efforts of the administration and to the incredible people we have at every level. We've just plain out-hustled other people for some of these big deals.

This has not happened by accident. We're growing faster than almost anybody on a per capita basis in terms of capital attracted. The reason is that we are just out-working people. We're hungry for business, and we're letting people know it.

We're traveling around the country, around the world, and meeting with CEOs. Last week I was in Japan for 14 hours, and then in Korea for 24 hours, and then I came back home again. For about 36 hours combined, in two countries, we met with dozens of people very specifically interested in moving operations to Kentucky. There's no substitute for that kind of hands-on, face-to-face dialogue.

MG: Being a salesman for the state is a role all governors take on, and you are developing a reputation as a very strong one. Is there anything new or unique in the way you approach this?

MB: Over my desk, I keep a bronze casting of the bust of Abraham Lincoln, a man who contributed much to America and to Kentucky. He is attributed with saying that good things may come to those who wait, but only the things left behind by those who hustle. That is one of the wisest things ever said. I'm a big believer in it. We are out-hustling other people. It is a big part of what I do, and frankly I don't do as much of it as I'd like to do.

I am realizing that for us to grow, if we want the next 2 million people to come here and we want the jobs here to employ them, I have to do even more. Any opportunity I have to speak to CEOs who are looking to move to somewhere in North America, I sure want Kentucky to be on their radar screens.

MG: The General Assembly passed, and you signed, tax reform to lower top personal and corporate tax rates, widen the sales-tax base and increase the cigarette tax. How long will it take for

the full impact of these changes to be felt, both in the private sector and on the public sector's revenue flow?

MB: It's not easy to say. As soon as it goes into effect, which is in the months immediately ahead, you will start to feel it in your paycheck. If you are an individual who's been paying 6 percent of your income to the state and now you're paying 5 percent, that will be a 1 percent increase in pay you'll be taking home. Same for corporations that will have an extra percentage.

As it relates to the state, it will create a ripple effect of capital being redeployed in other ways – people spending it, companies investing it or redeploying it, (adjusting their) capital expenditures rate, increasing payroll, spending it how they see fit. Those things will create extra benefit to the commonwealth.

We need to do a more comprehensive overhaul of our tax structure than what was done. I applaud the fact that we have made some constructive steps. It's not easy. I applaud our legislature for taking on some tough issues, but we need to do more. We can't just simply tax and spend. We can't simply spend every cent - and then some - of any new revenue that's generated. Otherwise, we only go sideways economically. One concern I have with the bill that was passed is that it doesn't really accrue for things that are needed: infrastructure and rainy-day funds and future possibilities. It simply spends every red cent, and then some, of that which is raised. And yet it is trending toward a more modernized tax policy, and that will be good both in the near term and in the long term for Kentucky.

MG: Will there be further tax reform? What would Matt Bevin's ideal tax structure look like, and what is your sense of what is politically doable in Kentucky?

MB: Will there be more? There has to be more. It's essential. But we still have a long way to go in terms of modernizing our tax structure. What would an ideal structure look like from my perspective? It would be one in which we are taxing consumption and not production. We would not be punitive to those who are creating jobs and creating wealth, but rather taxing those who choose to consume various products. This would be moving more to a model we see in states like in Texas or Tennessee or others, who are taxing no income but rather the consumption. That's an ideal approach.

The third question you asked is what the political appetite for it is, and that's frankly the \$64,000 question. Clearly, not as much as I would like to see or would have hoped for, but that's all right. You sometimes eat the apple one bite at a time and not all at once.

I think our legislators are going to have to come back, of necessity, to look at several different things. For us to be more competitive in the marketplace with states around us and states not around us and even with other countries [and] for us to be more competitive with other people trying to attract companies to come build and create jobs, we need a better tax structure.

There has to be further change. When it happens, and how it happens, remains to be seen. We'll work on this with each remaining year that this administration is in power.

MG: Meanwhile, you have certainly changed the political landscape and expectations and made real progress in addressing Kentucky's unfunded pension liability. How comfortable are you with the progress that has been made? How far along the path to where the state needs to be have we traveled? **MB:** If this were a journey of a hundred miles, we've gone a single-digit number of miles down this road. We have a long, long way yet to go. To change the analogy to that of a bucket that is leaking, in essence we had a pension that was a leaky bucket. We put money into it, but money leaked out the bottom just as fast as we put it in or faster. We have, in light of the pension bill that was passed, laid a thin piece of paper over the holes in the bottom of the bucket, which as we pour water in will keep the water from pouring out as quickly. But it's not even a permanent patch. It's not a very effective patch. It's certainly not watertight.

While the flow out the bottom will not be as great, we need to find a source for water to fill that pension up, because we have about \$60 billion of unfunded liability.

MG: Is the current number \$60 billion?

MB: It's at least \$60 billion. That's being conservative. That's six times our total state revenue in a year. If we were to put the entire state on hold for six years, freeze everything, not pay a penny for education, not pay a penny for infrastructure, not a penny to law enforcement, not a penny to state employees, not to anything, and then take all of it and put it only to pensions, we would have to do that with every cent that this state made for six years before we would just get back to fully funded. And that's assuming we accrue no interest or any additional costs for six years.

We have work yet to do. I applaud the legislature for taking what was, for many of them, a very difficult stance, which was to do something. We have for decades kicked this can down the road over and over. Nobody has wanted to make the hard decisions. This administration, and this legislature, for the first time in a generation have stepped up and said, "We're going to act like adults. We're going to do what's fiscally responsible. We're not going to pander to political expediency. And we're going to fix this problem."

We have started that process, but much is yet to be done.

MG: You've done a lot to support business, especially since the Republicans won supermajorities in the House and Senate in 2016. Which steps do you consider the most important, and what are your administration's further priorities for supporting and improving the Kentucky business environment?

MB: Passing right-to-work legislation was powerful. Super powerful. Many billions of dollars of capital that have been invested in our state would never have been invested here had we not passed right-to-work legislation.

Repealing prevailing wage gives us an extra \$150 million of buying power annually for public schools and other public projects. That was another powerful tool.

Some of the changes we've made to unemployment insurance and workman's comp, cleaning that up and providing more clarity – that has been powerful, as it relates to giving businesses some assurance we're serious about providing stability for them here in Kentucky.

Things like medical review panels and certain other types of tort reform, peer review and other things that are being passed into law, have been powerful for the health-care community in giving them some stability in understanding that we in Kentucky are serious about them doing business in this state.

Criminal justice reform and the fact that we are making it easier for people not just to be removed from society but to be rehabilitated and then re-assimilated, is powerful and necessary for us, for our economy. We need these tens of thousands of men and women who are being removed to ultimately be re-assimilated into our society. Developing training programs and re-assimilation programs is a powerful, powerful tool for us here in Kentucky.

Educational changes have been made by offering the chance for school choice in communities where the schools have failed for generations – with a lot of resistance. For the first time in a long time, the powerful voices of the teachers' union, which defends mediocrity and outright failure, is no longer the voice of the day; it's no longer being able to dictate that these kids who go to these schools are destined for failure.

When seven out of 10 children in the African-American community in Jefferson County cannot read at grade level, we have failed an entire subsection of our inner city. That is a bad indictment on the status quo. Something has to change. When 32 percent of children in Kentucky cannot recognize text in the third grade - not just read below grade level, cannot recognize text; they are functionally illiterate in the third grade – these are little dirty secrets that the teachers' union doesn't want to talk about. And they will not talk about it, because then they can pretend that these hundreds and hundreds of administrators, making six figures and not touching the classroom, are somehow justified. But they're not. We're wasting hundreds of millions of dollars on administrative costs, robbing our children.

I mention all this in response to a question about what we've done to make the business environment better and stronger and the workforce better and stronger. You can't do it without an educated workforce.

The final couple I'll mention are these. Tax reform: The fact that we are starting to make changes, business recognize that. Pension reform: The credit-rating agencies and businesses alike recognize that for the first time in their lifetimes, Kentucky is serious about addressing its drastically underfunded pension system, the worst underfunded pension system in America. And for the first time we're taking it head on. Even though we may not be doing perfectly and even though we may be doing it more slowly than would be ideal, the fact that we're addressing it causes businesses and creditrating agencies to say, "Hey, they're serious. And if they're serious, then there may be hope and reason to invest there."

All these are just a handful of the reasons why business is starting to take off here and the kind of policies that we've put in place to make sure that that will continue for years to come.

MG: Energy prices are rising and look likely to continue on that trend line. Do you anticipate rising prices to create any revival in Kentucky's coal operations, or to revive shale gas drilling and production? MB: I think it will help all of the above.

But it's also important to understand that energy prices rise and fall. It's a bit like a pendulum. Right now, some of the geopolitical unrest and things going on with Iran and North Korea all create a sense of unrest in the world, and those contribute to instability and higher

LANE ONE-ON-ONE

energy prices. Of course this has the ability to help not only with coal production but also with gas and shale reserves. All these things are going to be part of the energy landscape going forward; they're all key components. About a third of our electricity in America is still generated by coal-fired power plants, about a third of it from gas-fired power plants; maybe a little bit more than that now. So the two of those combined are well over two-thirds of all the energy production of electricity.

We're blessed in Kentucky on the coal front to have an abundance of it, hundreds of years' worth of supply. And now it's just a function of using that properly to take advantage of it, harnessing that knowledge and capability that we have, and being prepared to capitalize on it. And we have companies that are doing that.

MG: Do you see any untaken public policy steps that could help Kentucky's coal industry?

MB: We're seeing a tremendous amount of change at the federal level already. EPA Administrator Scott Pruitt is truly an extraordinary public servant, and his dedication, his knowledge, his ability to effect change and move with a sense of urgency is like nothing that has ever been seen in the history of the EPA.

We in Kentucky are taking advantage of that by working closely with the EPA and exercising the authority we have to make decisions to cut the red tape, to smooth the process, to expedite things. Not compromising in any way, shape or form the safety or security or health of anyone, but rather knowing that time is money and that if we can move expeditiously, we not only can get better results using technology before it gets outdated, but we can do it in a more speedy fashion so that companies can be incentivized to make those investments. Everyone wins when we cut red tape.

Secretary Charles Snavely, who leads the Kentucky Energy and Environment Cabinet, is phenomenal – decades of experience in the private sector. He is an incredible leader who has hit the ground running in the work that he does through our PSC and others that regulate energy prices and electricity. It's just tremendous the impact that he's having.

MG: The solar-energy sector believes the cost curves will make it viable versus fossil fuel within the next few years. Do you have any policy positions regarding development of solar energy in Kentucky? MB: I'm a big proponent of us developing any and all sources of energy that are cost effective and can cashflow



Gov. Matt Bevin has initiated a wide range of reforms and updates of Kentucky public policy since his election 2015, including the state tax structure, pension funding, medical tort reform, education funding, road and bridge project funding and planning and more.

themselves. If they need to be subsidized by taxpayers in order to justify their existence, then I question whether they are good long-term policies. If they lose money, and only taxpayers subsidizing them allows them to exist, they're not really sustainable in the way that people think of when they talk about sustainable energy or renewable energy.

Things are trending toward a time when solar will become an increasingly important part of the landscape. But not as quickly and not as big as some would imagine it to be, unless it continues to be subsidized. It's coming, and I'm a proponent of it. We have people in this state producing solar panels and things of that sort, and I encourage it. But I'm not a big believer in using taxpayer money to subsidize it.

MG: Workforce skills are the most important criteria for business and industry site selectors. Your administration's Kentucky Work Ready Skills Initiative leveraged \$100 million to fund 40 workforce training programs that got more than \$110 million in private-sector matching money. What impact do you hope to see and what is the timetable for seeing the benefits?

MB: This \$100 million that we put out, people had to compete for that. The local high school, the local college and the local business community had to sit down together and come up with a proposal where each of them would contribute something to their application in the form of money and/or time and/or training and/or resources. It forced great dialogue, where the high school, college and business community, for the first time ever in some communities, began to talk with each other. What is the purpose of putting this money into education, in terms of workforce training, and what is it we in the workforce really need? For the first time, people were speaking face to face about this.

We had \$540 million worth of applications for the \$100 million that was available, so we got to choose the best 18 percent of the applications. The \$100 million we put up wasn't to build new buildings; this was to actually train people, scale programs. Dozens of them were put in place or expanded. It was matched by actually closer to about \$140 million of additional money that came from the private sector and local communities. So nearly a quarter of a billion dollars is being invested in workforce training in just a two-year period.

We are developing training programs specifically for certain companies, in conjunction with local technical schools and four-year universities, sometimes in conjunction with apprenticeship programs that are starting now even with high school students. We've put dualcredit classes into schools so that high school juniors and seniors, and even some down below that, are able to take classes that apply to postsecondary training as well as toward their graduation from high school. Some students are now, at the time they graduate high school, also graduating simultaneously with associate's degrees and/or certifications. And some of these certifications are stackable in things that employers are highly demanding right now.

All of this is being done to make sure we in Kentucky have the best, most proactive, most intentional workforce development training program of any state in America. Putting in a quarter of a billion in two years has already produced

Powering Kentucky

Putting Kentucky to Work

Over 9,000 jobs. \$3.7 billion in investment.

Since 2015, our co-ops have been hard at work putting Kentucky to work. And we're getting results.

We promote economic development because it improves the quality of life in the communities we serve.



 Big Sandy RECC
 Blue Grass Energy
 Clark Energy
 Cumberland Valley Electric
 Farmers RECC

 Fleming-Mason Energy
 Grayson RECC
 Inter-County Energy
 Jackson Energy
 Licking Valley RECC
 Nolin RECC

 Owen Electric
 Salt River Electric
 Shelby Energy
 South Kentucky RECC
 Taylor County RECC



LANE ONE-ON-ONE

great results, but it's only just beginning. We will do this again as we move forward, and these are the types of things that in time will continue to bear tremendous fruit. The proof is in the fact that more and more companies are coming here with the confidence that they will get the type of employees with the type of training that they need and want.

Another thing we are doing is moving to 100 percent outcome-based funding for our public universities. No longer are we taking \$1 billion worth of taxpayer money and just giving it to people to spend as they see fit, but rather we are saying to universities: There are certain metrics you need to meet, certain expectations, if you're going to get taxpayer money. We want you to produce graduates who are capable of being employed in the marketplace, specifically in skills that employers in Kentucky want. Because we're spending Kentucky taxpayer money to educate students here in Kentucky, we want them to be able to work in Kentucky. Moving to outcome-based funding is another way in which, through workforce development, we're putting a very concentrated focus on how we use taxpayer resources.

MG: How are the state's colleges and universities performing in their role of preparing state residents for success and in providing the private sector with the skilled workforce it needs now and will need in the near future?

MB: In certain areas very well and in other areas not well at all, so on average less than expected by the workforce. It's why we are moving to outcome-based funding. We do invest close to a billion dollars a year in taxpayer money to postsecondary education, and it's spread around our institutions of higher learning, from the technical schools to UK, to UofL, Morehead State, Murray State, Eastern, Northern, Western, all of them. We're investing money, and we, the taxpayers, expect a payback.

Frankly, interdisciplinary studies or interpretive dance...there aren't jobs out there. Not in Kentucky, not enough to justify having programs that are staffed by highly compensated faculty teaching a handful of students skills that are not needed in the marketplace. Study after study is increasingly showing even more traditional subjects are just not demanded in the 21st-century workforce. I personally have a liberal arts degree; there's tremendous value associated with getting a liberal arts degree. But if you only study and learn for the sake of studying and learning, and you only pursue that which is intellectually stimulating but has no application capability, then you're going



to be in trouble, both as an individual and as an institution that tries to sustain itself training such people. We have to rethink how we do it, and that's what we're doing with outcome-based funding.

MG: The state has had very challenging budget cycles in which higher education funding was cut. This is a national trend. Do you foresee any restoration to highereducation funding in the next few years?

MB: I'd love to see it, but we need to actually have the money to do it. That's what people don't understand. If we don't have more people and more jobs being created for them to work at, and more taxes being paid by those people working at those jobs, then we will not be able to afford not only that but the other things we expect, like infrastructure and K-12 education and public protection and safety. All the things that are the purpose of government are increasingly being constrained by a lack of capital. Unlike the federal government, we can't spend money we don't have. Of course I'd love to see it again spent on areas where we get a return on our investment as taxpayers, where we pour it into programs where there are jobs. We need to train people in everything from the STEM degrees to critical thinking and the ability to work as teams. These kinds of things are essential. But we don't have the money, and we can't pretend that we do. It's easy to say I'm for putting more money in. But where is it going to come from? Every dollar we put into that is going to come from somewhere else that nobody wants to see less money in either. It's important for us to be realistic with the fact that we have a finite amount of capital.

MG: Should the private sector and individual companies be assuming more of the responsibility for giving workers the special skills they need? Gov. Matt Bevin talks with Kentucky Cabinet for Economic Development's Secretary Terry Gill, left, and Executive Officer Vivek Sarin. The state shattered its record for projects in a single year in 2017 when private investment announcements totaled \$9.2 billion.

MB: Of course. They've been doing the bulk of it. They've had to take people who've been educated in our K-12 systems and our universities and retrain them, because in large measure they're not showing up prepared to work. These things have not always been provided by the public school system. Historically, you had apprenticeships. In other countries, this is a systemic part of how they do things. In Germany, in Austria, in Switzerland you have apprenticeship programs. These are things that we are focusing on more and more and more.

Apprenticeships are something Kentucky is doing with greater focus and intensity than any state I know of. Others are doing it, and others are doing it well, but nobody's doing it with as much change as Kentucky is right now. We're spreading the apprenticeship program, taking advantage of companies' willingness to come alongside and do training. But we in the state have an obligation to ask them how we can help, what resources we can use, financially and otherwise, to come alongside them, to simplify the process, make it easier from a regulation standpoint.

States – and businesses – have a responsibility, but they always have. And unions – through their apprenticeship programs, the skilled trades – have long had very good training programs. We need more of that. We need more people through the unions and the nonunions alike to be trained within their companies in certain skilled disciplines, because we need more and more men and women with that capability. MG: What means do you use to stay informed about business and economic activity and public policy? Whom do you consult with, get advice from or use as a sounding board?

MB: I read prolifically. As I was riding back here from Lexington just now I was reading a *Harvard Business Review* case study done on Webasto, which is the company we just visited. It's apparently in the past year been the most widely read case study. And it talks about how they changed their culture of hiring and training to move their turnover rate from 60 percent down to single digits. And it's fascinating. Things like that are intriguing to me.

I have a lot of experience in the private sector and as a military officer, in terms of discipline and leadership, in terms of motivation and training. I draw on my life experiences and talk to the smartest people I know, people who are successful in business. I like to be the dumbest guy at the table and the weakest link in the chain, because you always learn. If you surround yourself with "yes" people or those who don't know more than you on a topic, how do you ever learn? How can you possibly grow? I want to be surrounded by and talk to people who are experts in areas that I'm not an expert in. That's how I can learn.

And I'm a big believer in pulling data from any and all sources I can, then if not literally at least figuratively, building these sort of algorithms in my head that I can then translate into action items. I can take what I've learned and say, "OK, we need to set up a \$100 million workforce development pool, where we can use that to leverage into getting another \$140some million worth of private capital, then leverage that into scaling training programs that leverage into making us the most prepared workforce in America, and leverage that into attracting billions of dollars of capital from companies, which leverages into creating tens of thousands of jobs, which leverages into attracting hundreds of thousands of people to Kentucky, which leverages into having tens of thousands of more taxpayers, which leverages into having many hundreds of millions more dollars in our budget every single year because of people flowing those dollars through the state capital, and that allows us to then pay for that infrastructure and education and workforce."

These things are connected. One leads to the next that leads to the next. And it all starts with gathering data and information and learning.

MG: Where do you find tables where you're the least intelligent guy in the conversation?

