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Kentucky experts'
best advice for now is:
It's complicated

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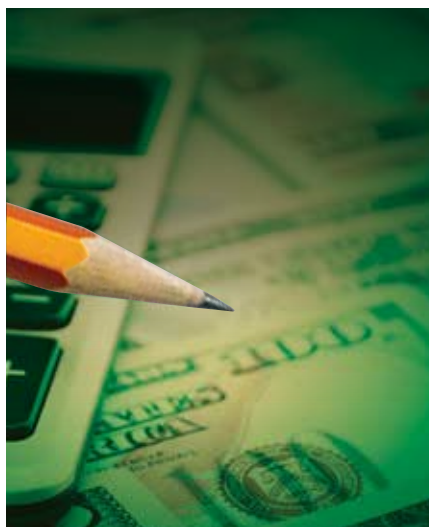
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PERSPECTIVE

SHUTDOWN IS SIGN OF BROKEN PROCESS

Failures on both sides of the
aisle indicate need for change

BY PAT FREIBERT

WHILE the news media is treating the current partial shutdown of the federal government as if it is a rare, once-in-a-lifetime event, national government shutdowns have occurred fairly regularly in recent times during the administrations of numerous presidents of both political parties. Presidents Reagan, Bush, Clinton, Obama and Trump all experienced shutdowns. These most frequently occur when Congress fails to agree on spending in the budget bill.

The primary job of the United States Congress is to pass a budget, the road map for operating the national government. Yet once again, at Christmastime the Senate rushed through a stop-gap spending bill to keep the government running and open, because it had failed to approve a budget on time. A January 2018 report from Pew Research Center documents that "in the four decades since the current system for budgeting and spending tax dollars has been in effect, Congress has managed to pass all its required appropriations measures on time only four times: In fiscal 1977 (the first full fiscal year under current system), 1989, 1995 and 1997."

That amounts to Congress doing its primary job of passing a budget on time only 10 percent of the time.

In addition to uncertainty and the failure to properly appropriate Congress' spending, the current work-around process also makes it even more difficult to identify ways to thoughtfully reduce a \$1 trillion deficit and a \$22 trillion national debt. This exemplifies what experts mean when they say "the budget process is broken."

Without serious budget reform to avoid this pattern of short-term measures and "continuing resolutions" as the process for budget formation, funding will continue to be chaotic. This pattern of budget preparation by Congress creates frequent possibilities for government shutdowns since 75 percent of the nation's budget is already funded for mandatory programs such as Social Security, Medicare, Medicaid, interest payments on the debt and six federal departments that include the Defense Department.

Each year, the only spending under Congress' full purview – so called "discretionary spending" – becomes a smaller and smaller share of the whole budget. For instance, in 1970, the discretionary spending share of the whole budget was 62 percent. Today, it is down to 30 percent. Therefore, every member of the Congress is fighting to get his/her priorities funded from this smaller discretionary spending pot.

The automatic growth of the mandated programs eats up the lion's share of available funds, along with pet




projects that exceed available funds. When you are out of money and fail to agree on discretionary spending proposals, that produces a process spiraling even more out of control. It is why the government always seems on the brink of shutting down and why the national debt continues to escalate.

While it is a complex problem with no easy choices in sight, Congress must address the automatic mandatory spending for entitlements along with other reforms. Otherwise, the nation will continue to face federal government shutdowns and the budgetary chaos that exists year in and year out. Fundamental fiscal reform is never easy, but is necessary for sound spending policy.

In all its coverage of shutdowns, it would be useful for the media to explain that there presently is (or has been) a partial shutdown with essential areas of government operating normally. Seventy-five percent of the budget is already funded. And while certainly impactful – especially for the employees involved and their families – a partial shutdown is occurring throughout nonessential functions. ■



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



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STATE

KENTUCKY REELS IN \$5.3 BILLION IN PLANNED BUSINESS INVESTMENTS, SECOND-BEST YEAR IN STATE HISTORY

KENTUCKY'S TOP JOB-CREATING PROJECTS FOR 2018

COMPANY, LOCATION	JOBS
Amazon, Lexington	600
Phoenix Paper, Wickliffe	500
TopGolf, Louisville	475
Coca-Cola Bottling Co. Consolidated, Erlanger	434
RSTUSA, Somerset	400
GE Appliances – Haier, Louisville	400
Walmart/Jet.com, Shepherdsville	400

COMPANIES pledged nearly \$5.3 billion in **expansions and new facility locations** in Kentucky in 2018, the second highest in state history for corporate investment. The state's highest-ever investment performance was in 2017, with more than \$9.2 billion in corporate projects announced.

There were 374 individual projects announced in 2018 that will create more than 14,500 full-time jobs in the coming years. Rural counties attracted 205 of the 374 private-sector projects announced in 2018 while 169 went to the 10 most-populated counties: Jefferson, Fayette, Campbell, Boone, Kenton, Warren,

Hardin, Daviess, Madison and Bullitt. Urban counties will claim nearly 7,800 of the new jobs announced, with rural communities accounting for more than 6,700.

Consistent with economic development industry norms, Kentucky attracted more projects and total investment from its current businesses than from new companies. Existing businesses announced 311 expansion projects, accounting for more than \$3.68 billion and 8,200 planned jobs. That compares with 63 new-location projects, expected to create more than \$1.61 billion in investment and 6,300 jobs. Internationally owned companies in 2018 announced 62 projects, totaling \$2.37 billion in planned investment and 2,773 in planned full-time job creation.

Kentucky's unemployment rate hit a record low in 2018 and remained low throughout the year, coming in at 4.5 percent as of November. The state's labor force participation rate reached a record high in 2018, standing at 59.3 percent as of November.

STATE

KENTUCKY BECOMES FIRST STATE TO APPLY FOR USDA APPROVAL FOLLOWING THE LEGALIZATION OF HEMP

KENTUCKY was the first state in the nation to submit its regulatory framework for hemp to the **U.S. Department of Agriculture (USDA)** following the passage of the **2018 U.S. Farm Bill**.

The act removes industrial hemp from the federal Controlled Substances Act, giving hemp growers access to USDA programs such as crop insurance, and assigns regulatory authority of industrial hemp to states. There are, however, minimum requirements that a state regulatory framework must meet to win USDA approval.

"Kentucky's regulatory framework perfectly aligns with the requirements spelled out in the farm bill," said Kentucky Agriculture Commissioner Ryan Quarles. "Hemp growers, processors and manufacturers deserve swift action so they can proceed with confidence. Kentucky has led the charge on industrial hemp with bipartisan support for the past five years. Now we are eager to take the next step toward solidifying Kentucky's position as the epicenter of industrial hemp production and processing in the United States."