MB: By inviting people. I do luncheons at the mansion and invite CEOs of significant employers and corporations in the commonwealth. I'll do it personally or in conjunction with our economic development folks or with our cabinet secretaries. You say, "Who are the best and brightest minds in America? What other states have done things? Which foundations are available to us?" Some of them don't know one another. I invite them to come sit down around a table and talk about how each of them might not only help one another but how they may help the commonwealth and how the commonwealth may be able to help them. There's no substitute for this. One of the greatest ways to learn is through direct human communication, interaction and dialogue, where you challenge one another. And if I don't find them in person, I'll find them in writing or find them online, or I'll find sources of information where I can learn.

MG: By all accounts, you are a person of very high physical and mental energy level. Is there anything you do differently than others that accounts for this?

MB: I don't sleep! That's how you do it. You get more done. (Laughs.) Every study may tell you this is not good or healthy and I'm not advocating for this, but in all seriousness, think about this. If you slept eight hours a day versus six hours a day, that difference of two hours a day is literally the difference, at the end of a year, of an entire month of 24-hour days. An entire 30 days of 24 solid hours each that you could either sleep or you could be reading and learning something. What if you had an entire month of 24-hour days to do nothing but learn?

I wish I did, but I have no workout regimen. I don't run. I don't advocate this. I stay active and stay fit by just moving all the time. I've never been a coffee drinker or a Coke drinker. I don't drink caffeine. I've nothing against it, but very rarely. I just sleep less. Doctors would probably tell you it's not good.

I'm blessed to be able to travel. Last week, I went to Asia for a day and a half. I went to Japan and then to South Korea. And then I came home. I spent almost as much time in the air getting there and back as I spent in Asia, and during my time in the air I was reading, learning, doing things.

You just turn on; I'll sleep when I'm not the governor. I hustle more than most people. I read more than most people. I do more homework than most people. I'm willing to take risks more than most people. Do I do it perfectly? Of course not; nobody does. I'm not smarter than most people or more connected or more networked or more wealthy, but I was always able to do more than the average person because of the things that I did more of, which is homework and reading and risk-taking.

That's how it works for states as well. The states that are hungry, and the states that hustle do best. And that's why Kentucky is emerging like it never has before.

MG: There is \$1 to \$2 trillion in infrastructure need nationally, and transportation infrastructure ranks the second in importance among executives surveyed by *Site Selection* magazine. Declining road fund revenue caused Kentucky to halt projects during fiscal 2016 and have a Pause-50 restart in fiscal 2017; the gas tax formula was revamped, and you implemented a new prioritization process for projects. What are your road project and infrastructure goals and priorities?

MB: It's worth clarifying that Pause-50 was done because the money was not there; to make sure that as the money *was* there, we focused it on the projects that were the highest priority. That was good management. It was not spending money ahead of our ability to have it, and not spending it without being very intentional about what we should spend it on first.

The first thing I did when I hired a secretary for transportation was send him and his top people to North Carolina. I look at what other people do all over the country and all over the world, and look for best practices, and I go learn how it's done. When I wanted to study apprenticeships, I took three cabinet secretaries, and we went to Germany and Switzerland and studied what they do. When I studied transportation expertise to see who prioritizes and makes good use of those monies, the best program I found was in North Carolina. We took the team and went to North Carolina, and we developed something that was customized to our own needs. We call it SHIFT. It speaks to prioritizing how we use the monies in our two- and six-year road plan.

Back to the question of where does the money come from, and have we done enough: We haven't. We have many billions of dollars in deferred maintenance on existing infrastructure and billions in need for new infrastructure. The Brent Spence Bridge people have talked about for years has to be done. The Henderson Bridge between Henderson and Evansville, Ind., has to be done. These are going to be done. We're accelerating the engineering and environmental studies on those, working with the other side of the river in each case to do what's needed.

LANE ONE-ON-ONE

But we also have over a thousand bridges in this state that are in terrible disrepair, with billions of dollars in deferred maintenance on them. More than 60 bridges and overpasses have been shut down because of their structural instability.

We spend now more than \$10 million per year in our budget on our airports. We have budgeted in the most recent budget, and we did previously as well, over \$1.5 million a year for rail-related investments and about \$500,000 to \$600,000 a year in riverport-related investments. Ideally, we would do more on all those fronts.

And we have to address where the money comes from. As much as people don't want to think about it, we have to pay for things that we want. We have to look at things like the variable excise tax and other forms of revenue to generate monies for the highways, among other things. Nobody wants to do it, but nobody also wants to be in a declining infrastructure environment either.

MG: What timetable do you foresee in building a new Northern Kentucky bridge to supplement the Brent Spence? MB: There's going to have to be a new bridge. I also want to look at building a (new) bypass, because that area is one of the fastest-growing in the country, certainly one of the fastest-growing in our state. That whole Northern Kentucky-Cincinnati area is booming, and it's only going to boom more. We would be wise to get out ahead of that to build bypasses and rings concentrically outside of these areas that are growing.

Addressing that Brent Spence corridor alone doesn't help us economically to grow, that just replaces something that already exists. I look at the Northern Kentucky area and realize that 4 percent of the nation's GDP moves across that bridge. That's a huge, important corridor. We're working right now with the Department of Transportation and the Ohio DOT, trying to move that forward quickly. It takes time, but I want to start moving on that in the next couple of years. I'm tired of talking about it. Once we get these studies done, once there's a new governor on the other side of the river in Ohio that will focus on this, we're going to actually get this done.

I want to do that corridor and a bypass simultaneously. Because ultimately that bypass will connect I-71, I-75 and the AA and ultimately go to the river. And eventually it's going to, of necessity, be met on the other side of the river. But in the meantime, it will connect channels that feed up into Northern Kentucky, and that will be good for economic development.

MG: The road-building industry usually thinks state road and bridge spending should be higher—

MB: I'd be disappointed in them if they didn't!

MG: —and we are, indeed, lower than in the past. Where would you like to see state spending on infrastructure through the Transportation Cabinet?

MB: We have two primary sources. We have the federal highway trust fund, where dollars come from Congress, and we as a state get somewhere around \$700 million every year. We have a similar amount of money that comes through the state's 9 percent variable excise tax on the wholesale price of fuel. A couple of years ago there was a floor put on this, which was good, but it was not sufficient for the needs we have. While nobody likes the idea of paying more for anything, sometimes if you want more of something, you pay more for it. If you want more and better roads and bridges that aren't falling down and can handle the capacity and flow with a sense of movement that doesn't cost you time and money, then you have to pay for it.

We're going to have to have some frank conversations with the people of Kentucky and with our legislators; we're going to have to make some tough decisions. Those are the two sources of revenue. And if not those two, then we need another source of revenue. What's it going to be? And will we, as a commonwealth, be able to handle it? Are there things we can do at our rest stops and truck stops to raise revenue?

Right now, federal law doesn't allow us to commoditize, commercialize or monetize these incredible rest stops we have on interstate highways. Only in a couple of states, because of previous things that were done years ago, is that allowed to happen. You can't commercialize a rest stop. Why not? You have millions of people traveling through who want to stop and want a customer experience and are willing to pay for it; you have the ability to capture these people, their time, their money. There are a lot of things we could look at, and I'm working with people at the federal government to see what we could do.

MG: Kentucky's cost of living is lower than the national average, but our average incomes remain about 18 percent below the national average. Strategies to address it include better educational attainment, supporting an entrepreneurial culture that might produce large new well-paying employers. What is your view on the best appropriate strategies to create wealth and higher incomes in the commonwealth? **MB:** We've been No. 46 out of 50 for literally 40 to 50 straight years. The key is to create an environment in which innovators and entrepreneurs are rewarded for taking risks, where jobs are created, where companies come and get consistency and certainty, get direct access to people in government to help them. You break down the barriers that prevent them from starting companies and expanding companies here. You cut red tape and you cut red tape and you cut red tape and you cut red tapes. The states that have done it well, that's how they've done it.

Government doesn't create the jobs. The responsibility of government is to create an environment in which the job creators can create jobs. You mentioned entrepreneurs. I happen to be an entrepreneur. I believe in the possibility of taking an idea and turning it into something. I've personally taken ideas that were in my head and turned them into companies that have generated hundreds and hundreds of millions of dollars' worth of products, in payroll, in taxes paid, in services provided.

How is that possible? Because the American dream is a real thing. You can take an idea and actually turn it into something. We need Kentucky to be a place where people feel that, hey, I can do it in Kentucky as well or better than anywhere.

And so I'm excited when I see Steve Case and his Rise of the Rest tour (bringing investors to startup ecosystems) coming to Louisville, even though cities like Dallas and Austin and Boston were competing. They came here because they found this to be a little incubator for innovative ideas.

I'm excited that MIT REAP (Massachusetts Institute of Technology's global Regional Entrepreneurship Acceleration Program) chose Kentucky as its only region in the U.S. and it's going to be a two-year collaboration with the University of Kentucky. Every other state in America would have wanted this.

So there is indication of the belief that there's a possibility for a rise in entrepreneurship, but that's not enough just to have the possibility. We as a state have to proactively create an environment in which these people are rewarded for the risks they take. That goes back to taxes and labor policy and education and workforce development, partnership with the state. Companies want a state and a state government that will partner with them, and that's what we need to do.

MG: The Braidy Industries aluminum mill announcement made last year (the

groundbreaking occurred June 1 in Greenup) was described as a project likely to have ripples of ongoing impact in the region. It will supply high-grade, specialty aluminum for auto and aircraft manufacturers. Is the state working to pull in more of the people who might become customers for Braidy?

MB: I'm trying to get any and everybody who wants to come here and produce things. Look at what we've done to focus on the smelters here that are owned by Century Aluminum. I want people who smelt the material, people who roll the material, anneal the material, heat-treat the material, slit the material, fabricate with the material, weld the material, make widgets out of the material and sell it to the marketplace. I want the whole metallurgical supply chain – because the engineered and manufactured products of the 21st century are made out of various metallurgical components. I'm very intentionally going after anybody who's a part of that process, from the aviation or automotive industries, without any question. We already have a huge presence. We have more than 500 companies in Kentucky that make products for the automotive industry. We have per capita the largest number of automobiles produced of any state in America. We are No. 2 in America in terms of aviation- and aeronautics-related components that we export; only Washington state is ahead of us. We're doing good things.

But the Braidy Industries of the world already are attracting other people. We've had conversations, and others are coming. Look at their competitors. Look at how many hundreds of millions of dollars has been invested in Kentucky from other aluminum mills, the Constelliums and the Novelises and the Alerises. You've been covering these. They've been investing hundreds of millions of dollars in Kentucky, somewhat in response to the fact that a new dog is coming to the table and there's business for all of them. And it's all in Kentucky.

I was just talking with the head of the aluminum industry in America – \$2.6 billion in aluminum product was put out of mills in the U.S., \$1 billion of it coming from Kentucky. That percentage is going to increase when we get this Novelis plant online and when we get Braidy Industries online. Kentucky is going to be the epicenter of aluminum production in America.

MG: Agribusiness and an associated food and beverage sector are state economic strengths. Is your administration involved in some of the initiatives to further



support those areas, such as bringing Israeli greenhouse technology into Eastern Kentucky, establishing an industrial hemp industry, or recruiting ag tech startups to develop a cluster in this emerging sector?

MB: All of the above. We're blessed to have a commissioner of agriculture, Ryan Quarles, who is a highly educated person. He's intellectually curious. He has a good farming background. He's a ninthgeneration farmer here in Kentucky. But he also has a lot of academic knowledge. He's a good leader, and he is pioneering new ground for Kentucky on all those topics that you mentioned.

It is a very small part of our overall economy - people overestimate the impact of our ag sector on our economy; it's a single-digit percentage of our state's GDP - but it's an important one, and it touches thousands of families, especially in rural parts of our state and in the central and western parts in particular. It's important for us to diversify. With the ag-tech research and things that you mentioned, there are some pioneering things being done out in the western parts of the state and millions of dollars being invested in the facilities, doing things in conjunction with Murray State and others. They're cutting-edge.

A hundred years ago, Kentucky was – and could easily be again – the epicenter of hemp production in America. Hemp has tremendous capabilities not only in producing things like the dashboards of automobiles because of its tough, fibrous capability but also the cannabinoid oils derived from it for medicinal and other purposes.

We are exploring and pursuing these things. I'm a believer in equal opportunity for every good idea that generates jobs and helps the economy. The Kentucky Work Ready Skills Initiative the Bevin administration created in 2017 made \$100 million available on a competitive basis for job skills training partnerships. There were \$540 million in applications from local communities, whose proposals incorporated private and public entities. The winning programs matched the state's money with another \$140 million for workforce training.

MG: Is it fun being governor?

MB: It's not fun, but it's rewarding. It comes at the expense of a lot of things that would be more fun, but I didn't do this for fun. I did it to make a change. I did it to impact this state's economy and its future, to create opportunity for the next generation. I want my children and grandchildren to be able to live here and work here and do whatever they want to do while doing so.

And in order to create that kind of environment, it takes the kind of application of energy and foot on the gas to make change and to take on hard things. Whether it's changes in labor laws like right-to-work, or tackling the pension crisis or taxes or education reform, all these things come with great resistance, and a lot of pain and suffering for legislators. That's why they've ignored it for so long. But to me, that's not acceptable.

I campaigned saying I would take on all these things. When I ran I was the only candidate who put in writing what I was going to do. Read my "Blueprint for a Better Kentucky." There are seven tenets to it, and we've done all or part of every one of them already. Even though it's not fun, and it's not easy, it is essential that it gets done, and I think the people of Kentucky respect and appreciate that. But you know, it is rewarding. It really is.



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LOGISTICS & TRANSPORTATION



Tech, Telemetrics Transform Transport

Today's trucks are mobile supply-chain hubs, and drivers are in demand

BY GARY WOLLENHAUPT

HE avocado on your salad didn't show up in Lexington all by itself. It was tracked every step of the way from the farm in California to when it was delivered to your favorite restaurant. Those trucks on I-64 and I-75 are more than basic transport – they are connected nodes on the "internet of things," delivering information on shipments moving everything from produce to auto parts to consumer electronics.

Technology is transforming the transportation industry, and Kentucky companies are plugged into the latest developments.

Overall, the logistics and distribution sector employs more than 60,000 people at 500 facilities. And it spins a whirlwind of activity across the commonwealth. The UPS Worldport at Louisville International Airport processes more than 1.5 million packages each day. FedEx and DHL operate at Cincinnati/Northern Kentucky International Airport (CVG) as well as numerous other locations across the state. Amazon's planned Prime Air shipping hub at CVG in Hebron will create about 2,700 new jobs supporting the company's 11 fulfillment centers in the state. The hub will handle up to 200 daily flights to and from the airport.

Behind the headlines of the big brand-name companies, smaller regional companies are leading the way in using technology to gather and share information among truck drivers, shippers and logistics managers.

Customers demand visibility

Perhaps the most significant technological change is the demand for

The office of Longship, a third-party logistics company based in Lexington that specializes in ontime delivery of over-the-road truckloads of fresh, frozen and dry shipments.

visibility into the whereabouts of shipments on the road. Some of that is driven by new food and pharmaceutical safety rules that require companies to be able to track the chain of custody from factory to store. Automotive companies are well known for their devotion to just-in-time delivery of parts to assembly lines. More companies keep moving in that direction to streamline operations and reduce inventory.

"The shippers we work with want to know exactly where their shipment is and when it will arrive, and they have increasing expectations on ETAs for their shipments," said Kerry Byrne, president of Cincinnati-based TQL Logistics, the second



Kerry Byrne, President, TQL Logistics

largest freight brokerage in the country. "It's our job to make sure our technology provides shippers with timely information and analytics, while also allowing us to anticipate and identify problems, secure solutions and communicate to our customers in real time."

It's likely that some of those avocados on your salad were tracked on their

journey by Lexington-based Longship, a provider of third-party logistics, also known as a 3PL. A 3PL is an outsourced transportation and logistics provider that shippers and receivers use to manage their supply chain. Some 3PLs own their trucks and warehouses; others don't own assets at all. A 3PL may simply act as a broker, making arrangements for freight to move on trucks. Many also provide warehouse and fulfillment services or even fully handle a company's transportation needs. For manufacturing clients, some 3PLs deliver components directly to the assembly line.

After graduating from Xavier University in 2010, Lexington native Kenny Schomp worked for a large regional logistics company for six years. In 2015, he and business partner Will Holton started their own business, Longship,



Kenny Schomp, President, Longship

which is experiencing rapid growth.

About 70 percent of the company's 20,000 loads per year is produce, historically a demanding cargo because of the chance of spoilage along the route. Account managers match shippers of watermelons, berries, potatoes and onions among other items with trucks ready to move in the right direction. A shipment of avocados from California has to move to the East Coast within five days to deliver a fresh product.

The account managers book freight loads all day long in the company's high-tech call center, with each person using two computer monitors to manage email, transportation management systems, routing software, maps and other tools.

"We are really a high-tech call center, and we're in the logistics field," Schomp said.

Longship uses a technology called Beacon that receives location updates from a driver's cell phone. After the driver opts in, the Beacon service regularly pings the driver's cell phone location and delivers an email to the Longship account manager every morning. The manager then updates the customer by 9 a.m. each day.

"We can see that the driver moved 600 miles yesterday and the truck is on

schedule," Schomp said. "The drivers like it, too, because we don't have to call them every morning for an update."

TQL uses GPS location tracking to keep tabs on shipment locations. The company gives access to the information to shippers and carriers via online portals.

"QL TRAX, our proprietary web portal and mobile app, integrates with our internal load management software in real time, so customers can get the most recent information about their shipment or any paperwork associated with their shipment whenever they want it," Byrne said.

Drivers use a similar online tool, the TQL Carrier Dashboard, to view information about loads that are available to them and to submit quotes and status updates on active loads. The tool also helps them get paid faster, Byrne said.

Fleet telematics drive big data

Today's freight moves by data as much as it does by truck tires. Shipments are tracked, temperatures for refrigerated cargoes are monitored, and trucking rates are constantly adjusted to reflect supply and demand.

The logistics companies are helping their clients tame the flood of big data that can deliver insights if you have the tools and knowledge to handle it.

"Data analytics is a way we can add value to shippers' supply chains, especially when applied to reduce risk," Byrne said. "The more we can make recommendations on how to route freight, schedule shipments, optimize loading and unloading, and alert customers to signs of trouble, the more we will be perceived as true supply-chain partners."

Walton-based 3PL Verst Logistics uses the data to develop key performance indicators to track costs and performance.

"We continually analyze the data and offer opportunities, such as comparing two routes and perhaps combining routes to eliminate a shipment," said Tom Morris, director of transportation. "With all of this information, we're offering better supply-chain management for our customers."

Click to ship

As a 3PL founded in 2016, Bowling Green-based Stryker Logistics serves customers in the automotive sector and supports major events such as the Super Bowl, PGA and LPGA golf tournaments, and the Kentucky Derby.

The company stores and hauls the myriad items that transform a golf course into a sports venue, such as tents, bleachers, chairs and hundreds of other pieces. It was becoming difficult to keep track of all the inventory and communicate with customers about exactly which items were needed at which location.

That's when owner and President Fuji Advic decided to build the company's proprietary virtual inventory management system. Previously, each item was assigned a product ID number, which had to be looked up. It could be difficult to find an object in the warehouse and in addition, shippers didn't know how



Fuji Advic, Owner and President, Stryker Logistics

many items could fit on a truck. "Our customers would say they want

a certain white chair, but it was hard for



Longship currently manages around 20,000 loads annually and has an estimated 300,000 trucks qualified to work in its network where Beacon tracking can provide real-time GPS updates on each load.

LOGISTICS & TRANSPORTATION

us to make sure we had the right white chair," Advic said.