Individuals and businesses must be licensed by the **Kentucky Department of Agriculture (KDA)** to grow or process industrial hemp in Kentucky. As of the end of 2018, the KDA had received more than 1,000 applications to participate in the state's industrial hemp research pilot program for 2019.



Kentucky Commissioner of Agriculture Ryan Quarles, right, personally delivered Kentucky's state hemp plan to U.S. Agriculture Secretary Sonny Perdue, left, following the signing ceremony for the 2018 Farm Bill, which legalized hemp.

LEXINGTON/LOUISVILLE

DEAN DORTON MERGES WITH NORTH CAROLINA CONSULTING COMPANY

CPA firm **Dean Dorton** has expanded its presence outside of Kentucky by merging with **Massey Consulting**, a North Carolina consulting firm that specializes in accounting software products and services. The merger was effective Jan 1.

Massey Consulting's team has joined Dean Dorton's technology consulting practice, expanding Dean Dorton technology's accounting software expertise and integration.

Over the last several months, Dean Dorton has announced several areas of expansion, including the establishment of a new entity, **Dean Dorton Wealth Management**, an independent, registered investment advisor offering a broad range of services that include retirement planning, investment consulting and portfolio management. Dean Dorton Technology also launched a full-service cybersecurity practice.

"Today's ever-changing technological advancements are only useful to companies if they understand how to use them to operate efficiently and effectively. By combining Dean Dorton's technology consulting team's capabilities with Massey Consulting's expertise, we will be able to provide, implement and support a variety of accounting software solutions, most notably Sage Intacct – a cloud-based platform providing real-time data for business owners, in a much greater capacity nationally," said Jason Miller, director of business consulting services at Dean Dorton. "When it comes to boosting our accounting software practice, Philip Massey and his team are a perfect fit. As a former CPA, Philip understands the nuances of various accounting roles and their needs, but also how software can be personalized and tailored to fit specific clients' needs."



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BUSINESS BRIEFS

BOONE COUNTY

■ **Moody's Investors Service** has assigned a Aaa rating to **Boone County's** \$4.4 million General Obligation Bonds, Series 2018, the highest possible rating for bonds. Moody's also upgraded the county's \$9 million in rated outstanding GO debt from Aa1 to Aaa. In its official credit opinion, Moody's reported: "(County) management has a long history of maintaining strong reserves and liquidity, supported by conservative budgetary practices and adherence to formal fiscal policies. The county's financial position will remain healthy due to growing revenue streams, managements' commitment to long-term financial planning, and adherence to prudent fiscal policies." Boone County Administrator Jeff Earlywine noted that only a small percentage of local governments nationwide have achieved an Aaa bond rating.

BOWLING GREEN

■ **Kobelco Aluminum Products & Extrusions** is investing \$42 million to expand its facility in Bowling Green, where the company plans to add 90 new jobs to meet increasing demand for aluminum car parts that create a lighter, more fuel-efficient vehicle. The project will include the addition of a melting furnace, an extrusion press and fabrication equipment.

CAMPBELLVILLE

■ **Frost-Arnett Co.**, an accounts-receivable management company that has been operating in Campbellville for almost two decades, is investing nearly \$3 million to relocate to a new location within the city. The Nashville-based company is renovating an existing facility on Watertower Bypass that is expected to be ready by June. The company also plans to add 135 full-time jobs to its existing 185-member staff.



Platform 53 photo

COVINGTON

■ **Platform 53**, a coworking space located in Covington's Mainstrasse Village, has been sold to **The Living Room**, a Cincinnati company that operates a full-service facility for consumer research and offsite meetings. The Living Room also has its own coworking program and plans to incorporate Platform 53 into that to further enhance the program. The transaction comes as a result of Platform

53 owner Stacy Kessler's desire to focus on her consulting business, which helps entrepreneurs develop and manage business strategies.

ELIZABETHTOWN

■ **Hardin Memorial Health Foundation** has received a \$221,000 federal grant from the Victims of Crime Act and Violence Against Women Act. The funding will allow HMH to expand its sexual assault nurse examiner (SANE) program, which will provide much-needed follow-up care for sexual assault patients. HMH, one of eight emergency department-based SANE programs in Kentucky listed with the **International Association of Forensic Nursing**, currently has 12 trained SANEs who provide around-the-clock coverage. In 2018, HMH cared for 104 sexual assault victims from across Central Kentucky, a 108 percent increase in volume over 2017.

ELKHORN CITY

■ **AU Associates** and the **Pike County Housing Authority** have partnered to renovate a former Elkhorn City school into an affordable housing complex featuring 27 apartments. The project was funded through the utilization of low-income housing tax credits awarded by the **Kentucky Housing Corp.**, federal historic tax credits from the **Kentucky Heritage Council** and community development block grant funds from the **Kentucky Department for Local Government**. **Community Affordable Housing Equity Corp.** was the tax credit equity investor on the project, with **Fahe** serving as the construction lender.

Devin Hylton Photography photo



GRAVES COUNTY

GENCANNA ADDING \$40M HEMP FACILITY, MORE STAFF TO MEET GROWING DEMAND

GENCANNA Global USA Inc., a hemp genetics and cannabidiol (CBD) formulation company headquartered in Winchester, is investing \$40 million to establish a new facility in Graves County to help meet growing demand for its products. The new operation will create 80 full-time jobs.



GenCanna photo

The new location comes in response to the company's fifth – and most successful – growing season. The 100,000-s.f. facility will include drying, storage, extraction and processing operations, and will boost the company's capacity to 20 times the product grown to date. Construction is expected to be complete late next year.

Founded in 2014, GenCanna develops hemp-derived products for wholesale to clients throughout the United States and internationally. Through partnerships with Kentucky farmers, the company produces hundreds of acres of hemp biomass each year, which are processed for CBD used in the creation of ingredients and white-labeled hemp-derived CBD products. The company currently employs approximately 150 people in Winchester.

In December, the company announced a partnership with **Atalo Holdings Inc.** that will create the largest vertically integrated hemp-derived CBD production, processing and distribution alliance in Kentucky. Atalo, also headquartered in Winchester, has been part of the Hemp Research Campus in Winchester alongside GenCanna for several years, said Atalo CEO William Hilliard. The formalized partnership will provide supply-chain efficiencies, said Hilliard, that will be particularly important in the coming year.

Hemp farming, processing and related-product manufacturing is skyrocketing in Kentucky due to the recent passage of the federal farm bill legalizing hemp; the commonwealth's ideal climate and soil conditions for growing the crop; and increased demand for CBD, hemp and fiber products.

STATE

PUBLIC-PRIVATE COLLABORATIVE FORMS TO GUIDE WORKFORCE DEVELOPMENT

GOV. Matt Bevin has signed an executive order establishing the **KentuckyWorks Collaborative**, designed to help Kentucky develop a comprehensive workforce development system that aligns federal, state and local resources.

The KentuckyWorks Collaborative will be comprised of 18 members representing state and federal agencies, local workforce boards and employers. Each member represents an agency that provides job training, counseling, career development, and technical assistance services to Kentucky employers or job seekers.

Aligning resources, said **Education and Workforce Development Cabinet** Secretary Derrick K. Ramsey, "affords us with the opportunity to more accurately tailor career pathways, education and training to specifically meet employer demand and place Kentuckians on a path of self-sufficiency and competitive wages."

The collaborative will, among other goals, work to increase and improve communication and collaboration among employers, education and training providers, regional workforce boards, and government organizations.

LEBANON

DIAGEO SELECTS MARION COUNTY SITE FOR NEW \$130M DISTILLERY INVESTMENT

DIAGEO has announced plans to locate a new \$130 million distillery in Lebanon that is expected to be operational by early 2022.

The project will include the distillery as well as a dry house and warehousing and will create 30 full-time jobs. Company executives expect construction to begin this summer.



Diageo produces an extensive line of well-known spirits.

The Lebanon project follows the company's 2017 unveiling of its **Bulleit Distilling Co.** facility in Shelbyville, a \$140 million project that includes a 3

million-proof gallon distillery and six barrel warehouses to date. A new visitor experience at the site is scheduled to open to the public this summer.

In recent years, the company has also invested in the restoration of **Stitzel-Weller** in Louisville, which includes a visitor experience, bottling line and experimental still.

Diageo's brands include **Bulleit** and **Buchanan's** whiskeys, **Johnnie Walker**, **Crown Royal**, **Smirnoff**, **Cîroc** and **Ketel One** vodkas, **Captain Morgan**, **Baileys**, **Don Julio**, **Tanqueray** and **Guinness**.

LOUISVILLE

KY INNOVATION HUB DESIGNED TO HELP ENTREPRENEURS, STARTUP BUSINESSES

THE University of Louisville, Louisville Healthcare CEO Council, **XLerateHealth**, and **GLI's EnterpriseCorp** are among more than a dozen partners selected by the state's **KY Innovation** office to create a regional hub in Louisville that will serve and promote more innovative entrepreneurs and startup businesses in the area.

KY Innovation is the Kentucky **Cabinet for Economic Development's** initiative supporting entrepreneurs, startups and small businesses.

UofL will work with its lead partners and other area entrepreneurship service providers – which form the newly established **Louisville Entrepreneurship Acceleration Partnership (LEAP)** – to create and operate a **Regional Innovation for Startups and Entrepreneurs (RISE)** hub. RISE hubs are part of KY Innovation's 120-county effort to modernize Kentucky's support for high-tech, high-growth-potential businesses, entrepreneurs and investors. The other regional hubs will be located in Murray, Pikeville, Lexington and Covington.

The goal of RISE is to foster partnerships between universities, established companies and industry sectors, entrepreneurs, business accelerator and incubator programs, and various other public and private entities.

The Louisville RISE model will have an emphasis on health-care innovation, while offering expanded overall services for all entrepreneurs.

Brian Mefford, KY Innovation executive director, said the office plans to invest more than \$4.9 million in regional efforts, more than doubling funding to the offices of the former Kentucky Innovation Network.

BUSINESS BRIEFS

ERLANGER

■ The **Cincinnati/Northern Kentucky International Airport (CVG)** and **Christian Moerlein Brewing Co.** have teamed up to release a travel-inspired brew called **JET CVG**. With a nod to the region's strong German roots, JET CVG is a German-style Schwarzbier, "jet black" in color with a light mouth feel and clean lager taste. "We're excited to be one of the first airports to collaborate with a local brewery to produce a travel-inspired beer," said CVG CEO Candace McGraw, CEO. "With the upcoming **Christian Moerlein Malt House Taproom** opening at CVG (slated for early 2019), we wanted to pay homage to our community in a way both locals and visitors would enjoy."



CVG photo

FLORENCE

■ Florence-based **Legion Logistics** has acquired **Qontinuity Enterprises**, a third-party logistics brokerage based in Dandridge, Tenn. Like Legion, Qontinuity is a disabled-veteran-owned third-party logistics provider, and specializes in servicing federal and state government transportation contracts as well as the automotive and building products industries. "We've spent the last year talking to many different companies, trying to find one that was the right fit for Legion," said Legion President Lacy Starling, noting that the acquisition is the first step in an ongoing growth plan for Legion. "Qontinuity checks all our boxes – they are hardworking, ethical and knowledgeable, and they bring a host of additional services to Legion that we can now offer our customers."



■ **Graham Packaging Co.** has permanently closed one of its two facilities in Florence, citing the loss of a key contract. The closing, which was effective Jan. 25,

eliminated all 57 jobs at the facility, but the Pennsylvania-based company said employees have been given the opportunity to apply for open positions within the company. Graham is a worldwide leader in customized blow-molded plastic containers, with nearly 100 plants in more than 15 countries.

FRANKFORT

■ The **University of Kentucky College of Pharmacy** has announced a partnership with **Kentucky State University** that allows participating students to count their first year of pharmacy school as their final year of undergraduate school. Through the new partnership, which is already being implemented this semester, students will earn a bachelor of arts in chemistry from KSU upon completion of their first year at UK College of Pharmacy and after finishing a three-year pre-pharmacy sequence of courses at KSU.

GREENUP

■ **Braidy Industries** reports that as of the end of 2018, it invested \$15.7 million in the construction of its **Braidy Atlas** aluminum rolling mill in Greenup and is on schedule to meet its anticipated target of bringing the mill to full commercial operation in 2021. Braidy anticipates that the mill construction will cost a total of \$1.68 billion, and is in the process of raising \$500 million in equity capital and approximately \$1.2 billion in debt capital. Braidy is banking on its proprietary **Veloxint** alloy, designed by **Massachusetts Institute of Technology** scientists to use a nanocrystalline structure to create ultra-high strength metals. Braidy acquired Veloxint in the first quarter of 2018 and **NanoAI**, another leader in high strength aluminum alloys, in mid-2018.

HENDERSON

■ The Kentucky Public Service Commission has authorized the discontinuation of nearly all demand-side management programs conducted by **Big Rivers Electric Corp.** and its member distribution cooperatives, **Jackson Purchase Energy Corp.** and **Meade County Rural Electric Cooperative Corp.** DSM programs are intended to reduce or defer the need for new electric generating capacity by encouraging ratepayers to reduce usage, often by providing financial incentives to do so. However, in their filings with the PSC, the utilities stated that the majority of their programs were no longer cost effective. A third Big Rivers distribution cooperative, **Kenergy Corp.**, received PSC approval in July to discontinue its DSM programs.