Advic's team compiled photos and information for each item – size, weight, color, how much space it takes on a truck – and loaded the data into the custom software.

Now customers can click on photos of items and adjust quantities as needed. The system will show them how much of each piece they can fit on a single truck.

"It's like online shopping, but our customers are selecting their own stuff for their shipments," Advic said. "Instead of clicking to add an item to a shopping cart, they click on the 'Add to Truck' button."

Stryker stores the items in its network of warehouses.

"It's like a warehouse in the cloud for our customers. They don't have to worry about where their items are stored; they can retrieve it and use it anytime they need it," Advic said.

Stryker's automotive customers like it because they can maximize the freight going on a truck.

"Our customers love it, and it's an easy system for them to use," Advic said.

Electronic logs transform trucking

Onboard technology took another step forward with the mandate for electronic logging devices (ELD) on trucks. Starting Jan. 1, 2018, most commercial long-haul trucks are required to be equipped with an ELD that connects to the truck's engine to record the time the vehicle is in motion.

This device replaced the paper logs used by truckers for years, in which drivers had to keep track of their activities in 15-minute increments. However, some truckers falsified their logbooks, allowing them to drive longer than the federal hours of service regulations allowed. Driver fatigue was blamed for a number of highway accidents and fatalities, so the Federal Motor Carrier Safety Administration (FMCSA) mandated electronic devices to record the driver's activities in a secure digital format.

The upside will be safer highways and electronic tracking of drivers and truck.

The downside has been a tightening of capacity, as drivers must stop when their 11 hours of driving time are up. Before the electronic devices, drivers might have driven for an extra hour or two make it to the destination. Now, they have to park the truck before their allotted hours expire.

The ELD mandate has been partially responsible for a capacity shortage and resulting rate increases for trucking. The American Trucking Associations reports the industry is short 50,000

drivers, and as current drivers leave the workforce, the shortage could reach 175,000 by 2024.

Depending on the sophistication of the ELD, trucks can provide real-time location and activity updates for shippers through functions known as fleet telematics.

Verst Logistics installed ELDs in the cab back in 2006, Walton said, so they experienced the learning curve years ago.

"We went ahead with the ELDs because of what the telematics could do, such as exchanging the data from the tractor with the central dispatch office," Morris said.

The devices that Verst installed monitor a range of driver and truck activities, such as miles per gallon, speed and braking, as well as location information through geofencing. Using GPS geofencing allows the device to automatically recognize where the truck is located and whether it's moving. Drivers can share information about a destination, such as a hard-to-back-into loading dock, and tag it with the geofencing capabilities. When other drivers are directed toward that same location, they will be warned ahead of time. The geofencing system automatically sends an alert when a driver enters a shipper's yard and records how long the truck waits to be loaded.

"With the hours of service rules, it's very important that you run as efficiently as possible during any given day, so you're following the guidelines of the FMCSA," Morris said.

Each Verst truck is equipped with inward-facing and outward-facing cameras.

The cameras promote safe driving practices such as safe following distances and seatbelt usage. Managers review the A PeopleNET in-cab tablet is one of many mobile systems by which trucking logistics companies monitor and manage operations. Its functions can replace paperwork for pre- and post-trip inspections, conduct barcode scanning and take photos as well as monitoring movement metrics for trips.

camera footage to help drivers operate safely and manage fuel efficiency.

"We look at a hard-braking situation to see what happened, and we'll look at why a driver was getting only 6.5 miles per gallon compared to another tractor on the same route getting 7 miles per gallon," Morris said.

High demand for drivers

Verst sends out a weekly email listing the top 10 and the bottom 10 drivers' miles-per-gallon performance for the previous week.

"We are promoting good driver behavior, so this information builds a competitive spirit among the drivers to see their tractor number on the top 10 list," Morris said. "We get a lot of good information; you have to make sure you act upon the data and don't just let it sit here."

The ELD mandate has exacerbated the long-running driver shortage in the industry.

"A driver can no longer guarantee a 400-mile shipment in one workday," Byrne said. "If they are held up at the shipper, hit traffic, or are rerouted due to weather, it's likely they will run out of working hours before the shipment is completed."

Some industry experts say eventually ELDs will help increase capacity as trucking companies can better manage their fleets. "ELDs and telematics help us address the driver shortage by allowing us to mine and analyze our historical shipping data and intelligently source carriers for our customers' loads, giving us access to greater capacity," Byrne said.

But some drivers don't like learning new technology and may leave the industry altogether. However, after drivers make the switch to driving a truck with an ELD, they don't want to get back in a truck without one.

"If they have to drive a short-term rental truck, we have drivers that are not interested in getting in it because of just how well the ELDs work," Morris said.

Verst recently purchased 18 new tractors to give drivers the latest equipment and is developing career programs that give drivers a choice of routes so they can be home more often, Morris said.

"The drivers are the face of our company because they're the ones consistently at the shippers and receivers, so we put a lot of effort into making sure that we're getting a highquality professional truck driver," Morris said.

Advic agrees. "The best way to recruit drivers is to take care of them," he said. "Drivers talk to each other, so they'll let other drivers know how well you're taking care of them."

Platooning in the future

Despite the current headlines about self-driving trucks, drivers are expected to be in the picture for the next few decades. In the meantime, though, platooning technology could change the way drivers work on a daily basis.

Platooning allows two to three trucks to be electronically connected



and driven closer together than humans can handle: 50 to 80 feet apart at highway speeds compared to 160 to 240 feet recommended for human drivers. The aerodynamic benefits can save 4 percent or more in fuel, which adds up over the 100,000 miles a year traveled per truck.

At first, it may be between two to three trucks owned by the same company that would connect for open highway segments of the run, and the driver would take command for the rest of the trip. Eventually, a single driver could manage three trucks platooned together. The driver would still have to back the truck in the loading dock. That's a skill that's beyond even the smartest artificial intelligence for now.

Fully self-driving trucks are being tested by tech companies such as Uber and Tesla, and truck manufacturers including Volvo and Daimler are experimenting as well. The annual Mid-America Truck Show for 2018 took place in March at the Kentucky Exposition Center in Louisville. MATS showcases what is happening in the North American trucking business. Mack presented a stand-up cab and sleeper.

Some limited truck testing has shown positive results. For example, startup Embark has tested autonomous trucks – with a driver on board – running freight for 650 miles on Interstate 10 between Texas and California.

But life on the road can be unpredictable, and the technology at this point isn't ready for prime time.

"There are self-driving cars having accidents, so we're not anywhere near ready to trust that technology in an 80,000-pound truck and trailer," Schomp said.

Gary Wollenhaupt s a correspondent for The Lane Report. He can be reached at editorial@lanereport.com.



It's time to invest more in the infrastructure Kentucky needs to move ahead.

MANUFACTURING



Aluminum: Light, Strong, Job Creator

Kentucky's manufacturing metal sector led nation even before recent \$3 billion investment burst

BY RUSS BROWN

HEN you spend less for gas this summer because your lightweighted car, SUV or truck is more fuel-efficient, or enjoy a canned beverage as your food grills in foil, or use any of many products made of a certain shiny metal, you can thank a quiet industry with a large footprint in the Bluegrass State: aluminum.

It probably will come as a surprise to most that it's the aluminum industry in its many forms that is driving some of the biggest growth in the state's economy.

A report from the Aluminum Association ranks Kentucky No. 1 nationally in per capita aluminum jobs, with Indiana and Iowa being a distant second and third, respectively. According to the Kentucky Cabinet for Economic Development, there are nearly 200 aluminum-related companies in Kentucky. Since the beginning of 2014, aluminum-related companies have announced about 100 new facility or expansion projects in Kentucky, totaling upwards of \$3 billion in corporate investment and creating over 3,050 fulltime jobs to bring the industry's surging employment to more than 20,500. The investment is well above the approximately \$1 billion total from 2001 to 2013.

Aluminum, the third most abundant element on the periodic table, may not be as sexy as bourbon and Thoroughbreds, but the industry is booming in Kentucky and shows no signs of slowing.

The sector is broad, consisting of smelters, recyclers, rolling mills, injection molders, extruders, diecasters, machine shops and companies manufacturing a galaxy of finished Novelis Inc. is building a \$300 million automotive aluminum sheet manufacturing facility in Todd County similar to this Novelis Automotive operation in Gottingen, Germany. Vehicle makers are shifting from steel to aluminum to save weight and improve mileage while maintaining strength and crash safety.

products, including Reynolds Consumer Products in Louisville.

Aluminum is a widely used, attractive industrial material, and compared to alternatives such as steel and copper, it is lightweight, has a high strength-to-weight ratio and is resistant to corrosion.

The use of aluminum in a wide variety of applications continues to grow due to several factors, including urbanization in emerging economies, economic recovery in developed economies and an increasing global focus on sustainability.

But Kentucky's explosive growth in aluminum is mostly tied to its outsized role in the automotive industry and its location between the automotive manufacturing hotbeds of the Midwest and South.

"The aluminum boom is almost completely driven by auto-industry demand," says Jack Mazurak, communications director for the Kentucky Cabinet for Economic Development. "Why Kentucky is the epicenter of it, though, can be summarized by three factors.

"One, geographical and infrastructure advantages. Two, improvements to Kentucky's business climate. And three, the scope of the state's existing aluminum and automotive supply industries, which create efficiencies for both new companies looking to join it and expansions of existing facilities."

The improvement in business climate under Gov. Matt Bevin, a businessman himself, includes Kentucky becoming a right-to-work state in January 2017. That designation means unions can't require people to pay dues as a condition of employment at companies where they have collective bargaining agreements.

Fiona Bell, director of communications and government affairs for Novelis North America, cited Kentucky's friendlyto-business approach as one of the factors Novelis found attractive that led to its decision, announced in January, to invest \$300 million in an automotive aluminum finishing plant in Guthrie.



Fiona Bell, Director of Communications and Government Affairs, Novelis North America

"(Kentucky has) strong leadership," Bell said. "We are building a solid partnership with the state and the congressional delegation. The businessfocused government leaders in Kentucky played a significant role in making the location an attractive investment. Gov. Bevin, the Kentucky Cabinet for Economic Development and its network of in-state government and businesses have made the state's pro-manufacturing and growth agenda clear."

Kentucky also has access to the Ohio and Mississippi River – integral shipping channels for the bulk raw materials in aluminum production – and the state offers the lowest-cost industrial electric east of the Mississippi River.

As for the automotive piece of the puzzle, under federal mandates to reduce emissions and improve fuel economy, a key automaker strategy is to cut mass. Auto manufacturers are achieving that, in part, by using more lightweight aluminum body panels, suspension components, under-hood mechanical bits and structural pieces. Vehicle-maker demand is driving investments by primary aluminum producers and aluminum auto-parts manufacturers in Kentucky.

Aluminum safer in crashes

The commonwealth already ranked first in the U.S. in vehicle production per capita and third overall, but with its numerous advantages, Kentucky attracted more than \$4.3 billion in publicly announced investment and 4,500 new jobs in its automotive industry in 2017. That's a sizable slice of the state's record-breaking \$9.2 billion in total investment and 17,200-plus new jobs announced across all industries last year.

Mazurak said the state's auto industry includes more than 520 facilities employing 100,000-plus people full-time. The largest of those are Ford Motor Co.'s Louisville Assembly Plant, the Ford Kentucky Truck Plant in Louisville, Toyota Motor Manufacturing Kentucky in Georgetown and the General Motors Corvette plant in Bowling Green.

"A large part of our demand is for automotive aluminum," said Kevin Mays, chief financial officer of Owl's Head Alloys in Bowling Green.

And while increasing use of aluminum to lightweight vehicles is a huge trend, that demand is projected to grow by 30 percent or so over the next five or six years.

By far the biggest aluminum project right now is Braidy Industries' \$1.5 billion aluminum rolling mill that broke ground June 1 near Ashland in Greenup County. It will employ 550 people full-time and produce aluminum sheet and plate for the automotive, aerospace and defense industries. The plant's construction will employ an estimated 1,000 people. Kentucky will provide up to \$10 million in tax-cut incentives for the project, and the company will receive an up-front payment of \$15 million authorized by the state legislature.

The mill is scheduled to be up and running by 2020 and will eventually roll out 900,000 tons of aluminum sheet metal a year. CEO Craig Bouchard says that in three years, 20 percent of cars on the road will have sheet aluminum from the facility. Braidy's headquarters will be in downtown Ashland.



Bouchard, CEO, Braidy Industries

October, the company announced it couldn't build at is original site on the Ohio River in South Shore because it would not support the weight of the mill. Last December, Braidy paid nearly \$1 million for 204 acres and a vacant, 110,000-s.f. building several miles inland in the East Park Industrial Center near I-64.

Nickie Smith, chair of the Northeast Kentucky Regional Industrial Park Authority, said in December that Braidy will probably have to spend another \$8 million reclaiming and stabilizing the former strip-mining site.

Bouchard says he chose Kentucky over 24 other states, and a major factor



"In my 24 years of public service, (Braidy Industries) is the project I have waited for," Greenup County Judge-Executive Robert Carpenter said after the deal was announced in spring 2017. "This project will change the entire region going forward."



Groundbreaking occurred June 1 in Greenup County for a \$1.5 aluminum mill project that will employ 550 full-time when it goes into operation in 2020.

was the right-to-work legislation passed in January 2017, along with the state's "willingness to partner closely with private industry."

Besides Braidy, here are some other recent large-scale aluminum-related projects in Kentucky:

• Novelis broke ground in May for a \$305 million plant to process flat-rolled aluminum coils for use in automotive body panels. The plant, being built in Guthrie in southwestern Kentucky's Todd County, will open in 2020 and will heat treat and pretreat automotivegrade rolled aluminum coils from nearby Logan Aluminum in Russellville. It will create 125 new jobs and be the

Carpenter, Judge-Executive Greenup County

House Democratic Floor Leader Rocky Adkins called it "a launching pad" for the region.

At the June 1 groundbreaking Bouchard said beyond making aluminum, the company's "mission is to rebuild northeast Kentucky and in fact all of Appalachia and other parts of Kentucky with advanced technology."

Despite a major change six months into the planning, Braidy expects to remain on schedule for 2020. In

MANUFACTURING

company's first new U.S. facility in nearly 30 years. Last year, Novelis announced an expansion of its Central Kentucky recycling operation in Berea, which employs 130 people.

"Our 34-year history in Kentucky has proven to us that we can hire and develop a strong and highly skilled workforce," Bell says. "We employ 1,200 in the commonwealth (in Berea and Russellville). Several automotive customers that are using more and more Novelis aluminum have operations in the region."

To keep production costs down and reduce waste, many manufacturers use recycled aluminum as their primary source material. According to the Aluminum Association, that reduces energy consumption by 92 percent and thanks to aluminum's unlimited recyclability, nearly 75 percent of the aluminum ever made globally is still in use today. Aluminum can be recycled repeatedly without any material decline in performance or quality.

Owl's Head Alloys, the

aforementioned secondary aluminum recycling facility in Bowling Green, recently began a \$3 million expansion with the aid of tax incentives from the Kentucky Economic Development Financial Authority that will create as many as 17 jobs.



Kevin Mays, **Chief Financial** Officer, Owl's Head Alloys

Owl's Head is a notable exception from many of its contemporaries because its leaders chose to locate in Kentucky primarily for one simple reason: owner and President David Bradford is a Bowling Green native.

However, Mays pointed out that Owl's Head's site is indeed a perfect fit due to availability of affordable commercial property, proximity to potential customers and cost-effective transportation via rail and road.

"As the aluminum industry continues to grow nationwide, the selection of our location in Kentucky almost seems to have been prophetic," Mays said. "Our immediate access to interstate and rail transportation has enabled us to respond to the market faster than most competitors, allowing us to meet growing customer needs more rapidly."

A report earlier this year in *Recycling* Today called Kentucky "the geographic center of the majority of secondary aluminum producers in North America." And as Bradford is fond of saying, "a rising tide raises all ships."

• Century Aluminum is investing \$116 million in upgrades at its smelting facility in Hawesville near Owensboro,



adding 250 full-time jobs while training new and existing employees to use the new equipment. The Hawesville operation produces high-purity metal required for the defense, aerospace and electrical industries.

• Aleris Corp.'s opening last November of its \$400 million mill expansion in Lewisport is a prime example of the rapid rise in aluminum investment tracking alongside automotive growth.

"Our Lewisport facility has been in the community for more than 50 years, so we have a long history of doing business there," said Jason Saragian, director of communications for Aleris. "We have a strong and talented workforce and the central location of Kentucky is a perfect spot logistically for all North American vehicle producers."

The three-year project in northwestern Kentucky included installation of two continuous annealing lines and a wide cold mill, providing the technology and additional capacity to manufacture high-quality rolled alloy sheet for the automotive industry.

Aleris is a relatively young company, formed at the end of 2004 through the merger of Commonwealth Industries Inc. and IMCO Recycling Inc. The merger created a vertically integrated aluminum company traded on the New York Stock Exchange.

• Logan Aluminum cut the ribbon on a 190-job, \$283 million expansion of its Western Kentucky mill in October 2017 and simultaneously broke ground on a \$125 million second phase.

Although the new mill primarily produces rolled sheet for beverage cans, lids and pulls, its newly completed Phase One project includes equipment to produce thicker, higher-grade sheet for automotive use.

A rotary furnace at Owl's Head Alloys, a large secondary aluminum recycler in Bowling Green. Owl's Head has a capacity of nearly 250 million pounds annually and processes almost every grade of aluminum.

The Phase One expansion centered around a new 280,000-s.f. building capable of producing 600 million pounds of cast ingots a year. The second phase is a \$125 million cold-rolling mill expected to create 60 full-time jobs.

• Tri-Arrows Aluminum also opened a \$175 million expansion of its cold rolling and ingot casting facilities in October 2017 at the Logan Aluminum plant in Russellville. At the same time, the firm broke ground on a new \$240 million project to produce aluminum sheet for the automotive industry. The investments will bring more than 200 new jobs to the region.

• Kobe Aluminum Automotive **Products** announced a \$53 million expansion of a facility in Bowling Green in April 2017 to meet the rising domestic demand for aluminum forged suspension products. Once complete, the full facility is expected to support around 600 jobs.

Versatile and widely used, aluminum seems to have unlimited potential. And that is very good news for Kentucky, where the business outlook overall is exceptionally bright after a record announced business investment of \$9.2 billion in 2017.

The Braidy project was announced as one that will create ripples of further impact in the region.

'We are just getting warmed up," Gov. Bevin said during the recent flurry of aluminum activity in Kentucky.

And there's certainly no reason to believe the commonwealth won't continue to be one of the hottest players in the aluminum game.

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



Saragian,

Communi-

cations

Director

Aleris Corp.

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INFRASTRUCTURE

Statewide Broadband on Track for 2019-20

Delay in pole attachment agreements raised costs that nearly unplugged Kentucky Wired

BY DAWN YANKEELOV

HE Kentucky Wired plan has been delayed and survived a near-death experience during the 2018 legislative session, but the "middle mile" broadband network plan now intends to roll out within 18 to 24 months with its original intent and focus – putting gigabitspeed internet service nodes into every commonwealth county.

In February, President Donald Trump offered an infrastructure plan that includes funding for states of potentially up to \$40 billion for rural "last mile" broadband, which might present a means to get the Kentucky Wired network from its service nodes to businesses and homes.

Originally, the 120-county Kentucky Wired program was to be complete by September 2018 at a cost of around \$324 million, most of that coming from Australia's Macquarie Capital in a public-private partnership deal. It was and still is envisioned as a crucial economic development stepping stone for Eastern Kentucky.

The 3,200-mile construction project fell behind initially due to delays in getting pole-attachment agreements from both AT&T and Windstream, said Phillip Brown, executive director of the Kentucky Communications Network Authority (KCNA).