BUSINESS BRIEFS

LA GRANGE

■ **The Rawlings Foundation** has donated \$2 million to **Baptist Health La Grange**, designated for the renovation of the hospital's emergency department. The gift, which is the largest in the history of Baptist Health La Grange, will enable the hospital to move forward on the planning process for the project and begin construction in early 2020. In 2017, The Rawlings Foundation donated \$1 million toward the George & Beverly Rawlings Women's Center, which opened in June 2017.



Kaden photo

LEXINGTON

■ **South Park Shopping Center**, a 216,235-s.f. retail center in Lexington, has been sold by **Kimco Lexington 140 LLC** to **Kaden T LLC**, a privately held commercial real estate company headquartered in Louisville that invests and develops retail properties throughout the Midwest and Southeast. Current South Park tenants include **Best Buy**, **Office Depot**, **Bed Bath and Beyond**, **Ulta** and **Value City**

Furniture. Financial details of the transaction were not disclosed.

■ **AU Associates** and the **Lexington VA Health Care System** have broken ground on a new project that will provide affordable housing for military veterans and their families on the grounds of the Franklin R. Sousey Campus of the Lexington Veterans Administration Health Care System. The public-private partnership is part of the VA's Enhanced-Use Lease (EUL) Program, Building Reutilization and Repurposing (BURR) initiative that began in 2009. The EUL BURR initiative involves reviewing vacant VA buildings and underutilized land and engaging industry partners to redevelop the areas into housing for veterans and their families. Through the enhanced-use lease, the project will construct 50 units for veterans and their families.

■ **NetGain Technologies**, a Lexington-based provider of IT services to mid-sized businesses across the South-Central United States, has announced an investment by **Evergreen Services Group**, a San Francisco company that partners with owners of IT services companies to provide operational assistance and capital to support growth and delivery of services. "This is an incredible opportunity for our business," said Jason Jacobson, CEO of NetGain Technologies. "Evergreen's approach to investing in companies for the long term and allowing them to operate independently gives us confidence that our brand, customers and employees will flourish with the Evergreen investment." Financial details of the investment have not been released.

■ **Keeneland** has announced plans to expand its 2019 Spring Meet, opening a day earlier than in previous years, and will present two new stakes for a total of 18 stakes worth a season record of \$4.6 million in purse money. The 16-day meet will be held April 4-26. Post time for the first race daily is 1:05 p.m.



Keeneland photo

LOUISVILLE

■ Louisville advertising agency **OOHology** has merged with **MakeSpace**, a Louisville-based provider of web services. Combining resources, said OOHology CEO Sean Breslin, enables to the company to offer full-service business-to-business, consumer creative services and digital marketing under one roof and across a wider geographical footprint. MakeSpace, which is now operating from OOHology's downtown headquarters, will begin marketing itself as **MakespaceWeb** and will focus specifically on **WordPress.com** website design and development for businesses ready to invest in a more robust digital platform. OOHology and Makespace co-founder Mark Palmer will be shifting his focus away from the agencies but will maintain a minority stake in the company while he pursues inspirational coaching and international speaking engagements.

WILDER

PROTECH HOME MEDICAL ANNOUNCES 2 ACQUISITIONS; CHANGES STOCK SYMBOL



Protech photo

Protech specializes in respiratory equipment for the medical industry.

WILDER-based **Protech Home Medical Corp.** has acquired two medical services and equipment companies in a deal valued at \$871,000.

Tennessee-based **Riverside Medical** provides home respiratory services and equipment throughout western and south-middle

Tennessee and northern Mississippi. The Riverside Medical acquisition is Protech's first entry into Tennessee, which neighbors the company's two largest business units and gives it immediate access to the insurance contracts necessary to serve patients within the state.

Central Oxygen, headquartered in Muncie, Ind., is also focused on the respiratory business. The acquisition will allow Protech to expand its current operations in Indiana from a geographic perspective and brings additional insurance contracts into its domain.

In a separate business action, Protech has consolidated its common shares (one post-consolidation common share for every five pre-consolidation common shares) and changed its stock ticker symbol from PHM to PTQ, trading on the TSXV. A statement released by the company said Protech directors believe that "establishing a higher market price for the common shares will increase investment interest by the equity capital markets in the common shares by broadening the pool of investors that may consider investing in the company, including investors whose internal investment policies prohibit or discourage them from purchasing stocks trading below a certain minimum price."

MAYSVILLE

PRECISION PULLEY TO BRING 134 JOBS TO MASON COUNTY MANUFACTURING PLANT

PRECISION Pulley and Idler (PPI) is investing nearly \$11 million to locate a manufacturing operation in Maysville, bringing 134 new jobs to the Mason County community over the next 10 years.

Iowa-based PPI was founded in 1977 and provides idlers, pulleys, take-up frames and bearings for cement, grain, forestry, power, package and unit handling, coal, hard rock,



aggregate and contract manufacturing businesses. The company operates 12 facilities in the United States, including manufacturing operations, service centers and training centers and also

has locations in Canada and Chile. PPI is 100 percent employee owned through an employee stock ownership plan.

The company plans to locate in an existing 105,000-s.f. building on Progress Drive in Maysville that will provide room for both manufacturing and distribution operations. In addition to putting the company close to a high percentage of its customers, the new location offers the capacity to serve new demand for the company's package and baggage-handling product lines. The building also provides additional space that would allow the company to continue production in the event of a natural disaster, allowing PPI to serve customers without interruption.

SHELBYVILLE

PRARMCO EXPANDS SOLVENTS PLANT TO MEET CANNABIS EXTRACTION DEMAND

PHARMCO, a brand of **Greenfield Global**, has expanded its manufacturing capability for herbal extraction solvents at its plant in Shelbyville as part of the company's effort to stay ahead of what it called "aggressive demand from cannabis extraction businesses."

Pharmco produces products used in herbal extraction, including pure ethanol, denatured ethanol blends, high-purity solvents, MCT oil and hemp seed oil.

Pharmco supplies hundreds of customers all over North America from more than a dozen strategically located warehouses and distribution centers, all supported by centralized production in Shelbyville.

"New and pending legislation legalizing hemp and other cannabis-related products, coupled with ongoing research into their uses, are creating significant opportunities for farmers and herbal extraction companies in North America," said Frank Richards, director of business development for Pharmco.



Pharmco products are lab tested in house prior to shipping to ensure quality and purity.

LOUISVILLE

\$24M IN TAX-CREDIT FINANCING BOOSTS PASSPORT'S PLAN FOR WEST LOUISVILLE



Passport Health plans to build its Health and Well-Being Campus on 21 acres in West Louisville, an area that is a top priority for Louisville's revitalization efforts.

THREE community-development entities (CDEs) are combining to provide more than \$24 million in New Markets Tax Credit (NMT) financing to **Passport Health Plan**, a Louisville-based **Medicaid** managed-care organization. The financing will help fund Passport's new headquarters and health and well-being campus planned for West Louisville.

The CDEs involved are the **National Development Council**, **Reinvestment Fund**, and **Telesis Corp.**, with **SB Friedman Development Advisors** acting as consultants and **PNC Bank** serving as the investor for the \$8.55 million in tax credit equity.

Passport CEO Mark Carter said the 21-acre health and well-being campus will focus on helping Passport members develop job skills, acquire education and ultimately become employed and have access to private insurance. The company will collaborate with community partners to promote a healthy diet, access to affordable and safe housing, and other services to reduce the overall cost of Kentucky's Medicaid program in the future.

NMTC was established in 2000 to provide incentives for investment in low-income communities. The census tract where the Passport project will be situated has a poverty rate of 56.6 percent and an unemployment rate of 19.1 percent.

Carter said that along with the Passport headquarters – which will see more than 300 new jobs from participating partners over the coming years – there will be strong retail and service-based opportunities available on the campus, along with housing, retail, and community-gathering opportunities.

BUSINESS BRIEFS

LOUISVILLE

■ **IQor Global Services** has notified the state of its plan to lay off 128 employees in Louisville around Feb. 11. The company, a global provider of customer care and business process outsourcing, said the layoffs were "the result of commercial decisions beyond our control" but that the Louisville facility will remain open.



■ Global health-care company **AmerisourceBergen** is investing \$15 million to expand its Louisville distribution center, creating 134 new full-time jobs. The investment will enhance the facility's infrastructure, workflow, mechanicals and technology systems, creating a high-tech distribution center that will have the capability to package, process and ship pharmaceuticals to health-care providers across the country. AmerisourceBergen officials said Louisville's location was a deciding factor in the expansion decision.

■ **Southwest Airlines** is now offering daily nonstop flights between **Louisville International Airport** and **Dallas Love Field**. With the addition of Dallas, Southwest now offers 11 daily nonstop flights to nine destinations from Louisville, including Baltimore, Chicago-Midway, Denver, Houston-Hobby, Las Vegas, Orlando, Phoenix and Tampa.

■ Louisville-based **Lacuna Health**, a registered-nurse-led clinical engagement company that addresses gaps that patients and their caregivers experience across the care continuum, has acquired **American Chronic Care LLC**, a Florida-based provider of chronic care management (CCM) services to physician groups, accountable-care organizations and federally qualified health centers. The acquisition accelerates Lacuna's goal of becoming a leading national provider of CCM and other complementary **Medicare** and **Medicaid**-sponsored programs.

NEWPORT

■ Cincinnati-based **North American Properties** has closed on its purchase of **Newport on the Levee**, an entertainment and retail complex located on the banks of the Ohio River in Newport. North American Properties, which bought the 360,000-s.f. complex from California-based **Price Group LLC** for an undisclosed amount, plans to invest more than \$100 million to renovate the property.

OWENSBORO

■ **Greenwell Chisholm Printing Co.** is expanding its Parrish Avenue building, a project that will allow the company to bring both of its Owensboro production facilities under one roof while providing additional space to continue the expansion of its wide-format and mailing divisions. Greenwell Chisholm was founded in Owensboro in 1919 and has grown from a local printing company to one doing business on the national level, run by third- and fourth-generation members of the Greenwell family.



Alliance Resource Partners photo

PIKE COUNTY

■ **Alliance Resource Partners** has begun development of the **Excel Mine No. 5** in Pike County, where the company anticipates deploying total capital of \$45 million to \$50 million over the next 18 to 24 months. Alliance subsidiary **MC Mining** controls the estimated 15 million tons of coal reserves assigned to the Excel Mine No. 5 and plans to utilize its existing underground mining equipment and preparation plant to produce and process coal from the Excel Mine No. 5. MC Mining expects to transition its current workforce to the Excel Mine No. 5 and will continue to employ approximately 211 workers. The development plan for the Excel Mine No. 5 is designed to provide a seamless transition from the current MC Mining operation as its reserves deplete in 2020.

INTERSTATE LANE

Business news from Indiana, Ohio, Tennessee and West Virginia

BUSINESS BRIEFS

INDIANA

■ **FreightRover**, a provider of supply-chain management and payment solutions technology for the logistics and transportation industry, is expanding its operations in Indianapolis, where it plans to add 120 new jobs by 2020. To support the growth of its user base, which is expected to double over the next year, FreightRover is currently hiring software developers, finance associates, and sales and marketing managers.

■ Paper straw manufacturer **Aardvark Straws**, a subsidiary of **Hoffmaster Group Inc.**, is investing more than \$9 million to lease and equip a new 100,000-s.f. production facility in Fort Wayne, Ind. Since acquiring Aardvark in 2018, Hoffmaster has been working to ramp up the company's manufacturing capacity in light of the growing demand for a more environmentally friendly alternative to plastic straws. With the expansion, Aardvark is on track to increase production capacity by 700 percent by the end of 2019. The expansion is expected to create 205 new jobs in Fort Wayne by 2021.



Aardvark Straws photo

■ **Terraboost Media**, a Miami-based advertising and marketing agency, has opened a new office in Indianapolis that will serve as the site of its future growth in the Midwest. The Indianapolis location is home to the company's back-office operations, marketing, sales, account management and customer service. The company plans to hire up to 150 employees for the new location by 2020.

OHIO

■ **Honda R&D Americas Inc.** and **JobsOhio** have announced a grant partnership that will support adding 175 new jobs at Honda R&D's Ohio Center.

The Ohio Center is Honda's second-largest R&D center in the world and has been working to advance the company's driver-assistive and human-interface systems. Last fall, Honda demonstrated its "Smart Intersection" technology for vehicle-to-everything (V2X) communication, which is designed to help reduce traffic collisions at roadway intersections.

TENNESSEE

■ **NomNomNow Inc.**, a fresh pet-food producer and distributor, plans to locate a new production facility in Nashville. The San Francisco-based company crafts and delivers meals for dogs and cats that are made-to-order with restaurant-quality ingredients and tailored to meet specific nutritional needs. The new plant will create 181 jobs.

■ Brazilian ceramic tile manufacturer **Portobello America Inc.** has selected Baxter, Tenn., as the location for its United States headquarters and first U.S. production facility. The company is investing \$150 million in the project, which will create 220 new jobs. Construction is expected to be complete by 2021.



■ **Advanced Plating Inc.**, a company that provides electroplating services for the automotive, architectural fixture and musical instrument industries, plans to locate a new 115,000-s.f. facility in Portland, Tenn., that will create 200 new jobs. The Nashville company, established in 1962, specializes in turnkey components as well as surface finishing technologies including polishing, anodizing, powder coating, chrome, nickel, gold and other plating finishes.