With cost overruns climbing to more than \$180 million, and KCNA needing to pay out nearly \$70 million it did not have in the coming two years, there was sentiment among legislators and some public policy groups to kill the project. It got no funding in the budget bill sent to Gov. Matt Bevin, who vetoed it due to concerns that it spent too much and lacked enough emergency funding.

When legislators overrode the governor, they tweaked the budget to provide Kentucky Wired a nearly \$70 million appropriation and permission to bond \$120 million more to cover its overruns. National bond rating agencies had declared defaulting on the project would permanently damage Kentucky's debt rating and cost the state far more money than the overrun payments in its future borrowings.

That puts the project back on track, albeit not for fall of this year.

The wheels of ultra-high speed broadband move slowly and actually started in the previous governor's administration. In the beginning, the contract negotiations from 2014 through 2015 included more than 70 required pole-attachment agreements. AT&T and Windstream accounted for about a sevenmonth delay in moving forward.

"These pole attachments are a big piece of the puzzle and are our greatest challenge," said Brown. "I am reluctant to toss out new dates for completion, when I really don't control anything." Recent announcements of partnerships continue to underscore the interconnectivity of broadband throughout the state. MuniNet Fiber Agency in February entered into an agreement with the Commonwealth of Kentucky to build part of its KentuckyWired fiber-optic cable project in Caldwell, Muhlenberg and Hopkins counties. MuniNet will construct approximately 66 miles of the 3,200mile ultra-high-speed cable.

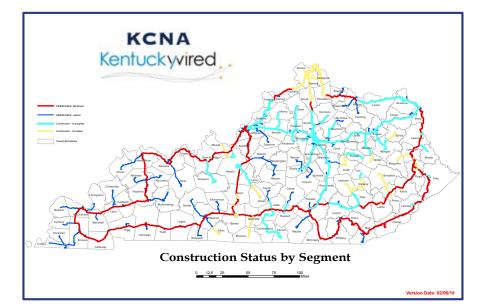
In April, Owensboro Municipal Utilities said it had struck a deal to lease some of its broadband network to Kentucky Wired.

Brown said in April that from where he stands it looks like the project is at least 18 months delayed. However, supervening events, as they are called, can create more costs as direct loss claims from the contractors are part of the contractual situation.

"Let me point out that these are not penalties, but they do require that extra monies had to be spent," he said.

Direct loss might be, for example, having to store the fiber longer than anticipated in a warehouse while the pole attachments were worked out. While as of mid-spring there had been 208 supervening events, many are not direct-loss claims. For example, a road encroachment for a permit does not result in an extra dollar spent.

The entire cost of the project totals \$325 million, with \$274 million directly related to construction, and the rest other expenditures that include thirdparty oversight, closing costs and site preparation. In March, Brown said, there would be no spend greater than anticipated. He was back in front of the state legislature discussing how to cover



costs, provide for supervening events, and prepare for the future, including events like weather delays. Some assigned telecom crews on Kentucky Wired went out of state to hurricane areas, for example, delaying progress.

By the end of the 2018 legislative session, a new schedule and funding to continue were approved.

"While there have been op-eds and other letters written to media about project termination," Brown told legislators during the 2018 session, "the reality is that it will be much cheaper to complete the Kentucky Wired plan than to terminate it. The Bevin administration is committed to finishing Kentucky Wired."

Bevin himself reiterated this during an interview in late May with *The Lane Report.*

The Kentucky Wired model eventually makes money for the state, in addition to allowing economic development from broadband access, according to Brown. There is a wholesaler provision allowing for open access and wholesale leasing over the next 30 years as a source of revenue, he said. The companies that are most interested in this wholesale connection opportunity will be satellite companies, large companies and smaller broadband providers. This will assist in recouping the state's expenses over the next quarter of a century, he pointed out.

"We need more connection points to Lexington and Louisville," he said. Google Fiber, for example, is a last-mile project to connect business and home consumers, as is MetroNet for Lexington. MetroNet has promised to spend at least \$70 million to provide fiber-optic wiring at 1,000 megabits per second. Lexington's average internet speed now is approximately 16.2 megabits per second.

"Construction on the Lexington MetroNet network began in early January and to build out all four quadrants will be in excess of two years. First installations for residential and business customers are anticipated in late summer and early fall, dependent on weather for efficient construction. This is a great partnership with the city, and it should assist businesses in staying in the market and growing as well," said Keith Leonhardt, MetroNet's vice president of marketing.

Lexington was selected to make a deal because it was a college-town and forward thinking, Leonhardt said. Talks began more than two years ago for this project.

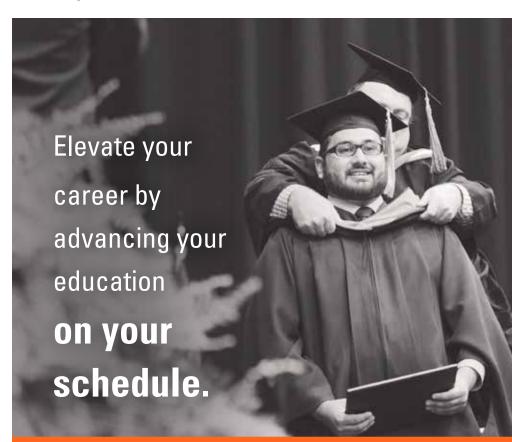
In Louisville, Kentucky Wired intends to assist and further efforts for its "possibility city" goal. "Essentially, the city of Louisville asked for 432-count fiber with 144 fiber strands being owned by the city. They are partnered with Kentucky Wired," Brown said.

Other cities are expected to take similar steps.

Several states are watching Kentucky as a model, and still others such as Iowa have implemented similar plans, but do not have the wholesale component. Virginia implemented a similar plan to Kentucky via Mid-Atlantic broadband under a nonprofit. The last mile, like neighborhood roads, may benefit from the federal government's push for infrastructure.

"Eighty percent of businesses use broadband every day with 38 percent (of consumers) wanting higher speeds for everything from homework to health care. This need is more than for Netflix and binge watching," Brown said.

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



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REGULATORY RELIEF

Kentucky community banks and clients win in Dodd-Frank rollback

BY BALLARD CASSADY

WITH rare bipartisan support, Congress has rolled back elements of the 2010 Dodd-Frank banking regulations that impeded economic recovery by constraining community bank lending. As a result, federal regulators will restore to bankers some of the lending discretion that was lost in the Dodd-Frank Wall Street Reform and Consumer Protection Act's regulatory overreach. The clear winners are Kentucky's consumers, communities and economy.

Dodd-Frank regulations failed to distinguish community banks, which played no role in the 2008 crisis, from the operationally complex Wall Street banks that did. The Kentucky Bankers Association (KBA) accurately predicted that Dodd-Frank would force banks, especially those serving rural Kentucky, to curtail lending due to prohibitive compliance costs for any mortgage that did not fit Dodd-Frank's dictates. Dodd-Frank effectively eliminated mortgage loans that considered a banker's personal knowledge of a borrower's creditworthiness, even though such relationship-based loans were known to have far less risk of default than those dictated by Dodd-Frank's one-size-fits-all mechanical underwriting system.

The resulting harm to homebuyers, job creation and rural communities was ultimately shared by their banks. As predicted, a longer trend of reduction in the number of banks accelerated, with the number of community banks shrinking at twice the rate since Dodd-Frank's enactment as before. In Kentucky, mergers and sales have resulted in 35 fewer state-chartered banks in Kentucky since 2010.

By 2011, the KBA was working with Kentucky's lawmakers in Washington and other state banking associations to address these issues, which many in both parties agreed to be an unintended consequence of Dodd-Frank that was slowing economic recovery. Seven years later, that work culminated in S. 2155, aptly named the Economic Growth, Regulatory Relief and Consumer Protection Act. It was signed into law May 24.

Several provisions of the act directly benefit Kentucky homebuyers:

• Any mortgage a bank is willing to hold in its own portfolio will be deemed a qualified mortgage, which restores the practice of relationship-based lending and helps more individuals qualify for mortgages.

• Fewer requirements for appraisals on mortgages under \$400,000 in rural areas will reduce closing costs and speed up closing times by several days.

• Consumers will no longer have a three-day waiting period requirement if a bank extends a second offer of credit with a lower rate.

Kentucky banks will also see some relief from the high cost of complying with ineffectual overregulation, which results in more funds available for community lending and philanthropy. For Kentucky banks that have sustained their communities for decades with such philanthropy, Dodd-Frank's forced reallocation of such funds to regulatory compliance costs has been especially painful.

The story of the eight-year battle to win this small measure of regulatory relief for community banks contains profiles in courage and cowardice, the usual K Street skullduggery, and unrelenting grass-roots persistence. A book would be needed to tell it, and Kentuckians would figure prominently in the telling.

Without Mitch McConnell as Senate majority leader, this regulatory relief would never have seen its first vote. He gave our industry his word that he would give the bill precious floor time if we could deliver enough votes for passage, and he kept his word in the face of myriad pressures. Getting those votes put state banking associations into advocacy overdrive, acutely aware that Senate changes in November could lay waste to a finely crafted compromise with moderate Democrats in states carried by President Trump. Credit for that compromise goes to $S.\bar{2}155$ sponsor Sen. Mike Crapo, R-Idaho.

The centerpiece of S.2155 for community bankers was the mortgage portfolio lending provision that allows bankers to determine risks for mortgages they will keep in-house. That provision had its way paved by Kentucky's U.S. Rep. Andy Barr and the Portfolio Lending and Mortgage Access bill he had passed in the House.

Ultimately, the advocacy of individual bankers with individual legislators made the difference, and the passage of this bill was the work of hundreds of bankers across the U.S. In Kentucky, that effort was led by our KBA presidents of the past decade and current President Tim Barnes of Hometown Bank, supported by KBA's political consultant of 30 years, John Cooper.

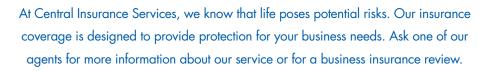
Perhaps no single banker in the U.S. did more to secure this regulatory relief than Central Bank's Luther Deaton. His long-time working relationships with our Kentucky federal legislators and his position on the American Bankers Association's board made him a bridge between the industry's state and federal advocacy efforts that was critical to the final twists and turns on the bill's road to passage.

Kentucky's bankers celebrate this regulatory relief for restoring some facets of traditional community banking that we and our communities have sorely missed.





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HEALTH CARE



The Cost of Ignoring Mental Health

Businesses are destigmatizing behavioral care and adopting strategies to add billions in productivity

BY CLARY ESTES

Editor's note: This is the first in a threearticle series examining behavioral health issues impacting business.

ORE and more Kentucky businesses are realizing that investing in their employees' mental health is good for the bottom line. There are myriad ways a company can begin addressing the mental health needs of their employees, but ultimately positive change starts in the office.

While the 40-hour workweek is the American standard for full-time employment, a 2014 Gallup Poll found

many of us are spending considerably longer periods of time at the office. According to the poll, 42 percent of Americans spend the allotted 40-hours a week at the office, while another 50 percent are spending considerably more time at work, with 18 percent of employees spending 60-plus hours weekly on the job.

For many, work is not only a source of identity, it is also a primary source of socializing as well as stress. Thus, to combat mental illness in Kentucky workers, the office is a natural place to start.

In Kentucky, the number of mentally unhealthy days ranges from three to seven days per month, according to Foundation for a Healthy Kentucky's kentuckyhealthfacts.org; that is 36 to 84 days per year, with the most mentally unhealthy areas concentrated in Western Kentucky's coalfields region and the Eastern Kentucky mountain region.

"Kentucky is not much different from a lot of states in the United States" regarding mental health, said Courtney Keim, an industrial organizational psychologist and volunteer with the Kentucky Psychological Foundation.



Psychological Foundation. Indust Kentucky ranks 22nd for good overall mental health but only 32nd for good mental health in adults, meaning the prevalence of mental illness increases as residents age.

Kentucky ranks exactly in the middle – 25th – in access to primary care, with an average 1-to-67 clinician-to-patient ratio. This worsens to a 1-to-177 ratio for mental health services, though. For many new patients, there is a three-month wait to see a therapist for the first time, leaving the mental health issues they are trying to address to simmer.

The burden of poor mental health in the workforce is costing both companies and their employees. According to the National Alliance on Mental Illness (NAMI), serious mental illness costs

Courtney Keim, Industrial Organizational Psychologist and Volunteer, Kentucky Psychological Foundation America \$193.2 billion in lost earnings per year.

An estimated 30 percent of employees experience mental health problems each year, with the nation losing 80 million cumulative workdays per year due to anxiety and depression. Mental illness and subsequent substance abuse costs American businesses an estimated \$225.8 billion each year, according to a study performed by Dr. Walter F. Stewart in 2002.

Investing in employees' mental health is a sound long-term investment. But how can companies identify and combat these issues?

Industrial organizational psychology research has identified four main toxic situations in the workplace that lead to increased mental health disorders among employees:

• a combination of job strain and low control over decision-making.

• an imbalance of effort versus reward.

• lack of support from colleagues and/or employers.

• feelings of job insecurity.

A combination of job strain and low control over decision making comes about when an employee is overburdened with tasks, but lacks the autonomy to make decisions over how and at what pace they complete those tasks, or even how many tasks they take on. This can lead to rapid burnout and a disconnection from the value of one's work.

The combination of job strain to low control frequently goes hand in hand with the second issue of imbalance of effort versus reward, meaning that despite an employee putting in a huge amount of work and effort, they receive little to no acknowledgment for their efforts or time.

These issues usually lead employees to feel easily replaceable or as though they are disposable cogs in a machine rather than valued and indispensable parts of a company moving forward together to achieve and thrive. When employees lose their personal stake in a company, there inevitably comes a higher turnover rate, resulting in less stability and lost profits due to the company having to invest in new hires and increased training hours. Furthermore, if the issue itself is never addressed, the rotating door of new hires never stops and instability will continue.

Lack of support from colleagues and/or employers can manifest in a variety of ways, leading to feelings of isolation, which can in turn lead to severe depression within the workplace.

Another manifestation of this problem comes about when an employer or supervisor takes on a "my way or the highway" approach about work. When employees cannot contribute ideas for work or development, they quickly lose their stake, or even interest, in the well-being of the company and its long-term development.

If companies deter the constant and cooperative exchange of ideas, they are at a higher risk of intellectual stagnation. The key to innovation, and a cornerstone of American business, is the development and exchange of ideas. If companies invest in the ideas of their employees, they are more likely to thrive.

Lastly, the issue of job security may come about independently or as a result of the three other toxic workplace characteristics. Poor job security can actually come about as a result of a combination of job strain and low control over decision-making, an imbalance of effort versus reward and a lack of support from colleagues and/or employers – and may exacerbate mental health issues among employees.

Bad workplace costs: indirect but high

Since all of these toxic characteristics contribute to the degradation of workers and the instability of company structures and hierarchies, it would follow that the natural progression of these issues would lead to a company's lower performance in the market and decreased job security for employees. Together these four toxic characteristics are the legs that hold up the table of increased risk of mental illness for employees as a result of the workplace. And if the core issues of mental illness are not addressed within the workplace culture, the company will not be able to sustain itself in the long run.

There is further cause for prioritizing the development of workplace cultures to address mental illness.

"Your brain is an organ in your body and is not separate from it," said Keim, the industrial psychologist.

For generations, the stigma of mental illness came about due to its relative imperceptibility. Yet, while the physical signs of mental illness can be and often are missed in the short term, they eventually show themselves in the long term.

"We also see the hidden costs (of not providing proper mental health care and healthy work environments)," Keim said. "We know, again from research, what stress does to the body and we know that long-term chronic stress on the body leads to things like heart disease, and it can lead to an increase in mental illness diagnoses.

"For example, if you went camping and all of a sudden a bear (appears), your body is going to activate that fightor-flight response, and all the adrenaline and cortisol is going to start pumping to get you ready to fight the bear or run



HEALTH CARE

away from it. The problem is that your body doesn't really differentiate between a bear in the woods and your boss yelling at you or being worried about getting fired. The same fight-or-flight response gets activated. It's not as acute, but if it's daily, chronic and long-term, the cortisol hormone getting released in your body over time builds up in your arteries, which can lead to heart disease and can take a toll on your autoimmune system. Eventually the organization is going to have to pay for that, and its health-care costs are going to increase because its employees are going to be sicker and have to go to the doctor more."

'Presenteeism,' burnout, illness

But the issues do not stop there; the productivity of businesses is also affected on a fundamental level by mental illness. If left untreated, mental illness among employees can result in absenteeism or employees missing days from work as a result of illness. There's also the often-overlooked counterpart of absenteeism, presenteeism, which occurs when employees work while sick, resulting in little work being done, increased poor health and exhaustion.

In many ways, presenteeism is a more insidious problem for businesses. It is less apparent, but can exacerbate already developed mental illness and promote more rapid burnout.

However, there is light at the end of the tunnel. There are a number of ways companies can create healthier workplaces, and they all come back to one idea: The workplace is as much a community as one's home, family or neighborhood and to have happy and productive workers, you must have a healthy and supportive work community.

"Because of the stigma of mental illness, it really gets back to the culture of the organization. What is the culture? What is the climate in the organization? Is it one in which people feel safe and trusting of each other to be able to reach out for help? It's a top-down (model of leadership.) I've seen some organizations that do very difficult work, but their employees feel they are supported," Keim said.

"They feel like they can reach out and ask for help, and that's because they see their managers, the executives, even the CEO of the organization doing that as well. Not just talking the talk, but walking the walk. They are themselves taking vacation and totally detaching from the job. (Employers) are leaving at 5 or even at 3 to go pick up their kid or to be a participant in some nonprofit, volunteer organization. So they're taking advantage and utilizing all of those resources that may be available –



not just offering them but using them. You need to have a CEO who's open and honest about issues with their own mental health, who advocates for other people in the organization to go and get mental health treatment, and you're going to see the employees doing that as well. So it really is looking at if the culture or the climate is or isn't supportive of health and wellness."

One cornerstone for promoting good mental health in companies is employee appreciation that is conveyed in a genuine way. While many companies may have employee appreciation measures put in place, if those measures are not genuine they threaten to promote ire in workers, rather than a sense of ownership.

Speaking publicly about why an employee is important to a company goes many steps further than simply stating, for example, that an employee has done well without going into much detail, or giving standardized symbols of merit to each employee without variation.

Another method for improving mental health in the workplace is by reducing ambiguity in employee and employer roles. When an employee is unclear about their responsibilities, scope of work, amount of autonomy or level of power within the company hierarchy, productivity plummets. Teamwork and collaboration are also great ways to combat burnout and isolation in employees. When employees and employers feel that they are a team moving forward together, camaraderie develops. Companies do well to promote a 'we did it' mentality over an'I did it' mentality. It is equally important to develop a sense of teamwork and community in companies as it is to promote an employee's sense of their own worth within that team and company structure.

Another key need for employees and employers is good work-life balance. By encouraging a good balance between work and home, companies may be able to reduce the number of mental-illness triggers outside the workplace such as family strain, fatigue, lack of hobbies or interests, etc.

In promoting workplace wellness, employers must lead by example when it comes to employees taking full advantage of company benefits. If an employer is not taking their full vacation time, an employee is less likely to as well. If an employer is staying until 10 p.m. at night in the office, employees are less inclined to leave by the standard 5 p.m. Employees are mirrors of their employers. An employer who prioritizes good mental health practices in themselves fosters that same care in their employees. There are a number of Kentucky businesses that go above and beyond to promote a positive workplace culture and sense of community in their businesses.

For example, Passport Health Plan, a nonprofit, community-based HMO that administers Kentucky Medicaid benefits throughout the state, has been nationally recognized for its healthy workplace practices. The cornerstone of these practices is the company's Passport Cares program, a companyfunded emergency assistance program that employees can apply for if they are experiencing financial hardship due to a natural disaster, illness or other catastrophic circumstances beyond their control.

According to the American Psychological Association's description of Passport in its news release for the awards ceremony, "The culture at Passport has a direct bearing on how its customers – members, providers, government officials, advocates and the community – perceive it. Among its offerings are a comprehensive wellness program, behavioral health services, healthy food deliveries and a peer-topeer recognition program. Since embarking on its 'cultural change' program, the organization has enjoyed higher staff job satisfaction and increased productivity. Looking to promote from within, Passport has had 76 internal promotions within the last two years."

"One thing that we continuously monitor and track is employee engagement," said Liz McKune, Passport's vice president of health integration. "We tried really hard to focus on communication so that everybody feels informed in the organization and can always be challenged. And so we have worked to



Vice President of Health Integration, Passport Health Plan

try to foster stronger communication."

When the company went through a significant change as a result of an alliance they built with Evolent health two years ago, there was a risk of role ambiguity and feelings of job instability for employees. By keeping the communication lines open, monitoring employee engagement and continually removing role ambiguity for employees, Passport Health was able to

address mental health triggers before they had an opportunity to take root in the company.

As a result of such efforts, Passport Health has become a satisfying and fulfilling place for its employees to work.

As Kentucky businesses move ahead in the 21st century, developing a positive workplace culture can give the state's entire economy an edge. More workers will want to move to and invest in Kentucky. Kentucky businesses will promote more innovation and creative development, giving the commonwealth an edge nationally and even internationally. And with a healthier workforce, health-care costs will go down, opening up new revenue sources across the state.

The stigma of mental health is still an acute issue in the United States, as well as Kentucky, but more and more commonwealth businesses are realizing that to get ahead in the market, investing in employees is the best way to move forward.

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





ENTREPRENEURSHIP



Leaky Pipes Were an Opportunity

Demand for information on utility systems is growing Hydromax's Louisville data center

BY DAWN MARIE YANKEELOV

OVEMENT of natural resources like water and gas, plus tracking where critical infrastructure pipelines intersect underground translates into large volumes of data for analysis. Accomplishing that analysis has meant incredible growth for an off-the-radar company called Hydromax USA and its Louisville data center.

Add in government mandates and industry self-regulation, and the need to inspect water, gas and sewer lines has grown into a formidable technological process in the past decade.

Americans lose 1 trillion gallons of water every year thanks to leaky faucets, faulty sprinkler systems and other small systems, according to TechCrunch statistics. New technologies used by Hydromax USA to find leaks in our drinking water systems can be used by both rural and urban utilities in a way that drive efficiency on a much larger scale than previously attainable. For example, a recent 2018 Hydromax USA pilot project located 46 leaks in five days for a Virginia utility.

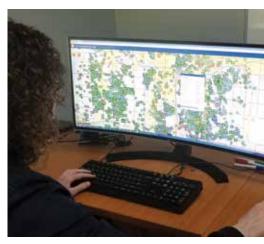
In the water-management industry, technology for finding leaks has now advanced to include the use of satellite scanning technology to identify leakrelated water loss, allowing the utility to look at the entire infrastructure at once. Additional advancements in pipeline condition assessment allow utilities to determine the remaining life of their A Hydromax USA field worker uses a special measurement system to assess the status of underground natural gas utility pipelines.

pipes in 30-foot increments, utilizing sensors without sending equipment into the pipe. Combined, these technologies introduced by Hydromax USA support utilities in managing critical, yet aging infrastructure.

In essence, Hydromax USA specializes in data collection and assessment of the condition of the country's aging water, wastewater and natural gas conveyance systems. Its slogan, "Understand the Present; Protect the Future," gives a glimpse into the importance that its work has in empowering utility owners to make smart decisions regarding the repair, replacement and renewal of their buried infrastructure.

As awareness and need for these services has grown rapidly across the country, the organization has expanded to meet the demand. The total staff has quadrupled in the last year to around 70 in its recently expanded Louisville office on Bluegrass Parkway near I-64 and Blankenbaker Parkway, and the company recently completed the construction of a 60,000-s.f. headquarters facility in Evansville, Ind. Expansion efforts also included investment in significant network upgrades to ensure operational reliability for its 400-plus staff and hundreds of customers, including 100 percent off-site disaster recovery replication.

Regional utilities have become proactive, versus reactive, to repairs in their infrastructure. Hydromax USA now offers demand-leveling services for routine hydrant and valve maintenance, which can assist utilities in getting caught up when internal staffing is down, including through growth phases.



Instruments placed at or in important underground pipeline system locations provide continuous data to Hydromax USA and their clients.

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DELIVERING PRECISE ASSESSMENT DATA FOR SMARTER INFRASTRUCTURE DECISIONS.

Hydromax USA is a leading-edge service provider specializing in infrastructure data collection for pin-pointing and assessing the condition of aging water, wastewater and natural gas conveyance systems. Our comprehensive solutions include field service, data collection and delivery of precise data enabling utilities to make critical decisions regarding the repair, replacement and renewal of their buried infrastructure.

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In 2003 when the company started, the focus of the organization was on

supporting utilities facing consent decrees mandated to local municipalities around sewer overflows. There were three primary founders: CEO Steve Lacy in Evansville, board member and Director of the Central Region Jeff Graham in Louisville; and Board Member Mark Bruce, who is in Seattle.



Jeff Graham, Director, Central Region, Hydromax

First water utilities, then gas

As the need for additional information grew, Hydromax's services expanded to include sanitary sewer evaluation studies, smoke testing in sewer pipes, and manhole inspections to help utilities prioritize infrastructure in need of repair. Additionally, robotic cameras are frequently installed into sewers to find collapsed or broken pipes.

In 2009, Hydromax USA shifted into expansion and increased its services to support gas utilities. The company has developed programs designed to identify "gas cross bores," which are gas lines physically intersecting sewer lines.

Gas pipelines can unintentionally intersect with sanitary or storm sewers, and explosions, injury and death have resulted. Trenchless installation methods for gas lines often do not allow the installer to observe if another utility was intersected.

Travis Day, project manager for compliance at Washington (D.C.) Gas Co., which serves the capital and nearby Virginia and Maryland, said his company's relationship with Hydromax USA began in 2008.



A Hydromax USA worker assesses the conditions and flow of natural gas at a client's meter.



"They are in a niche where their inspections guide us in making key decisions. In Maryland, Hydromax is currently engaged with us on a project inspecting 13,000 miles of pipelines – a two-year, multimillion project to discover cross bores. Hydromax has also built a web data dashboard that has been instrumental for our team to review everything online," Day said.

During the last decade, increased awareness of the injury, death and damage caused from cross bores has resulted in federal and state regulatory action. In August 2011, the U.S. Department of Transportation's Pipeline and Hazardous Materials Safety Administration's requirements for its distribution integrity management program took effect with the goal of improving the integrity of gas distribution systems.

This regulatory development drove rapid expansion the past six to seven years, but Hydromax was already expanding rapidly in its efforts to provide services across what would become a territory that serves 37 states. In 2000, LG&E was one of the first utilities to adopt a cross-bore program via Hydromax USA. By 2003, the company had become a strong Southeast player from Baltimore to Florida. Over the past decade, Hydromax has pushed westward, establishing substantial operations with organizations in the Pacific Northwest.

As a result, in the last 24 months the Louisville data center hit a milestone, increasing its staff to 70 people, with more growth on the horizon. Key positions anticipated for this year are data analysts, GIS specialists, chemists, biologists and physicists, as well as other IT functions, like software architects. With multimilliondollar operations in six locations, Hydromax is considered one of the premier players in the natural-gas inspection industry, in addition to its strong market positioning with the sewer and water utilities nationwide. A worker inside a Hydromax USA truck views monitors displaying conditions inside a utility pipeline system.

While Hydromax has grown to a national footprint, it has maintained its local focus, with regional clientele including the Louisville Water Co., Louisville MSD, LG&E, Vectren, Columbia Gas, and SCANA. At the Louisville data center, the company processes more than a terabyte of critical municipal infrastructure data on any given day, with secured redundancy in its Evansville office. As data matures and is archived, the system is being used to provide infrastructure analytics over a cloud-based approach to serve actionable business intelligence to clients. Investment in IT infrastructure in the last three years exceeded \$2 million in the Louisville operations data center alone.

HydroMax continually looks for partnering opportunities to better serve its clients, working with companies like ESRI, an international supplier of geographic information system (GIS) software, and UTILIS, an Israeli startup that can detect underground leaks via satellite imagery.

"The biggest ramp up of our services in the natural-gas industry occurred in the last six years. The checking and replacement of gas lines is always a priority (for utilities). New data tools make it easier with software evaluation, and we still are expanding in the development of forms and dashboards for our clients, now more often to the smart phone. These eliminate the redundant work of paper processes for the utilities in the field and risk models are more accurate," Graham said.

The company has begun to expand its development of software solutions, with several patents filed in recent months.

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

THIS IS ONLY THE BEGINNING.

Braidy Industries is a future-leaning advanced manufacturer of metals for the global transportation and defense industries. Together, with our subsidiary Veloxint, an MIT-incubated lightweighting solutions company, we're forging new paths in the world of metals.

Our first project is the construction of a greenfield aluminum rolling mill at EastPark Industrial Center in Ashland, Kentucky where we will produce 300,000 annual tons of production-ready series 5000, 6000 and 7000 aluminum sheet and plate for the automotive and aerospace industries.

Congratulations to Veloxint, winner of a 2018 Bronze Edison Award for Space Technology and the 2018 Breakthrough Solution of the Year designation at the S&P Global Platts Global Metals Awards!

We can't wait to show you more of our innovations.



ENERGY

Natural Gas Reshaping Energy Sector



Kentucky's participation in U.S. 'revolution' means pipeline projects – for now

BY DAWN MARIE YANKEELOV

ITH the past decade's advent of horizontal drilling and fracking – known as the "shale revolution" – and the interest in "wet gas" whose more complex hydrocarbons have become marketable today, the natural-gas industry in the Midwest region has seen an uptick. This continues to be one of the reasons our region has the cheapest energy in the country.

Although 83 percent of Kentucky's net electricity generation in 2016 was coalfired, a record 10 percent was natural gasfired. This is a significant increase – 42 percent – in natural-gas generation, up from 7 percent in 2015, according to the U.S. Energy Information Administration.

Surprisingly, there are 16,074 natural-gas-producing wells in 33 gasproducing counties, mostly within Eastern Kentucky according to Kentucky Geological Survey at the University of Kentucky. The top producing counties include: Floyd (64 billion cubic feet); Pike (31 bcf); Clay (13 bcf); Knott (12 bcf); and Letcher (11 bcf). What remains worthy of note in Kentucky is that c o m p a n i e s a n d corporations benefit from the low-cost natural gas resources here and even more energy efficiencies with demand response, explained Sheila Porter, s e n i o r b u s i n e s s development manager of Direct Energy Business, North America's largest

Sheila Porter, Senior Business Development Manager, Direct Energy

Business

commercial energy provider of electricity, natural gas and solar solutions.

U.S. Sen. Sheldon Whitehouse (D-R.I.) introduced federal legislation in April of this year to stimulate natural-gas demand-response programs, which reward reducing energy use, a model well established for electricity customers. Whitehouse's bill is one of the first pieces of federal legislation that leverages states' success in implementing demandresponse pilot programs, which can guard against price spikes for natural-gas consumers and reduce the need to expand natural-gas infrastructure. One of Core Appalachia's 5,600 natural wells, which are positioned throughout 1.2 million acres of the southwestern Appalachian Basin to meet the growing regional demand for natural gas. Headquartered in Charleston, W.Va., Core Appalachia is a privately held, independent producer and processor of natural gas in the Devonian region in Kentucky, Virginia and West Virginia.

"This approach allows for less usage during peak periods," Porter said. "This is particularly useful to hospitals and homeowners who benefit on extra hot days in the summer, for example," she said.

According to Direct Energy Business, some manufacturers in Kentucky have taken interest in direct feeds from the natural-gas pipelines, particularly aluminum plants in the west. Braidy Industries, which broke ground June 1 on a \$1.5 billion aluminum rolling mill in Greenup County in northeast Kentucky, stands to benefit as natural gas is deregulated and not expensive. For a large manufacturer, like Toyota - which uses roughly 2 million decatherms (1,000 cubic feet of natural gas) at its plant in Georgetown versus a homeowner at 50 decatherms - this is an important distinction, Porter said.

Meanwhile, the natural-gas liquids – ethane, propane, isobutene, butane – that are more common from shale production have meant new construction in pipelines from western Pennsylvania and eastern Ohio to chemicals and plastic manufacturers in the Gulf Coast. Kentucky is a pass-through area for NGL pipelines, according to Porter. Some of this has caused environmental concerns, but virtually none of this has had an economic impact in our state yet.

Growth and expansion of the area's aluminum manufacturers has been important for natural-gas stability and growth in the region. In fact, for aluminum manufacturers that heat metals, like steel mills and aluminum plants, natural gas is the best solution because process heating is best achieved this way.

Yet, Kentucky is not really a growth area for natural-gas producers and processers. While there is a push near coal fields to find more pockets of natural gas, production has moved out. The largest flows of natural gas are to move it upstream and downstream into the pipeline feeding the Northeast and to the Gulf of Mexico area, where it is in high demand at refineries and chemical plants.

Kentucky has resources for the future

Fracking has been around for 70 years or so, but not horizontal drilling. Tapping shale gas via horizontal drilling changed the game. Kentucky, Ohio, Pennsylvania and West Virginia rely at least 50 percent on fracking for natural gas production.

What the shale revolution is doing for the U.S. is a long-term game changer. Electricity (cost) in the U.S. is at an all-time low, when adjusted for inflation, and this has been caused largely by natural-gas pricing," said Ryan Watts, executive director of the Kentucky Oil and Gas Association. "We (the U.S.) are the



Ryan Watts, Executive Director, Kentucky Oil and Gas Association

world's largest producer of natural gas and NGLs. Since 2016, approximately half of the new jobs created in the country were in the energy sector."

The commonwealth has ample resources for the future.

"In fact, Kentucky's oil and gas industry has supported the nation's pursuit of energy independence for more than a century, resulting in continued low energy costs for consumers," Watts said. "Thousands of Kentuckians are either salaried employees or proprietors in oil and gas (and its support industries). Historically, the industry has contributed more than \$1 billion in total economic impact to Kentucky's economy. Kentucky's oil and gas industry remains a robust, resilient force that will continue to provide reliable energy for years to come.'

Direct Business estimates released in 2012 stated, "Deep veins continue in Kentucky, and we have more than we can use in the next 100 years.'

However, gas revenues are relatively flat, Porter said. It is the old question of supply and demand. The focus has remained on the Gulf of Mexico, where people need the natural gas (not the wet gas or NGLs).

Energy markets are global

The natural gas that comes out of the ground in the next five years will find its way to higher-priced markets with less supply, which may include Europe and even Asia. In this modelling, area manufacturers may find they eventually will have to pay more. NYNEX projects out natural gas prices up to 2025, and manufacturers can't contract for gas supplies eight years from now. Generally, gas is traded in 24-month cycles.

Goals to reduce energy needs by at least 10 percent, as well as a move to renewables (i.e., solar) by at least 15 percent, have

already begun to change the conversations around natural-gas needs.

In the Northeast and Midwest, some entities have already pushed heavily into solar, including Philadelphia Children's Hospital, Porter said. Diversification in energy resources is considered the balancing act for 2018 and beyond.

"Pipelines are antiquated and contribute to gas leaks. Kentucky has about 50 more years for its current pipeline, and some modernization is underway in Eastern Kentucky with the construction of new compressor stations, moving natural gas to the Gulf," she said.

Before 2010, most supply was staying closer to home.

Real-time feeds of natural-gas flow, and use allow for future predictions of demand and companies are spending more time managing power because of technological resources.

Some industry consolidation has already occurred. In September 2017 the sale of Delta Natural Gas Co. to PNG Companies LLC, parent of Peoples Natural Gas, was finalized. Delta is headquartered in Winchester and serves about 39,000 customers in 23 counties in Eastern and Central Kentucky. These customers will join the 3,000 customers in 10 Eastern Kentucky counties that Peoples already serves.

"Since Steel River's original purchase of Peoples in 2010, we have tripled the number of people we employ and have more than doubled the customers we are serving. In Kentucky, we will seek out opportunities to expand natural-gas service in Delta's current territory," Peoples President and CEO Morgan O'Brien said

in a recent release. This is expected to spur economic

growth for the region.

Multiple pipeline projects

Earlier in 2016, TransCanada acquired the Columbia Pipeline Group for \$13 billion. This created one of North America's largest regulated natural-gas transmission businesses linking the continent's most prolific natural-gas supply basins to top markets, like those in Kentucky in the Appalachia product basin.

While there is no gas pipeline work for this company underway in Kentucky, recent additions in construction include a new natural-gas compressor station in the Grayson area, completed in December 2017. The station is tied to TransCanada Corp.'s \$400 million Rayne XPress project to add compressor



A 640-megawatt natural gas-fired Cane Run Generating Station unit, shown during construction in western Louisville, went online in 2015. Replacing coal-burning units built in the 1950s, it generates electricity with gas turbines, and then recycles exhaust heat to generate steam and produce additional power.

stations on TransCanada's existing Columbia Gulf system.

The company's Gulf XPress project includes the installation of seven new compressor stations, three of which are in Kentucky (Morehead, Paint Lick and Goodluck). As is typical, the gas transits the state to other regions.

In Bullitt County, LG&E is constructing a new natural-gas pipeline that will support continued residential, industrial and commercial growth in that county.

"Currently, we're conducting the initial survey work to determine a viable route that is the least expensive and best path forward for our customers. While the exact path is still being determined, the line will run from the eastern part of Bullitt County and extend roughly 10-12 miles," said Chris Whelan, vice president



Chris Whelan. Vice President of Communications, LG&E

of communications for LG&E.

The company last year completed a project to replace 540 miles of aging steel and iron piping gas main.

Another project in the state to watch for is the Tennessee Gas Pipeline Co. construction of the Broad Run expansion project, which will expand natural-gas transportation capacity on the existing TGP system this month. The project will provide an increase of 200,000 decatherms per day of firm transportation capacity, and includes four new compressor stations, including one in Madison County. The company is also increasing compression capacity by modifying two of its existing compressor stations in Powell and Boyd counties in Kentucky. The project is expected to generate approximately 400 construction jobs at its peak.

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



Morgan O'Brien. President and CEO, Peoples

Natural Gas



Solar Power Net Metering Is Hot

Utility companies large and small are staking their claim in the increasingly important solar sector

BY DEBRA GIBSON ISAACS

OUSE Bill 227 – legislation that would have significantly changed one of the most important laws relating to solar energy in Kentucky – took as many twists and turns during the 2018 General Assembly as a country road, but ultimately came to an abrupt halt. It died on the last day of the session, but strong opinions about solar energy and its future in Kentucky live on.

While solar energy, even with tax incentives, remains more expensive for consumers than what the electricity utilities provide, the difference is narrowing. Wholesale solar-panel costs are declining 10 to 15 percent every year.

Importantly, if homes and businesses with solar systems are generating more power than they are using when the sun is shining, the excess feeds into the power grid and their meter runs backward, which credits or compensates them at their retail rate.

Utilities that build, maintain and operate the electric grid system pay out money to homes or businesses whose solar panel systems generate more power in a month than they use. At the heart of the compensation process is "net metering," and HB 227 would have redefined it, generally shifting the fundamental formulas from retail to wholesale. The rates of compensation and who sets those rates could change dramatically.

Many states have net metering laws. These laws vary widely, and those differences mean the benefits of using and generating solar power can vary widely for customers in different areas of the country.