TENNESSEE

AG-TECH COMPANY TO LOCATE SECOND HQ IN MEMPHIS, CREATING 700 NEW JOBS

■ **INDIGO Ag**, a Boston-based agricultural technology company, has announced plans to open a second headquarters for its North American commercial operations in Memphis, bringing 700 new jobs to the city.

Indigo Ag photo



Indigo Ag specializes in digital technologies that promote crop health.

Indigo uses beneficial plant microbes and digital technologies to promote crop health and productivity, while focusing on improving grower profitability, environmental sustainability and consumer health. Indigo first established operations in Memphis in 2016 and currently has 175 employees there.

The company chose Memphis in order to be closer to its agricultural customers. Other cities considered included Minneapolis, Chicago, St. Louis, Kansas City and Dallas.

The company's commercial headquarters in Memphis will include key departments, including finance, human resources, legal, general and administrative staff, sales, logistics, information technology, research and development, marketing and operations. C-suite and senior executives will also be based in Memphis.

In addition to its offices in Boston and Memphis, the company has locations in North Carolina, Australia, Argentina and Brazil.

OHIO

NEW \$100M FACILITY WILL USE PROTON THERAPY TO TREAT CANCER PATIENTS

THE **Ohio State University Wexner Medical Center** and the **Arthur G. James Cancer Hospital** and **Richard J. Solove Research Institute** are collaborating with **Nationwide Children's Hospital** to bring the first proton therapy treatment facility to central Ohio.

Proton therapy is an advanced type of radiation treatment that uses protons instead of X-rays to kill cancer cells. Proton therapy can be used alone or in combination with other therapies to treat several localized cancers, including prostate, brain, head and neck, lung, spine and gastrointestinal in adults, as well as brain cancer, lymphoma, retinoblastomas and sarcomas in children.

Children in particular are vulnerable to the long-term side effects of radiation, including growth abnormalities, cognitive impairment, heart damage and other complications such as radiation-induced secondary cancers later in life. The American Society of Clinical Oncology reports that proton therapy may deliver up to 60 percent less radiation to healthy surrounding tissue and a higher dose to the tumor itself, making it an important treatment option for certain pediatric cancers.

"It's important to note that traditional targeted radiation therapy techniques are still highly effective for many solid tumors, but proton therapy is an exciting new option for localized tumors. It allows us to deliver the highest concentration of treatment directly to cancerous tissue, while sparing delicate surrounding tissue that – if damaged as a side effect of cancer treatment – could result in quality-of-life impacting toxicity," said Dr. Arnab Chakravarti, chair of radiation oncology at the James Cancer Hospital.

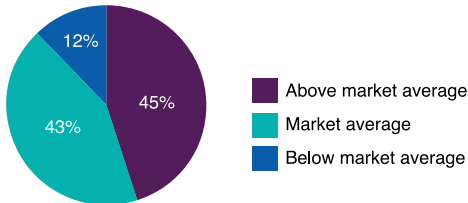
HOW WELL DO YOU UNDERSTAND YOUR EMPLOYEES?

A recent study conducted by staffing solutions company Adecco surveyed more than 500 executives and over 1,000 employees to compare their perspectives on various workplace elements.

SALARY/WAGES

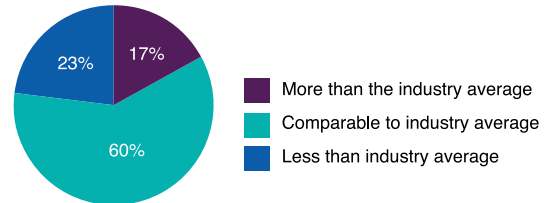
C-Suite

In what range, on average, do you compensate your employees?



Employees

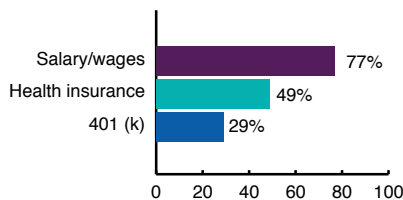
In your current job, how well or not well, are you paid?



TOP JOB FACTORS

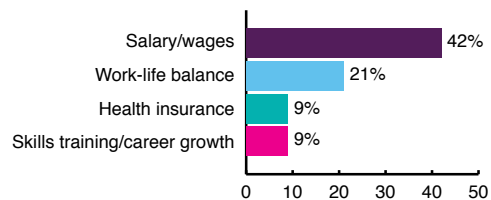
C-Suite

Which job factors are most important to your employees (top 3)?



Employees

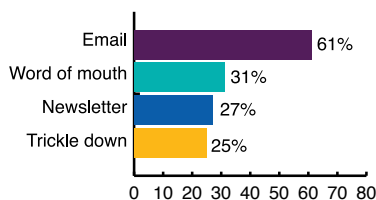
What is the most important job factor to you (top 3)?



COMMUNICATION PREFERENCES

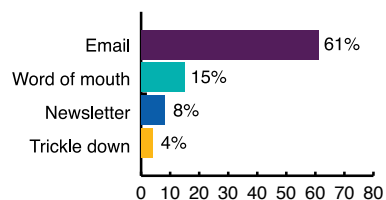
C-Suite

How do you communicate high-level company information to employees?



Employees

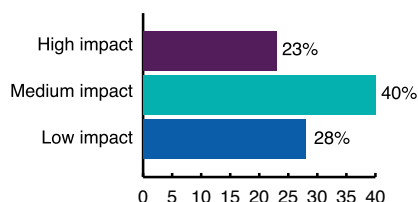
How do you prefer to receive high-level company information?



DIVERSITY & INCLUSION

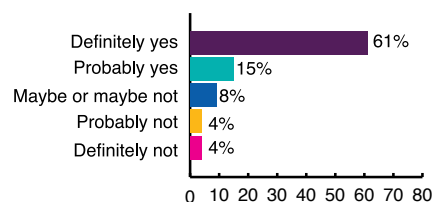
C-Suite

What is the impact level diversity and inclusion has on creating an optimal workforce?



Employees

Do you think your employer is doing enough to create a diverse, inclusive environment?



Source: Adecco

CORPORATE MOVES

New leadership for Kentucky businesses

BANKING

■ **LeeAnn Layne** has been promoted to vice president, loan review for Central Bank in Lexington.



LeeAnn Layne

■ **David Hise** has been named chief operating officer for Louisville-based Limestone Bank. **Jim Watkins** has been appointed chief deposit officer.

■ **David Soper** has been promoted to vice president, commercial lender at Kentucky Bank, concentrating on the Madison County and Central Kentucky market.

BUSINESS DEVELOPMENT

■ **Amanda Johannemann** has been named director of talent strategies for the Northern Kentucky Chamber of Commerce.

EDUCATION

■ **Koffi C. Akakpo** has been named president of Bluegrass Community and Technical College.



Koffi Akakpo

■ **Xiaoqi Liu** has been named chair of the University of Kentucky Department of Toxicology and Cancer Biology.

■ **Dr. Robert Frazer** has been named chair of the Department of Oral Health Practice for the University of Kentucky College of Dentistry.



Robert Frazer

■ **Tammy Meredith-Castle** has been named director of SkillsU (adult education) at Big Sandy Community and Technical College.

■ **Andrea Abrams** has been appointed associate vice president for diversity affairs and special assistant to the president at Centre College.



Andrea Abrams

■ **Keith Moore** has been appointed registrar at Morehead State University.

FOOD/SPIRITS/HOSPITALITY

■ **Marty Allen** has been promoted to the position of dual general manager for the newly opened Tru Louisville Airport hotel and the Hampton Inn Louisville airport.

■ **Molly Fruin** has been promoted to director of sales for the Cincinnati Riverfront, Best Western Plus hotel in Covington.

■ **Courtney Jones** has been named director of sales and marketing for the Lexington Marriott City Center and Residence Inn Lexington City Center.



Courtney Jones

■ **Patrick Roney** has been named executive chef at Ashbourne Farms, a La Grange event facility and working farm.

■ **Michael Fay** has been named field director of sales for Covington-based Commonwealth Hotels.

GOVERNMENT

■ **Kenneth Churchill Imes** has been named county judge/executive of Calloway County.

■ **Karen Wilson** has joined the staff of the Kentucky Public Service Commission as its legislative liaison and executive advisor to the commissioners.

■ **Roscoe Higginbotham** has been named county judge/executive of Nicholas County.

■ **Heather Lyons** has been named director of arts and cultural affairs for the Lexington-Fayette Urban County Government.

■ **Katherine Kington North** has been named executive director of the Office of Public Affairs of the Kentucky Personnel Cabinet.

HEALTH CARE

■ **Whitney Nash** has been named assistant vice president of interprofessional practice partnerships at the UofL Health Sciences Center.



Whitney Nash

■ **Tom Miller** has been named chief executive officer of UofL Health, an integrated academic health system that includes the University of Louisville Hospital, the UofL James Graham Brown Cancer Center and more than 110 specialized clinics and practices.

LEGAL

■ **Ashley Owens Hopkins** has been named as a member (partner) at Sites & Harbison PLLC. Hopkins works in the employment law service group for the firm's Lexington office.



Ashley Owens Hopkins

■ **L. Scott Miller** has been named a member of the Lexington law firm of Sturgill, Turner, Barker & Moloney PLLC.

■ **Kenton L. Ball** has joined McBrayer, McGinnis, Leslie & Kirkland's Lexington office.



Kenton Ball



John Boyd



Jim Skaggs

MANUFACTURING

■ **John Boyd** has been named vice president of contract sales for GE Appliances in Louisville. **Jim Skaggs** has been named vice president of retail sales for the company.

■ **Thomas Modrowski** has been appointed president of Braidy Atlas in Ashland.

MEETINGS/CONVENTIONS

■ **Tony Schreck** has been named chief financial officer for Kentucky Venues, which

operates the Kentucky Exposition Center and the Kentucky International Convention Center in Louisville.

REAL ESTATE

■ **Dustin Coffman** has been named director of commercial development for Louisville-based Hollenbach-Oakley.



Dustin Coffman

TOURISM

■ **Frazier History Museum** in Louisville has promoted **Andy Treinen** to vice president. **Rachel Platt** has joined the museum as director of community engagement.



Rachel Platt

TRANSPORTATION

■ **Jeff Mihalic** has been named president and chief executive officer of Erlanger-based Delta Private Jets, a wholly owned subsidiary of Delta Air Lines that provides charter services and aircraft management. **Lee Gossett** has been named as the company's senior vice president of operations and chief operating officer.

■ **Vic Norris** has joined Paschall Truck Lines in Murray as vice president of fleet maintenance. **David Graham** has been named vice president of asset and facility management for the company.

OTHER

■ **Sarah E. Evans** has joined Louisville-based Turning Point Brands Inc. as director of FDA science.

■ **Ian Moores** has been named director of training for the World Trade Center Kentucky.

DEPARTURES

■ **Michael T. Rust** has announced plans to retire as president and chief executive officer of the Kentucky Hospital Association, effective Dec. 31, 2019.



Michael Rust

■ **Joel Christopher** has left his position as executive editor of *The (Louisville) Courier Journal* to be the executive editor of the *Knoxville (Tenn.) News Sentinel*.



Joel Christopher

■ **Marc Lewis** will retire as president and publisher of Presbyterian Publishing Corp. in Louisville effective June 30, 2019.

<<

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>>

ON THE BOARDS

Kentuckians named to organizational leadership roles

AMERICAN BANKERS ASSOCIATION

■ **Luther Deaton Jr.**, chairman, president and CEO of Lexington-based Central Bank, has been named treasurer of the American Bankers Association.



Luther
Deaton Jr.

BANK OF THE BLUEGRASS

■ **Tom Watts** has been elected to the board of directors of Lexington-based Bank of the Bluegrass. Watts is president and chief executive officer of Lexington-based Exceptional Living Centers.



Tom
Watts

COMMONWEALTH COUNCIL ON DEVELOPMENTAL DISABILITIES

■ **David Allgood, Paul Hitchcock, Michele Williams, Mark Rothel and Jennifer Ulbricht** have been appointed to the Commonwealth Council on Developmental Disabilities. Allgood, of Louisville, is director of advocacy for the Center for Accessible Living. Hitchcock, of Morehead, is a public radio general manager for Morehead State University. Williams, of Leitchfield, is a family peer support specialist for Communicare. Rothel, of Lexington, is an advocate for individuals with disabilities. Ulbricht, of Paducah, is a community living support worker for Easter Seals of West Kentucky.

GATEWAY COMMUNITY AND TECHNICAL COLLEGE

■ **Julie Ann Smith-Morrow** has been named chair of the board of directors at Gateway Community and Technical College in Florence. Smith-Morrow, of Newport, is vice chair of the Newport Independent School System Board of Education. **Erik Hermes** will serve as vice chair and **Charles L. Session Jr.** as secretary.



Julie Ann
Smith-Morrow

HEALTH ENTERPRISES NETWORK

■ **David Henley** has been named chairman of the board for Louisville-based Health Enterprises Network. Henley is vice president and chief compliance officer for Louisville-based Passport Health Plan. **Michael Bryant** and **Richmond Simpson** have also been elected to the board. Bryant is executive vice president and chief administration officer for Trilogy Health Services in Louisville. Simpson is president and CEO of Vimar, a Louisville advertising agency.