Net metering compensation rates are a key cost-analysis factor today for consumers assessing whether to purchase home and business solarpanel systems. That makes it crucial also to the growing industry of businesses that sell solar panels and systems – an industry that expects demand to grow greatly in the next decade if current trends on energy costs and environmental impacts continue.

The net metering debate going on currently is viewed as a proxy fight over who will be around to meet that future demand, how the costs of grid operation will be distributed, and who will have a say in setting electricity rates. The 60-acre Cooperative Solar One solar power farm in Clark County has more than 32,000 panels and generates enough electricity for about 1,000 typical homes. Members of any of East Kentucky Power Cooperative's 16 owner-member coops can license a panel for 25 years for \$460 and receive monthly credit for the power the panel generates.

We asked four leaders in this field to offer their perspective on where we should go now with solar energy. Two represent Kentucky's largest utilities, and two represent business entrepreneurs who have staked a claim in this increasingly important industry.

Solar Energy: A maturing technology that offers real value

By Nick Comer, External Affairs Manager, East Kentucky Power Cooperative

Solar and other renewables are important to a wellbalanced energy portfolio and will continue to be in the future.

Over the last few years, the U.S. has seen solar energy installed at a rising rate. These installations including our cooperative's 60-acre Cooperative Solar Farm One in Winchester – clearly demonstrate solar is a maturing technology that offers real value, especially for consumers who demand clean-energy alternatives.

The community solar approach of Cooperative Solar has been wellreceived by consumers seeking



Nick Comer is external affairs manager of East Kentucky Power Cooperative, a utility owned by 16 electric distribution co-ops located in central and eastern Kentucky. These cooperatives provide electric service to more than 1 million Kentuckians. assurance that energy for their home or business is clean and green.

In a world that demands reliable, affordable energy every moment of every day, it is important to understand the capabilities and limitations of each generating technology. Solar has its benefits, including free sunshine to fuel energy generation. But it also has its limitations, especially the fact that no energy is generated when the sun is not shining.

Utility-scale battery storage, still in development, could tremendously improve solar's prospects. But fundamental hurdles of cost and reliability remain. It is unclear whether those hurdles can be overcome in the next few years or if we are a decade or more away.

Furthermore, Kentucky policymakers must address the net metering statute to fix the cost-shifting that results from private solar installations being credited at full retail rates while avoiding costs of grid resources necessary for 24/7 service. As private solar grows in prevalence in Kentucky, this cost-shifting will become a rapidly growing burden for the majority of energy consumers who choose not to self-generate.

Incentivize the growth of solar in Kentucky By Jamie Clark, President, Synergy Home

Jamie Clark is

of Synergy, which provides solar panels,

heating and cooling

systems, geothermal,

and insulation and

homes as well as

net-zero home

themselves

upgrading existing

homes. Clark and his

family live in a local

air sealing. He works

with new construction

founder and president

Arguably, solar energy for residential homes in Kentucky is almost nonexistent. We are only adding five to seven houses on average each month. Solar energy is still in its infancy in Kentucky and needs help to grow. In my opinion, not enough people care to fight back against legislation designed to kill residential solar, legislation like what we just saw in the last legislative session.

What we need to do is incentivize the growth of solar in Kentucky. We could use state tax rebates

similar to those at the federal level. New York state added a 20 percent state credit to the 30 percent federal credit, basically allowing homeowners to add solar at 50



A small individual solar power system such as this one typically produces between 3,000 and 3,500 watts of power. Panels have a life expectancy, according to homeadvisor.com, of 14-17 years for thin-film, 23-27 years for polycrystalline and 25-35 years for monocrystalline.

percent of retail cost. Kentucky has a lot more sunshine than New York, but they are beating the pants off of us in solar. Now we are 46th to 48th in solar growth, largely from lack of legislative leadership encouraging a progressive energy portfolio. We can do so much better.

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SOLAR ENERGY



The 10-megawatt solar power facility at the E.W. Brown Generating Station in Mercer County.

Also, it is not currently legal in Kentucky to do third-party leasing. If we allowed that we would see steady solar growth. A company like Elon Musk's Solar City could come in and lease the solar unit to you for 20 years. This gives people who may or may not have the ability to afford a solar system a way to do so on a long-term financing plan. The payment for solar would be just 70 percent of their utility bill. As utility rates rise, this percentage goes up. It would also help those Kentuckians having a hard time paying their utility bill.

At the commercial level, we passed EPAD (Energy Project Assessment Districts) a few years ago. This allows commercial businesses to finance energy measures on their property tax bill. The property rather than the individual gets hit with the liability, so the note stays with the property when sold and keeps the homeowners' credit out of the transaction. The government needs to open new channels for innovation like this, not stop progress.

Individually customized solar facilities for business are available now

By Daniel Lowry, Media Relations Manager, LG&E and KU

Customers are increasingly interested in renewable energy options that support their needs. To help them meet those needs, LG&E and KU offer multiple options, including our Business Solar and Solar Share programs.

Through the Business Solar Program, LG&E and KU will build, own and operate individually customized solar facilities for interested businesses and industrial customers on their properties. In May, we just unveiled the program's inaugural project, which partnered to operate



Daniel Lowry is media relations manager of Louisville Gas and Electric Co. and Kentucky Utilities Co., part of the PPL Corp. family of companies and regulated utilities. LG&E serves 326,000 natural gas and 411,000 electric customers in Louisville and 16 surrounding counties. KU serves 553,000 customers in 77 Kentucky counties and five counties in Virginia.

the first diocesan-based solar array in the

greater Kentucky area at the Archdiocese's Pastoral Center and headquarters in Louisville.

The Solar Share Program allows both business and residential customers, including renters, to support local solar that powers our community. The program is ideal for those who want to support local solar energy but are unable to install it on their own property.

Because power from the sun's energy is not always available, LG&E and KU maintain a diverse portfolio of generation options. These include our 10-megawatt facility at the E.W. Brown Generating Station in Mercer County, which is the largest universal solar facility in the commonwealth, as well as our Dix Dam and Ohio Falls hydropowered generating stations.

Visit lge-ku.com for more information on our renewable energy generating stations and offerings.

Many issues to answer to arrive at fair rate structure By John Cottan, Congral Manage

By John Cotten, General Manager, Wilderness Trace Solar

Looking into the future for renewable energy in Kentucky, the most obvious issue at the moment is net metering. What needs to be done to make an equitable rate for all the forprofit utilities, the member-owned co-ops – which are typically 501(c)(12)-status companies – and those individuals and commercial venues that produce renewable power?

At this time, the only extra hardware investment to the utilities in the production of renewable power from



rooftop or other renewable venues of 30 kilowatts or less (the current net metered cap for renewable power generation) is the installation of a net meter on the facility to read the power purchased and the production power sent to the grid. All other equipment that is on the grid is there as part of the current electrical service.



John Cotten is general manager of Wilderness Trace Solar, a solar power system and equipment provider based in Danville.

Under the current

billing systems, the utilities have said there are additional operational costs that are included in the consumers' electric bills that are not categorized, but added into the overall price per kWh on our bills. This is in addition to the base charge all customers pay to be hooked up to the electric grid; and therein is the problem. No two utilities in Kentucky use the same rate calculations for billing to their customers.

Each has a separate negotiated rate with the Public Service Commission, each has a separate cost and operational structure, and each has a different view of the value of renewable energy to their operations. Until those actual added-in costs of operations are brought to the table and the actual benefit values of timeof-day generation from renewables are calculated into the rate-factoring equation, it is not likely the consumer will see a fair rate for power produced and credited or purchased to the generator in the near future.



Issues including consumer generator rates and compensation for net metering; supply-side distribution; consumer power production; actual costs to the utility, actual per kWh profits; the added benefits from the production of renewable power for loadshedding; and supply-side management will continue to be problems for the foreseeable future until the utility companies with renewable installers and the solar-generator customers all sit down to work out a package that benefits all parties.

Do we need a green tariff rate as some suggest or a separate rate structure for renewable power generators? That is a question to be answered by our legislators, the PSC, and other stake holders.

One thing is for certain: At the Interim Joint Committee (House and Senate) on Natural Resources and Energy on June 7, each utility that spoke said renewables will play a larger role in future power generation. How will it be done? By distributed generation with production on hundreds of smallerA solar power system for a typical small commercial structure or larger home produces 6,000 to 7,000 watts.

scale power generators, or by sitesourced utility-scale generation owned either by the power companies or thirdparty investors.

The last thing to keep in mind is that large storage cells (batteries) and electric vehicles are going to play a significant role in the future of power usage and production requirements within 10 years. How are the utilities going deal with the rate and powerproduction requirements with the advent of those technologies in the next decade? And what types of power generation will be the source for the requirements of those technologies? We need to find answers and solutions to these questions now rather than later.

Debra Gibson Isaacs is a correspondent for The Lane Report. She can be reached at editorial@lanereport.com.

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WOMEN IN BUSINESS

Women Worthy of Note

Women who are making a difference in the commercial life of Kentucky

BY LORIE HAILEY

UR occasional feature, Top Women in Business, highlights some of the women around Kentucky and southern Indiana who are making an impact in business, the professions, politics and economic development. The intent is to recognize not the household names, but those in key roles whose work ethic and body of work are making important contributions to commerce – and life – in the area.

The six women featured in this issue are among the many such women *The Lane Report* editorial board has identified. We welcome your suggestions for others who also are deserving of recognition for their efforts to boost the economy. Send your recommendations to editorial@lanereport.com.

Nancy Grayson



Nancy Grayson is a native of Lexington who currently resides in Walton, Ky.

Title/company: President, Horizon Community Funds of Northern Kentucky

How long at company/position: Eight months **Previous jobs/positions:** Director of Strategic Initiatives, Northern Kentucky Education Council.

Education: Bachelor of Arts in political science (University of Kentucky); Juris Doctorate (University of Cincinnati).

Person who most influenced or

mentored me: My mother, Sue Humphrey, influenced me the most. Balancing work and home life is no easy feat, and she did it with integrity and grace.

What inspires/drives me: Building a stronger community for the next generation and engaging future leaders and doers.

Hobbies: Trying new recipes using one of my many kitchen gadgets; gardening in our back yard; attending concerts and other arts events with family and friends; performing with 50 other professionals and leaders at an annual live benefit called "Suits that Rock."

Current volunteer activities: Prichard Committee for Academic Excellence Governing Board; Kentucky Philanthropy Initiative Board; Kentucky Historical Society Governing Board; Metropolitan Club Board of Governors; United Way of Greater Cincinnati Northern Kentucky Action Council; Trinity Episcopal Church Vestry.

My biggest challenge and how I overcame it: My biggest challenge was making the decision to be open to change. By nature, I enjoy planning and scheduling. However, when it comes to making life decisions, I have learned to say "yes" to opportunities I haven't considered previously. This has helped me to go further professionally and has provided me with many new friends and experiences.

My advice to younger women in business: Build a network of women who challenge you to be more and do more, both personally and professionally. And always write thank you notes, even if they're late.

Kristel Simon Smith



Kristel Smith is a native of Louisiana and currently resides in Frankfort, Ky.

Title/Company: Director, Kentucky Innovation Network at Eastern Kentucky University

How long at company/position:

During the past 14 1/2 years, I have served the Kentucky Innovation Network and Eastern Kentucky University. I have served the last five years in my current position as the executive director.

Previous jobs/positions: Prior to coming to the Kentucky Innovation Network, I enjoyed careers at both Procter & Gamble and IBM, and also as a startup entrepreneur and adjunct professor.

Notable accomplishments: With nearly 15 years of experience in the industry, I have assisted hundreds of companies and helped prepare businesses, communities and industry clusters for strategic growth and development. Among my most noted accomplishments: Creating business models, integrating innovation and intellectual property to assist clients in developing solid financial business positioning and growth. In addition, service as a governor's appointee on the Kentucky Commission for Small Business Advocacy (6th Congressional District) and the \$100 million publicprivate partnership Work Ready Skills Initiative Advisory Committee have been an honor.

Education: My educational background includes a bachelor's degree in computer science from

Southern University, an MBA from the University of Kentucky, and international economics study at the School of Economics in Austria. I completed the Kentucky Entrepreneurial Coaching and Leadership Institute (Scotland) administered by the University of Kentucky, the Venture Capital Institute at Emory University, and certifications as a FastTrac administrator and facilitator through the Kaufmann Foundation and the International Business Incubation Association (InBIA).

Person who most influenced or

mentored me: At Procter & Gamble, John Pepper and A.G. Lafley were outstanding, values-driven CEOs who were present and engaged. Strong mentors and advocates within my organization were Daniel Myer, Carolyn Rutland-White and Bob White, as well as numerous other colleagues. In the university environment, EKU's President Michael Benson is a strong example of what early vision and mentorship can deliver.

What inspires/drives me:

Outstanding leaders and entrepreneurial thinkers who have the tenacity to find solutions to big problems or say yes to bigger ideas and rise to the occasion. It can be: 1.) The innovative entrepreneur who keeps pivoting because the vision is real and the customer need has been proven. 2.) The compassionate university leader who recognizes the value that education brings to people's lives. 3.) The inventor with a novel solution or manufacturer that automates or develops processes. Or even 4.) The community-minded person - whether an official, volunteer or student - who dares to make a difference.

Hobby/interests/volunteer work:

Last year, I took on a new personal challenge and called it, "Live my best life now." The challenge can be large or small, but must seek a new or fun adventure, celebration, accomplishment or just "pass it forward" each month. This personal challenge has resulted in engaging in short trips to enjoy, explore, inspire and connect with interesting people and places.

Currently reading and/or recent movie/play/concert attended: Just serious reading right now: "Engines of Innovation: The Entrepreneurial University in the Twenty-First Century" by H. Thorpe & B. Goldstein; and "Leadership and Performance Beyond

My advice to younger women in business (and young men, too):

It's never too early to begin preparing to be the CEO, on the board of directors or chairman of the board. If you are starting or expanding a business and want it to last, cloning yourself isn't the answer. You need a diversity of skills and people. Choose wisely.

Debra Clary



Debra Clary is a native of Michigan who resides in Louisville.

Title/company: Corporate director, Humana Inc.

How long at company/position: 14 years

Previous jobs/positions: Three decades of leadership experience with four Fortune 500 companies: Frito-Lay, Coca-Cola, Brown-Forman and Humana. Author of "Executive Women & Leadership."

Top accomplishment: I recently produced a film titled "Beauty Mark" in West Louisville that has received multiple awards from the Independent Film society. The goal of the film is to raise awareness of the cycle of poverty and abuse of women in our country.

Education: Doctorate in organizational and leader development (George Washington University) and recipient of the Ralph Stone Leadership Award (2005); Master of Arts in business management (Central Michigan University); Bachelor of Arts in public affairs (Michigan State University).

Person(s) who most influenced or mentored me: My Uncle Benny, who was an eighth-grade dropout before becoming a wildly successful entrepreneur, was one of my biggest encouragers as a young girl. He instilled in me that it is not your circumstances that predict your trajectory, rather what you do with the talents that have been gifted to you that matters.

What inspires/drives me: I am inspired by learning, developing and encouraging myself and others to improve and change the communities we live in. I also love adventures and travel.

Hobby/interests/volunteer work:

Board member at Family Scholar House, Leadership Louisville Center and Women Influencing Louisville, and a member of the National Speakers Association.

Currently reading and/or recent movie/play/concert attended:

I recently saw the movie "I Can Only Imagine," which is based on the incredible true-life story that inspired the beloved, chart-topping song of the same name. The song brings ultimate hope to so many, often in the midst of life's most challenging moments.

My biggest challenge and how I

overcame it: One of my greatest challenges was overcoming Lyme disease as a young mother, a disease that at the time was often undiagnosed and had few treatment options. I became ill while living in the Northeast. Symptoms include debilitating fatigue, tremendous brain fog, aching all over, skin rashes, joint pain, chest pain, heart palpitations, mood changes and poor sleep. As the mother of two young daughters, a wife and with a growing career, I simply refused to accept that the rest of my life would be marked with compromised health. I researched, met with experts, and shared what I was learning until I found an infectious disease expert willing to chart an aggressive course of treatment. Together we succeeded and I have been symptom free for 15 years. The takeaway: Be an advocate for vourself and don't take no for an answer.

My advice to younger women in

business: Set a course to continuously develop your talents. This is a lifetime commitment. Surround yourself with people who will pour into you — those willing to invest in you. Run toward feedback. You can tell the trajectory of one's career by their relationship to feedback. Own your mornings: Start your day in a way that will encourage and prepare you for the day that is ahead. When you own your mornings, you'll own your day, which leads to owning your life.

Expectations" by B. Bass.

WOMEN IN BUSINESS

Karen Hill



Karen Hill is a native of Lexington who was born in Fredrick, Md. when her father was in the army.

Title/Company: Chief operating officer/chief nursing officer at Baptist Health Lexington.

How long at company/position: Over 25 years in administration at Baptist Health Lexington.

Previous jobs/positions: Assistant director of surgical services at UK Hospital; perioperative educator/ clinical nurse specialist, Baptist Health Lexington; staff nurse, Baptist Health Lexington.

Top accomplishment: Inducted in The American Academy of Nursing as a Fellow in 2012.

Education: Doctor of Nursing Practice, Master of Science and Nursing, and Bachelor of Science and Nursing (University of Kentucky); associate degree in nursing (Bluegrass Community and Technical College).

Person who most influenced me: My husband, Brian. He is my best friend and gives me great advice.

What inspires/drives me: I love the flexibility of a nursing career. I have been able to be a care provider, an educator and a leader. In each way, I have tried to help others to have good health care and promote others in their careers.

Hobbies/interests/volunteer work: I love to travel to interesting places, read mysteries and suspense novels, and spend time with my family.

Currently reading and/or recent movie/play/concert attended: "Pursuit of Honor" by Vince Flynn. My biggest challenge and how I overcame it: Balancing work, school and family to return for advanced education. I overcame it through the support of my husband and parents, and later from our children who appreciated the sacrifices.

My advice to younger women in business: Be bold and confident. Often women have self-doubt that holds them back from taking chances in their careers to advance or take on new responsibilities. If you have the right environment and support, you can achieve much more than you think you are capable. Also, find mentors who will open doors for you and provide support and advice.

Mary Elizabeth (Armstrong) Hammond



Mary was born in St. John's, Newfoundland, where her maternal family has lived for eight generations. Her father was career U.S. Air Force, which meant moving every couple of years. She attended Paducah Tilghman High School and set down roots in the Western Kentucky city.

Title/company: Executive director of the Paducah Convention & Visitors Bureau.

How long at company/position:

I began working at Paducah CVB in September 1986. I was offered the executive director position in May 2001.

Previous jobs/positions: I started as the executive assistant in a two-person office, which means you learn all of the jobs that it takes to run a successful tourism office. As the budget and staff grew, I became sales director and served in that position for 10 years.

Top accomplishment: In November 2011, I was honored to present Paducah's bid for inclusion in the United Nations Educations, Scientific & Cultural Organization's (UNESCO) Creative Cities Network at the annual conference in Seoul, Korea. I remember presenting between the mayors of Sapporo, Japan, and Jaipur, India. Paducah was admitted into the network in 2015 as a Creative City of Crafts and Folk Art. Being an active member in UNESCO Creative Cities Network led to an appointment in 2016 by United States Secretary of State John Kerry to serve on the U.S. National Commission for UNESCO. The U.S. National Commission for UNESCO is a Federal Advisory Committee to the Department of State on issues of Education, Science, Communications and Culture.

I also received the Paducah Area Chamber of Commerce SUMMIT Award in 2018, which is not presented every year but rather reserved as a special presentation.

Education: Business administration major (Western Kentucky University and the University of Kentucky). While attending UK, I worked in Special Collections & Archives at the Margaret I. King Library. It was there that I began learning and appreciating Kentucky history and the individuals that formed the way of life in the commonwealth. This experience ultimately led me to a career of promoting the heritage and culture of my adopted home state and city, Paducah, Ky. I am a certified destination management executive (CDME), the tourism industry's highest individual educational achievement.

Person(s) who most influenced or mentored me: There are three groups of women who influenced me tremendously. Many of them are no longer with us, including my mother who was right in the middle of all of it. They are P.E.O. Chapter P, Grace Episcopal Church Altar Guild and the Birthday Club.

What inspires/drives me: This is our life, our community ... let's make the best of it that is possible. It's all about quality of life.

Currently reading and/or recent movie/play/concert attended: As part of the One Book Read project sponsored by West Kentucky Community and Technical College, I've just completed "The Age of Miracles" by Karen Thompson Walker. I recently saw the Broadway touring production of "The Jersey Boys" at The Carson Center for the Performing Arts in Paducah.

My biggest challenge and how I overcame it: The reality of finances – tightening the belt and determining the most important thing needed to reach a goal. Taking the position for less compensation to get in the position to make more.

My advice to younger women in business: Be involved. Know you have a place in the global economy. You matter and you can make a difference.

Sarah Giolando-Matlin



Sara Giolando-Matlin is a native of Wyoming, Ohio.

Title/Company: Senior vice president and chief strategy officer, St. Elizabeth Healthcare

How long at company/position: Eight years

Previous jobs/positions: Senior manager, Healthcare and Life Sciences, Deloitte Consulting **Top accomplishment:** Launching our internal opioid response team four years ago and developing a plan to combat the epidemic.

Education: Bachelor of Business Administration in international business (James Madison University, Harrisonburg, Va.); MBA from Solvay Business School in Brussels, Belgium; Fellow in the American College of Healthcare Executives (ACHE)

Person(s) who most influenced or mentored me: Several strong female leaders, including my managing partner at Deloitte Consulting, Diana O'Brien; the senior vice president of strategy and marketing at BISYS, Maryanne Houlahan; and my first real boss, Kathy Lang Albright, who was marketing director of Bartlett & Co.

What inspires/drives me: I truly appreciate being able to make a tangible impact on the health of our communities in my leadership position at St. Elizabeth Healthcare. The work we do really matters to individuals and our community at large. Meaningful work is a blessing.

Hobby/interests/volunteer work: I have a severe case of wanderlust and travel way too much but can never pass up the chance to go and see something new! I love to be active outdoors, from running to skiing to walking on the beach. I focus my volunteer activities on things that will impact the health of our community. I serve on three boards: the Greater Cincinnati Metro YMCA; Interact for Health (a foundation that provides grants to support community health initiatives); and the Tri-County Economic Development Corp. Foundation. I also am a member of the executive leadership team of the American Heart Association Heart Mini and serve on the Northern Kentucky Entrepreneurship Committee. I am a past board member of Thomas More College.

Currently reading and/or recent movie/play/concert attended: I just

finished "The Handmaid's Tail" by Margaret Atwood, and saw the musical "Kinky Boots" in New York. (Now THERE's a combination!) For work reading, I'm in the middle of "Beyond Heroes," the story of Thedacare's transformation to a lean management system.

My biggest challenge and how I overcame it: I lost my father at the young and formative age of 13. At that point, I became fiercely independent. As I become wiser with age and experience, I am working at losing that independence a bit to lean more on others. Although it served me well, I have shifted my mindset to working with others to go further, instead of going very fast all alone!

My advice to younger women in business: Although it sounds cliché, I can't say enough about the vital importance of having mentors lift you up and who see your talent and capability before you recognize it yourself. I would definitely not be in the position I am in today if it weren't for Kathy, Maryanne and Diana insisting to me that I could reach higher, do more, dig deeper. Two other bits of very practical advice that I will borrow from my first mentor, Kathy, are: 1) Always hire a good boss. The relationship you have with your direct supervisor is critical to your growth and development. 2) Know when to leave. We can sometimes hang on too long to positions, jobs, stations in our lives. You know when you start losing your zeal for something. That's when you need to leave and find your next step!

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



EMERGING LANE

Kentucky's young professionals and creatives



Getting Outside Pays Off

Adventure tourism boosts human and economic fitness

OW much time do you spend outside? An hour a day? That's 4 percent of 24 hours. Many Americans are spending upwards of 96 percent of their time indoors.

Awareness is the first step to getting unplugged and back to nature. Fortunately, Kentucky has a plethora of organized and spontaneous outdoor activities for everyone.

Mimi Hahn and three employees operate Endless Summer Paddle Co. in Louisville, which sells and rents stand-up paddleboards at Taylorsville Lake and other area waterways. Endless Summer also teaches skills clinics, SUP yoga and SUP fitness classes, and sponsors specialty events like full-moon paddles.

Hahn has been a fan of outdoor activities since childhood. She led canoeing expeditions for Outward Bound's at-risk programming in Florida and Alabama for two years before forming a company of her own in 2016.

Endless Summer is a partner of the Kentucky Waterman Series, an annual statewide event for paddle sports races – canoes, kayaks and paddleboards – set up in 2017 through the Explore Kentucky Initiative. Gerry James founded the Explore Kentucky Initiative five years ago as a college student at Campbellsville University. Today his organization promotes an active lifestyle in Kentucky's outdoors by way of guided trips, special events and environmental education. The 10 events of the Kentucky Waterman Series in 2018 take place June through October across some of Kentucky's 50,000 miles of waterways, including Cave Run Lake, Laurel River Lake and Cumberland River.

"Now, more than ever, it is so important that we prioritize time spent out of doors and away from the highpaced demands of modern life," Hahn said. "Getting outside gives us the space for quiet, the space for listening, the space to be just as we are. Of course, I want people to patronize my business but more importantly I want to see my community gathering together with friends and with family to enjoy, cherish, celebrate and ultimately protect and preserve our outside spaces."

Carolyn Sexton contracts with the Explore Kentucky Initiative to lead hikes. She also recently started her own program, Backcountry Belles, to introduce women to the outdoors as a source of self-care and healing.

"It's something we're going to be able to be offering through various nonprofits, churches and even through projects with veterans," she said, "and as a health-care initiative as well."

Kylie Schmidt is the reforestation coordinator for Green Forests Work, a nonprofit organization that has been operating through UK's Department of Forestry and Natural Resources since 2013. She also volunteers for another The Central Appalachia Climbers Coalition hang around on the rocks at Breaks Interstate Park. The Central Appalachia Climbers Coalition installed bolts in boulders and crags, setting out specific routes known as "problems" in rock climbing vernacular.

nonprofit, the Central Appalachia Climbers Coalition.

"Our mission is to sustainably develop and maintain rock-climbing areas in central Appalachia with the hope of boosting tourism and providing new economic opportunities," said Schmidt. "We think our outdoor recreation is one of the greatest assets in the region."

Schmidt has been a fan of outdoor activities since she was a little girl in Pikeville, hiking at Breaks Interstate Park. The bi-state park is located at the end of Pine Mountain in Pike County and in southwest Virginia. Thanks to CACC, ecotourism in the form of rock climbing took hold at the Breaks in 2016.

"Local people tend to think of fun in terms of Dollywood or other amusement parks and not thinking of using the land around us," said Shay Wilson, interpretive programs coordinator at the Breaks. "That can be fun."

Where there's fun there are business opportunities. Hikers, rock climbers, whitewater rafters and other outdoor recreation enthusiasts need guides, gear shops and restaurants.

"That's part of our mission," Schmidt said of the Central Appalachia Climbers Coalition. "We think rock climbing is a good way for developing economic opportunities."—*Kathie Stamps*



The Backcountry Belles get outside at Bad Branch State Nature Preserve on Pine Mountain in Letcher County.

Grassfed Beef by Mail

Maggie Keith talks farming, business and good food

N OT many 33-year-olds can say they make a living as a farmer, but Maggie Keith is making her Crestwood-based farm a well-run business for years to come. Keith, who said she probably would be



working in the fashion industry if she wasn't farming, is a fourthgeneration land steward of Foxhollow Farm along with her two brothers. Her great-great aunt

purchased the 1,300-acre farm in the 1930s. It was passed down through the generations of her family, and today employs 10 people. Keith, who lives on the property with her husband and toddler son, is taking the reins and creating some new services to move it into the future.

It began in 2006.

"My mom and I have worked side by side since 2006 to convert the farm from a three-crop rotation farm to a biodynamic farm community raising grassfed beef," said Keith, who grew up visiting her grandparents at Foxhollow and playing on the farm.

This year, the farm's grassfed beef operation is launching a delivery service that ships its beef to customers nationwide, allowing busy customers convenience, premiere flavor and the opportunity to support a family farm. Foxhollow also hosts events and activities throughout the year, and Keith has a radio show.

We asked Keith more about her work with Foxhollow.

TLR: What's your history with farming and with Foxhollow?

MK: I did not grow up farming. I learned everything I know about farming from great mentors, reading a lot, and hands-on experience. I was

Keith and her mom, Janey Newton, walk the pastures at Foxhollow Farm.

introduced to farming through a love for food and wanting to know where our food comes from. I read "Omnivore's Dilemma" in 2007 and was immediately interested in trying to figure out how we can make local farms work as a business while healing the land and feeding our community at the same time.

TLR: Do you find yourself to be an anomaly in running a farm?

MK: I still get interesting looks from people when they ask me what I do for a living. I always knew I wanted to run my own business but had no idea I wanted to run a farm. I studied business management and entrepreneurship at Appalachian State University (in Boone, N.C.). I actually wrote the business plan for Foxhollow Farm while still in college. It is incredibly challenging to make farming work as a business, but I am determined to continue to figure it out. It takes creativity, perseverance, diversification and patience. Luckily, our beef is tasty, so I have confidence in selling our 100-percent grass-fed beef.

TLR: What do you love about farm life?

MK: I love the early mornings when the sun is rising, there is still dew on the fields, the cattle are quietly munching on grasses and the heat of the day has not yet set in. I love the fact that it is seasonal. There are times where the farm chores seem to never end, and then there are times where curling up in front of a fire with a cup of tea and seed catalogs is all there is to do.

TLR: Can you tell me a little bit about your radio and television work?

MK: I have been working on a project with a foodie friend of mine, Lindsey McClave, called "The Farmer and The Foodie." We started out as a radio show



Maggie Keith is the fourth generation land steward of Foxhollow Farm in Crestwood.

and have been on air (Crescent Hill Radio) for four years. In August 2016, we launched a television show with a pilot episode airing on our local public television station, KET. We are now working on filming a full season, six episodes, and are almost there in our fundraising and filming. Our episodes have taken us across Kentucky, from a feature on the Hindman Settlement School and Grow Appalachia to an in-depth look at hunger in Louisville and how area farmers are partnering with Dare to Care to feed the food insecure to a profile on the efforts being made to revitalize the farming community of Henry County, Ky.

TLR: Is diversification – radio shows, events, etc. – part of your business strategy?

MK: Inviting the community to experience our working farm is definitely part of our mission. We are very interested in allowing people to connect with nature and have a deeper understanding of where their food comes from.

TLR: Why should people eat Foxhollow beef?

MK: Beef is healthy for the land, the animals and our fellow human beings. And it tastes really, really great.

TLR: How do you think the average busy office professional would benefit from walking around your farm?

MK: I think it can inspire creativity and make people realize that they are living things in nature and that the world is a really beautiful place and we should just take every day that we can to enjoy it.—*Abby Laub*

TRANSPORTATION



ROAD CONSTRUCTION IS BACK IN GEAR

Data-driven highway plan prioritizes transportation projects

BY MARK GREEN

ENTUCKY road and bridge construction resumes in earnest for the 2018-2020 biennium with \$2.68 billion authorized to move forward on nearly 400 bridge repairs and replacements; 1,275 lane miles of pavement improvements; and 230 mobility and safety projects.

It adjusts plans to more closely match up to Kentucky's expected revenue stream from its gasoline tax and federal contributions, and reflects the prioritization of the state's new Strategic Highway Investment Formula for Tomorrow process. More than 18 months of work went into designing the SHIFT formula and evaluating more than 1,100 projects.

SHIFT uses quantitative measures such as crash rates, congestion, economic growth and cost-benefit ratios to rank 1,100 projects and incorporates input and priority setting by local transportation leaders across the state.

"The recently enacted six-year highway plan represents the most balanced approach released by Kentucky in decades for addressing the commonwealth's transportation needs," said Gov. Matt Bevin. "This data-driven plan moves us in the right direction of prioritizing key road and bridge projects in view of actual available funding. I am grateful to state legislators and local officials who have collaborated with our administration to identify vital infrastructure needs and craft a roadmap to move Kentucky forward."

Commonwealth transportation officials – who juggle funding for many dozens of projects whose successive studies, rights and property acquisitions, bidding and construction can take a decade or longer – have had to make difficult decisions and recalculations the past few years. Falling gasoline prices caused state road fund and federal highway trust revenue to plunge. New state road projects were stopped, the gasoline tax formula was revised so it has a guaranteed "floor" of minimum revenue and new construction resumed at only \$50 million for a year.

The two- and six-year plans the General Assembly approved this year, though a big increase from a couple of years ago are still "\$200 million short of where we have been prior to the decrease in the average wholesale price of fuel," said Juva Barber, executive director of both the Kentucky Infrastructure Coalition and the Kentuckians For Better Transportation organizations.

The state needs more money for transportation projects to make up its infrastructure shortfall and take on projects thought very important to supporting Kentucky's economic growth goals, Barber said.

Bevin notes that the new plan makes the best of present revenue streams, but he also said the state must further change the gasoline tax formula to increase roadfund income, create new revenue streams or both to have roads and bridges that are safe, adequate for travel and commerce needs, and will support a growing economy.

"We are glad that they put together a balanced highway plan," Barber said, "but going forward we are operating at such reduced revenue levels. We are going to have to make incredibly difficult choices about maintaining the infrastructure that we need and then building new infrastructure, in Northern Kentucky and Western Kentucky and elsewhere. Catching up won't be enough."

Members of the Kentucky Infrastructure Coalition and Kentuckians For Better Transportation "absolutely" agree more revenue is a necessity to maintain the connections state residents have today and provide the ones they expect for the future.

"We favor looking at all options: further modernizing the motor fuels tax and other revenue solutions," Barber said.

The six-year highway plan (FY 2018-FY 2024) includes \$8.5 billion for more than 1,400 projects, including bridge and pavement improvements, road widening, reconstruction of existing roads, and new routes and interchanges. The plan includes \$4.6 billion for mobility and safety projects, \$2.3 billion for bridge and pavement repairs, \$1 billion in federally dedicated programs (such as transportation enhancements and congestion-reduction programs) and \$600 million for federal GARVEE (Grant Anticipation Revenue Vehicles) debtservice payments.

The 2018 highway plan invests funding to paint the existing Brent Spence Bridge in 2019, and in Western Kentucky, right-ofway and utility funds are dedicated for the I-69 Ohio River Crossing connecting Henderson and Evansville, Ind. The Cabinet will continue plans to study an eastern bypass concept focused on economic development from I-71 in Gallatin County to the AA Highway in Campbell County.

The highway plan will also benefit from House Bill 385, authored by Rep. Ken Upchurch and Rep. Sal Santoro and signed by Gov. Bevin. This legislation expands the previous designbid project limit from \$30 million to \$300 million and offers KYTC another option to deliver the most cost-effective, flexible approach to address transportation needs.

"As we move into the summer construction season, we have to closely monitor our cash balance due to a significant number of projects in the pipeline, as well as substantial debt payments the Cabinet owes beginning in June," KYTC Secretary Greg Thomas said. "Our top priorities will be limited to projects that improve safety, repair bridges and pavement, and support job growth."

More information is available at transportation.ky.gov/shift.

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

SPOTLIGHT ON THE ARTS



Creating a Destination Point

Beaver Dam leverages the arts for community success

BY CHRIS CATHERS

T'S not quite four years old yet, but the Beaver Dam Amphitheater audience has grown by leaps and bounds.

That's the assessment of Paul Sandefur, mayor since 2011 of the Western Kentucky town of about 3,500. The amphitheater, which is administered by the city's tourism commission with its debt service paid by revenue from a restaurant tax, most recently hosted twotime Grammy winner and long-time singer-songwriter sensation John Prine. He played to a record crowd of about 4,300 fans, getting closer to the venue's 5,000-person capacity.

Since opening in October 2014 in the heart of Beaver Dam's 2 ^{1/2}-block downtown district, the facility has been a destination for notable music acts like the late Merle Haggard, .38 Special and Martina McBride. Among the venue's 2018 summer offerings is a July 28 concert featuring 1980s hair bands Skid Row, Great White and the all-female Vixen.

"When Merle Haggard came here, he and his people couldn't get over the facility," Sandefur said. "They knew they were going to be in Beaver Dam, Ky., and they expected they'd be playing on a flatbed trailer."

For the John Prine concert, Sandefur said the community played host to people from 40 states, Australia and Canada. Guests filled Beaver Dam's hotels to capacity, local restaurants stayed busy and tourism officials in neighboring Muhlenberg County, namesake of one of Prine's most popular songs, told Sandefur their own hotel rooms were all full.

This success has come as a result of the community's willingness to leverage the arts as a prominent component of local economic development in Beaver Dam and Ohio County, which is the home county of bluegrass music legend Bill Monroe.

"The arts are what has done about 80 percent of the development in this county," Sandefur said. "They opened a Bill Monroe Museum in Rosine, and to get to Rosine you have to go through Beaver Dam. The restaurants are here, the hotels are here. The arts are big in Ohio County. We're building on that foundation."

Success of USDA pilot project

Ohio County has also been a participant in a pilot project administered by the Kentucky Arts Council over the past two years. In July 2016, the council received a \$51,000 grant from USDA Rural Development to integrate artists into farmers markets in two Kentucky counties, Ohio and Owsley. Ohio County already had a history of artists selling their work alongside farm producers in the farmers market, but the pilot program helped solidify that relationship.



Above: The Beaver Dam Farmers Market in Ohio County has become a mini festival every weekend including music, culture and heritage performances in addition to products raised and made at local farms.

Left: Artisan beauty products such as goat milk soap and lotion are among local goods sold at the Beaver Dam Farmers Market.

"I think it's been a huge plus for us. It brought us to a new level. Sales at the farmers market last year were the best we've ever had, and were double what they were the year before," Sandefur said. "That has to be attributed to having more items at the market, including the artwork. And with the music we've had there, it's kind of become a mini-festival. It's become a destination."

Later this year, the arts council will release a report on the USDA grant pilot project, outlining a model that other communities can follow in order to integrate the arts into their own farmers markets. The findings will be explored more thoroughly in a future edition of this column.





Since its opening in 2014, Beaver Dam Amphitheater has become a destination in Ohio County with concerts and a weekly farmers market. Hotels and restaurants in the area have seen increased business as a result.

EXPLORING KENTUCKY



Chow Down, Kentucky!

State showcases regional cuisine on new Culinary Trail

BY KATHERINE TANDY BROWN

N case you haven't yet heard the fabulous news, our state has designated 2018 as "The Year of Kentucky Food." Oh, boy!

Research shows that 77 percent of travelers count food as one of their top three reasons to choose a travel destination, and the variety of tasty victuals within our borders – from upscale white tablecloth and crystal establishments, to marvelous mom and pop drop-ins, to country barbecue joints with paper napkins on a roll – keeps them coming back. Visitors want to scoot their chairs up to a table where locals eat and "taste" their stories.

Kentucky's reputation as a foodie destination has grown to the extent that



Barbecued mutton is a Western Kentucky specialty.

"Top Chef" will film its next season here. If you're a native, or even if you've moved here, you're likely aware of the importance of food in our culture.

"Food is our way to welcome people in and to show our hospitality," says Kentucky Department of Tourism Commissioner Kristen Branscum. "We love to sit around the table and get to know others, as well as serve them food that we love and have taken great care in preparing."

Now tuck in your napkins, for all nine tourism regions have a signature meal that best represents its tastes, chosen by a diverse group of farmers, chefs, food producers and historians from across the commonwealth. In addition, the Kentucky Department of Tourism has launched the Kentucky State Parks Culinary Trail, which features nine parks offering the meals symbolic of their region. All have amplesized restaurants and most, private dining. Park overnights can be lodge rooms, condos, cottages, cabins and campgrounds, some horse-friendly.

Following is a sampling of local foods and the Culinary Trail Park, where you can dine on that area's choice. Each regional meal features an appetizer, entrée, sides, dessert and beverage.

In the Purchase District, located in the state's Western region, check out the Kentucky "surf and turf" – country ham and a fish filet.

Western Waterlands: In the Purchase District, laced with lakes and rivers, start with a bourbon cocktail. Move on to white beans with ham hock, Kentucky "surf and turf," (i.e. salt-cured country ham and a filet of fresh fried fish – probably catfish), just-picked Silver Queen corn and Kentucky Wonder pole beans cooked with bacon. Save room for homemade banana puddin' with whipped cream or lightlybrowned meringue.

On the shores of Kentucky Lake, the longest in the state, Kentucky Dam Village State Resort Park boasts the system's largest marina, 18 championship holes of golf, and a 200seat restaurant with views of the last dam on the Tennessee River.

Bluegrass, Blues and Barbecue: Home to Owensboro, the state's Barbecue Capital, this region's favorite begins with a cup of thick burgoo. Move on to a West Kentucky specialty, barbecued mutton. Add baked beans, potato salad, cole slaw and warm peach cobbler, served with an icy glass of localberry-made strawberry lemonade.

At the 863-acre Pennyrile Forest State Resort Park in Dawson Springs, you can indulge in land and water sports, swim in an outdoor pool, and hike 40-plus miles of trails.

Bourbon, Horses and History: In Derby City, the men-only Pendennis Club created the region's signature drink, the old-fashioned (bourbon muddled with sugar, bitters and an orange slice). A Bibb salad with Benedictine dressing precedes a Kentucky hot brown, a decadent openfaced sandwich of turkey, bacon and Mornay sauce created in 1926 at the Brown Hotel, accompanied by succotash. Dessert of bourbon biscuit pudding adds an "angel's share."

Not only does Rough River Dam State Resort Park snuggle up to a 5,000-acre



Kentucky's famous hot brown – an open-face turkey sandwich topped with a rich Mornay sauce, juicy tomato and crisp bacon.



Goetta, a meat and grain sausage, is a reflection of Northern Kentucky's strong German heritage.

lake, but has its own airstrip and meeting facilities that include a 300-guest convention center. Visitors can boat, fish, play disc or miniature golf, and swim.

Northern Kentucky River: The tiptop of the commonwealth toasts with a Kentucky Rain, made of Blue Curacao, Sierra Mist and George Clooneyendorsed Casamigos Blanco Tequila. An entrée of goetta, a scrapple cousin, reflects the region's German heritage. Crusty tomato pie and potato cakes share the plate with heavenly-sweet transparent pie.

Thought to be the site of Kentucky's last Revolutionary War battle, Blue Licks Battlefield State Resort Park offers land and water sports, an outdoor pool, and three meeting rooms. The patio at its 172-seat restaurant overlooks the Licking River.

Bluegrass, Horses, Bourbon and Boone: A Winchester original since 1926, Ale-8-One over ice or mixed with bourbon starts the show. Beer cheese whets the appetite for Kentucky beef and warm spoonbread with grits, limestone Bibb



Soup beans with country ham, fried potatoes and chow-chow relish will satisfy a hankering for some down-home cooking.

salad with sorghum vinaigrette and finally, bourbon chocolate cake.

Known for its natural sandstone arches and rugged cliff lines, Natural Bridge State Resort Park features a stream-shaped pool and Hoedown Island, nirvana for cloggers and square dancers. Its 175-seat restaurant is a short walk-off-your-meal from 65-foothigh Natural Bridge.

Kentucky Appalachians: Begin your mountain meal with cooked-all-day soup beans and warm cornbread. Follow with salmon patties, fried potatoes and a combo of cucumber, tomatoes and onions with Italian dressing. Wash down a slice of ultra-moist blackberry jam cake with a cup of steaming coffee.

In the mountains near Prestonsburg, Jenny Wiley State Resort Park presents Broadway shows in its amphitheater in addition to offering miles of hiking trails and boating. Its Music Highway Grill seats 224.

Daniel Boone Country: Now finally legal, flavor-infused "white lightning" – or moonshine – will start your meal with a buzz. Still mountain country, this region embraces pickles and chow-chow relish, soup beans with country ham, fried potatoes and fresh green onions. And for dessert, a big ol' glass of milk and apple stack cake.

Named Kentucky's first state park in 1924, the 1,700-acre Pine Mountain State Resort Park offers plenty of sports, including golf on the acclaimed Wasioto Winds 18-hole course, and a state nature preserve. A convention center hosts 300.

Southern Shorelines: Folks in this region sit down to pinto beans and spider cornbread, fried local catfish, mashed potatoes and collard greens with ham hock. They might be sipping on a Ski, a citrus soda made with real oranges and lemon juice that's been popular here since 1956. And for the perfect ending, a homemade fried pie a la mode.

Set on the 63-plus-acre lake considered the country's No. 1 houseboating destination, Lake Cumberland State Resort Park rocks with nearly every watersport imaginable, a year-round



A meal of local catfish, cornbread, mashed potatoes and collard greens is the perfect way to top off a day at the lake.

indoor pool and superb fishing, including 40-to-50-pound stripers.

Caves, Lakes and Corvettes: Tasty, farm-made cheeses offer a perfect start to a meal in Cave Country. Follow those appetite-whetters with pork shoulder or pork chops, sliced fresh tomatoes, sweet corn (creamed or fried), green beans with ham hock followed by a just-out-of-theoven bubbly fruit cobbler with local ice cream. In the summertime, sip a chilled glass of apple cider. In the winter months, hot cinnamony cider will warm you up.

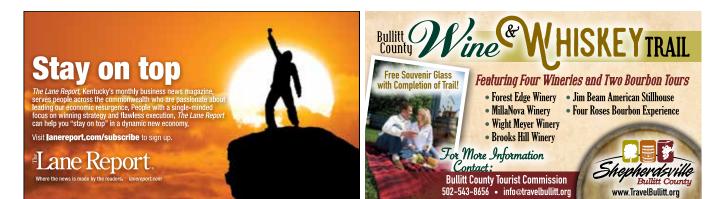
Barren River Lake State Resort Park can host groups in five meeting rooms and even lead team building. A 10-acre, dam-controlled lake assures bigtime fishing and water sports. Its 146-seat eatery overlooks the water.

The components of the abovementioned meals, says Branscum, "will hopefully be looked at as a jumping off point for our creative chefs, cooks, pitmasters and mixologists...to create their own take on our iconic foods."

Find out more about the Year of Kentucky Food, and download recipes to wow your guests at kentuckytourism. com/food/2018-year-of-Kentucky-food.

You can hop on the State Parks Culinary Trail through October 3. Pick up a Trail Passport at any state park, revel in a scrumptious feast and get your Passport stamped. One you have stamps from all nine parks, mail it to the Kentucky State Department of Tourism, and you'll receive a free gift. Plot your travel at http://ky.parks.gov/.

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





WKU Broadcasting Develops Program to Help Students with Autism

ESTERN Kentucky University has established an innovative training program to serve the growing number of individuals with autism spectrum disorder (ASD).

In partnership with the Suzanne Vitale Clinical Education Complex (CEC), WKU Public Broadcasting has created a student employment fellowship program to support the training and advancement of WKU students with ASD. As the rate of diagnosed individuals with ASD increases each year – currently one in 68 – there is a growing need to develop employment opportunities for these individuals as they transition permanently to the workforce.

"This fellowship allows us to address a critical need for college students on the autism spectrum," said David Brinkley, director of WKU Public Broadcasting. "We have an opportunity to improve their transition from college to employment by providing practical work experience and professional training. It is central to our public service mission to educate and adds value to the communities we serve. The establishment of this fellowship is just another example of how we do that."

Students participating in the CEC's Kelly Autism Program Circle of Support – a unit designed to assist university students on the autism spectrum – have



David Brinkley, director of WKU Public Broadcasting and founder of WKU's new program to help provide practical work experience for students with autism.

the opportunity to apply for two fellowship positions each year. As each fellow completes his or her first year, they will transition to part-time student employment supported by WKU Public Broadcasting. At the end of every fouryear cycle, a cohort of eight ASD students will be employed in the training program.

The fellowship has been named the David Brinkley Student Employment Fellowship Program in recognition of the program's director.

Brinkley was diagnosed with head and neck cancer late last year. The diagnosis is terminal and he has, by one estimate, around 16 months to live. He has chosen to continue to work in an industry that means a great deal to him personally and professionally. Brinkley says he hopes to use this opportunity to raise awareness for the additional mission impact areas of public broadcasting.

"It was a humbling surprise to be recognized in such a meaningful way," said Brinkley. "I have dedicated most of my professional career to helping develop students' professional skills, and I have a deep passion for public broadcasting. This fellowship program combines these two in an impactful way, and it's an honor to have it bear my name. As long as I am able to work, I want to continue to promote our mission and help others live up to their potential."

WKU Public Broadcasting intends to take its experiences with training ASD students and create a replicable model for other businesses, organizations and public broadcasting entities to implement.

"It's not enough to simply provide this training opportunity for ASD students," said Brinkley. "We want to serve as educators and advocates to increase understanding and acceptance of autism spectrum disorder within our communities. By doing that, we create a platform for learning and workforce development success."

Retired Surgeon and Nurse Donate \$2.5M to Hardin Memorial

ARDIN Memorial Hospital has received a \$2.5 million gift from a retired surgeon and nurse that is the largest donation in the history of the Elizabethtown hospital. Dr. Robert Robbins and his wife, Rita, say they hope to give

even more, for a grand total of \$5 million.

"Rita and I are so proud of HMH's growth and strength," said Robbins, a retired HMH surgeon and longtime entrepreneur. "We are committed to helping secure our region's health-care system – which is one of the best of its size – today and in the future. We hope we can encourage others to name the Hardin Memorial Health Foundation in their estate plan and to invest now in HMH. Providing the highest quality health care requires all of us participating in providing HMH support and monetary donations."

The couple helped HMH establish a philanthropic foundation many years ago and again when it was reconstituted. The Robbins' unrestricted gift includes cash donations of more than \$1.25 million; prior donations of art, property and cash; and a planned future estate gift.

Earlier this year, Louisville-based Baptist Health acquired HMH in a \$361.4 million transaction. After the acquisition is finalized in December, HMH will operate as Baptist Health Hardin.



Hardin Memorial Hospital Vice President and Chief Marketing and Development Officer Tracee Troutt (left) holds the check for \$2.5 million donated to the Hardin Memorial Health Foundation by Dr. Robert Robbins and his wife, Rita. Pictured with Troutt are (left to right) Dr. Robert Robbins (seated), Sen. Joe Prather, Rita Robbins, and HMH President and CEO Dennis Johnson.

HMH President and CEO Dennis Johnson said that given Baptist Health's promise to grow and expand services and invest millions of dollars in HMH, the timing of this significant private donation is even more exciting.

"There is no way to adequately express our gratitude for this incredible gift, especially at this important point in HMH history," Johnson said.

Ichor and K2 Medical Take Home Top Honors at Idea State U

A product that helps top athletes bounce back through cold therapy and a startup working on an innovative way to assist first responders in lifting patients each won first-place prizes at this year's 11th annual Idea State U finals.

Idea State U, a statewide business-concept competition sponsored by the Kentucky Cabinet for Economic Development's entrepreneurship office and its partners across the state, encourages entrepreneurship and innovation among Kentucky's college and university students. This year's competition included 30 teams from 13 colleges and universities competing to place in the Business Plan and Business Model categories.

Those teams advanced to the finals from three regional competitions held in March in Morehead, Owensboro and Wilmore. At the finals on April 21, teams presented business ideas to a panel of judges at the University of Kentucky's Gatton College of Business and Economics in Lexington for an opportunity to earn a share of a \$100,000 prize pool.

Ichor, from the University of Louisville, won the Business Plan competition with its therapeutic technology for athletes. The team developed the patent-pending ColdTheraPak, a device that enables athletes to take ice baths without the hassle and cost of buying bags of ice.

K2 Medical, a team from the University of Pikeville, took top honors in the Business Model track for developing a way to help those who typically help others. With its Xtra Scoop device, the team is solving a problem emergency responders encounter in safely transporting obese patients. Xtra Scoop consists of detachable wings for a scoop stretcher, making it easier to secure, lift and move larger patients.

Other top finishers in the Business Plan category were:

• Web-U Trainer (University of Pikeville) – Lifetime Learner provides video-based training for higher-education institutions to address sexual harassment and assault. Customizable, interactive Web-U Trainer modules feature fictionalized video scenarios to train faculty, staff and students.

• Mindful Mix (University of Louisville) – Mindful Mix is an all-natural, superfood-infused cocktail mixer. Fortified with vitamins and electrolytes, the product can be mixed with alcohol for a cocktail, or with club soda for a "mocktail."

• Bear in Mind (University of Kentucky) – Bear In Mind is a product to protect hikers from attack in areas like some of the national parks. It would provide park visitors with the option



A team from the University of Pikeville won first place in the Business Model track at Idea State U, a statewide business-concept competition. Pictured here from left are Kaithyn Abdon and Katelyn Simpson of the K2 Medical team; David Snow, director of business competitions and associate professor of business at UPIKE; and Andrew Reed of the Lifetime Learner team, another UPIKE team that was a top finisher in the Business Plan category of the competition.

to rent safe, efficient and effective bear spray through convenient and user-friendly automated kiosks.

Other top finishers in the Business Model division included:

• GlucoBreeze (University of Louisville) – The AKEESO team from UofL is launching GlucoBreeze, the first noninvasive, breath-based blood glucose monitor. GlucoBreeze measures blood glucose through the breath's natural acetone levels without the prick of a needle.

• National Water Pong League (Asbury University) –The non-alcoholic version of a game where competitors must drink beer when opponents throw ping pong balls into a cups across a table, Water Pong hydrates instead of causing hangovers. The Nation Water Pong Association will host tournaments on a national level.

• Pascal Tags (University of Louisville) – Pascal Tags are a smart, passive and battery-free barcode that changes the way inventory is tracked. Pascal Tags provides inventory distortion solutions for companies of all sizes.

The Idea State U competition is open to all postsecondary institutions in the commonwealth with the goal of identifying and supporting the next generation of Kentucky innovators and entrepreneurs.

The Nicest Place in Kentucky

N spite of what often makes the lead story in daily news reports, niceness does still exist in America. Perhaps in an effort to bring some balance to the negativity that often grabs our attention these days, *Reader's Digest* recently set out to find the nicest places in nation, places that "embody kindness and cooperation," where "locals help out neighbors and strangers alike and newcomers are welcomed as friends."

The magazine's search in The

Bluegrass State led to Wilmore, a tiny community – population 5, 920 as of the 2010 census – in Central Kentucky that is best known as the home of Asbury University and Asbury Theological Seminary.

So what set Wilmore apart from other cities in the commonwealth? The ways in which the city and Asbury University are working to fight the local opioid crisis. *Reader's Digest* notes:

"The opioid crisis has hit the

heartland hard, but Wilmore is taking big steps to address it. First, its local Asbury University recently opened a brand new public policy center with a major conference regarding the crisis. And Wilmore pharmacist Dr. John McDaniel donated nearly \$70,000-worth of the overdose-reversing drug, Naloxone (obtained via federal grant) to Jessamine County Emergency Management to help fight the local opioid crisis."

So now people across the nation know what Wilmore residents have always known: A small town with a big heart can make a real difference in the world.

KENTUCKY PEOPLE

LEXINGTON: TRINSOFT EMPLOYEES ATTEND GALA AT TAYLOR MADE FARM TO SUPPORT THE DREAM FACTORY



TrinSoft, a Lexington-based company that helps businesses automate their processes and transactions, sponsored a table at this year's Dream Factory gala, held at the Taylor Made Farm Yearling Complex in Nicholasville. The gala is held each year to raise funds to grant dreams for children with critical or chronic illnesses. Pictured here are (left to right) Jay Harden, product manager for TrinDocs; Mary Harden; Mallory Wood; Matt Wood, Microsoft Dynamics consultant; Chelsea Gerstle, Microsoft Dynamics consultant; David Mack, senior executive developer; Andrea Haggard; and Bobby Haggard, Microsoft Dynamics consultant.

LEXINGTON: SPACE TANGO'S CLEMENTS NAMED TO FAST CO.'S MOST CREATIVE LIST

Twyman Clements, co-founder and CEO of Lexingtonbased Space Tango, has been named to Fast Company's Most Creative People in Business list for 2018. The list recognizes an influential and diverse group of 100 leaders from a broad range of global industries who are having a measurable impact on the world. Clements was recognized for driving the creation of a new industry for research, bioengineering and manufacturing in low Earth orbit. In the last year and a half, Space Tango has installed two fully automated, TangoLab facilities on the International Space Station that provide near real-time data downlinks to users and are remote-controlled from Earth.



PRESTONSBURG: **BIG SANDY, UNIVERSITY OF PIKEVILLE HOST ANNUAL WOMEN'S LEADERSHIP CONFERENCE**



LOUISVILLE: GOLF TOURNEY RAISES FUNDS FOR AT-RISK YOUTH AND FAMILIES

A miniature golf tournament presented by Delta Dental of Kentucky was held on April 18 to raise money for The Cabbage Patch Settlement House, a Louisville nonprofit organization that provides services to at-risk youth and their families. Local media celebrities Sterling Riggs, of WDRB (top); Matt Milosevich, of WLKY (middle); and Renee Murphy, of WHAS (bottom); played alongside Cabbage Patch supporters to help support the event.







This summer, KET and PBS bring you the world.

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10 Places That Changed America KET Tuesdays • 8/7 pm

BEGINNING JULY 10

Earth's Natural Wonders: Life at Extremes

KET Wednesdays • 8/7 pm BEGINNING JULY 11 Kingdoms of the Sky KET Wednesdays • 9/8 pm BEGINNING JULY 11

No Passport Required

with Chef Marcus Samuelsson KET Thursdays • 9/8 pm BEGINNING JULY 10



The Outback KET Wednesdays • 8/7 pm BEGINNING AUGUST 1

Wonders of Mexico KET Wednesdays • 9/8 pm BEGINNING AUGUST 1



Check KET.org for additional dates and times.

THANK YOU!!! Kentucky Congressmen

who voted for regulatory relief for Kentucky's small banks & consumers!



Mitch McConnell



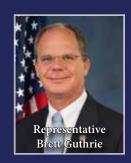
Representative

Thomas Massie





Hal Rogers



Representative Andy Barr

Financial Services Committee

The Kentucky Bankers Association and their member banks thank our Representatives and Senators in Washington for supporting S.2155. With its passage, Kentucky's community banks can finally get back to serving their local businesses and consumers with financial products tailored to local needs, especially as they relate to home mortgages.

This bi-partisan bill was reported out of the Senate with the strong support of Senators Mitch McConnell and Rand Paul. Passage in the House of Representatives was led by Rep. Andy Barr with support from Representatives Hal Rogers, Brett Guthrie, Thomas Massie & Jamie Comer.

On behalf of every Kentuckian who is well-served by a strengthened state economy - and that is every Kentuckian - we thank these legislators for putting Kentucky's needs ahead of partisanship in supporting S.2155.

Kentucky Bankers Association