HIGHER LEARNING ADVOCATES CHAMPIONS NETWORK

■ **Aaron Thompson** has been appointed to the Higher Learning Advocates Champions Network, a group devoted to improving quality, outcomes and affordability in postsecondary education. Thompson is president of the Kentucky Council on Postsecondary Education.



Aaron
Thompson

INTERNATIONAL SOCIETY OF WEEKLY NEWSPAPER EDITORS

■ **Deborah T. Givens** has been elected vice president of the International Society of Weekly Newspaper Editors. Givens is chair of the Department of Communications at Eastern Kentucky University.

KENTUCKY BICYCLE AND BIKEWAY COMMISSION

■ **Vincent Carman** and **James Kent Morrison** have been appointed as members of the Kentucky Bicycle and Bikeway Commission. Carman, of Radcliff, is an information technology specialist. Morrison, of Ashland, is a food broker.

KENTUCKY BLACK CAUCUS OF LOCAL ELECTED OFFICIALS

■ The Kentucky Black Caucus of Local Elected Officials has inducted its new slate of officers for 2018-2019. President – **Sindicat Dunn**, Burgin; First Vice President – **Kecia Copeland**, Bardstown; Second Vice President – **James Brown**, Lexington; Secretary – **Joanne Kendall**, Owensboro; Recording Secretary – **Maureen "Cookie" Henson**, Manchester; Treasurer – **Pamela Smith-Wright**, Owensboro; Immediate Past President – **Stan Homes**, Radcliff; Sergeant of Arms – **Jeannette Stephens**, Radcliff.

KENTUCKY CHAMBER OF COMMERCE

■ **W. Blaine Early III** has been named chair of the energy and environment council for the Kentucky Chamber of Commerce. Early is a partner with the law firm of Stites & Harbison in Lexington.



W. Blaine
Early III

KENTUCKY EXECUTIVE BRANCH ETHICS COMMISSION

■ **Kyle M. Winslow** has been appointed as a member of the Executive Branch Ethics Commission. Winslow, of Erlanger, is an attorney.

KENTUCKY FINANCIAL INSTITUTIONS BOARD

■ **Karen C. Harbin** has been appointed as a member of the Kentucky Financial Institutions Board. Harbin, of Frankfort, is president and chief executive officer of Commonwealth Credit Union.

KENTUCKY FISH AND WILDLIFE RESOURCES COMMISSION

■ **Ralph Edward Swallows** has been appointed as a member of the Kentucky Fish and Wildlife Resources Commission. Swallows, of Louisville, is a financial advisor with Kentucky Financial Group Inc.

KENTUCKY HORSE PARK COMMISSION

■ **Price Headley Bell Jr.** has been appointed as a member of the Kentucky Horse Park Commission. Bell, of Lexington, is a bloodstock consultant.

KENTUCKY WORKERS' COMPENSATION FUNDING COMMISSION

■ **Timothy Densler** has been appointed as a member of the Kentucky Workers' Compensation Funding Commission. Densler,

of Louisville, is the chief financial officer of Walker Mechanical Contractors Inc.

KENTUCKY REAL ESTATE COMMISSION

■ **Steve K. Cline** has been appointed as a member of the Kentucky Real Estate Commission. Cline, of Bowling Green, is a realtor.

KENTUCKY STATE BOARD OF MEDICAL LICENSURE

■ **Caren L. Daniels, Angela T. Dearing** and **David W. Wallace** have been appointed to the Kentucky State Board of Medical Licensure. Daniels, of Morehead, is an emergency physician and St. Claire Regional's first associate chief medical officer for hospital-based care. Dearing, of Versailles, is a physician and is currently the assistant dean of accreditation in graduate medical education at the University of Kentucky College of Medicine, the associate chief of staff of education at the Lexington VA Medical Center, and an associate professor for the Department of Internal Medicine at the UK College of Medicine. Wallace, of Shelbyville, is a family physician and currently works as a family physician and AEHR physician champion for KentuckyOne Health Medical Group.

MIDWAY UNIVERSITY

■ **Dr. Everett "EJ" Horn, Felicia S. Quigg** and **Herbert A. Miller Jr.** have been named to the board of trustees at Midway University. Horn practices medicine in Frankfort, Lawrenceburg and Versailles and is the chief medical officer for Frankfort Regional Medical Center. Quigg, of Versailles, is head of the Richmond Baking Co. and vice president of Family Pride, the human resources arm of Richmond Baking Co. Miller, of Lexington, is president and chief operating officer of Columbia Gas of Kentucky.



EJ
Horn



Felicia
Quigg



Herbert
Miller Jr.

NATIONAL ACADEMY OF MEDICINE

■ **Dr. Susan Stone** has been elected to the National Academy of Medicine, an organization that addresses critical issues in health, science, medicine, and related policy. Stone is president of Frontier Nursing University.



Susan
Stone

WORLD TRADE CENTER KENTUCKY

■ **Erran Persley** has been appointed to the board of directors of the World Trade Center Kentucky. Persley is executive director of international affairs and business development for the Kentucky Cabinet for Economic Development.

LANE ONE-ON-ONE

Kentucky's leaders express their opinions



Paul W. Thompson

Paul Thompson was named chairman, CEO and president of Louisville Gas and Electric Co. and Kentucky Utilities Co. in March 2018. He joined LG&E in 1991 and served as director of business development, senior vice president of energy services, and president and chief operating officer prior to assuming his current role. Before joining LG&E, Thompson worked for 10 years in the oil and gas industry with Northwest Industries and Koch Industries. He holds a bachelor's in mechanical engineering from the Massachusetts Institute of Technology, an MBA in finance and accounting from the University of Chicago, and completed the executive program on leading corporate transformation at the E.ON Academy Harvard University. Thompson is a key leader in PPL Corp., the parent of LG&E and KU; serves on the board of directors of Electric Energy Inc. and Ohio Valley Electric Corp.; and is chair of the Kentucky Chamber of Commerce.

LG&E AND KU EXPECTS NEARLY STABLE ELECTRIC COSTS IN COMING DECADE

President/CEO Paul Thompson says planning shows company's existing fleet of coal-gas-renewable generation plants should meet customer needs

BY MARK GREEN

Mark Green: What is LG&E and KU's annual revenue and its number of employees, and are those numbers stable, up or down the past five to 10 years?

Paul Thompson: Our revenue for the two companies operating together was about \$3.2 billion last year. We have on the order of 3,600 employees. Interestingly, we have on average a very similar number of business partners – contractors – who are doing everyday work with us, so you might think of it as 6,500 to 7,000 people every day making sure the gas for the Louisville area and electric across the state is working for us.

The employee side has been relatively stable, maybe up a little bit. From a revenue point-of-view, it depends on what the price of fuel is. As fuel is a pass-through for our customers, if fuel is expensive then it gets reported as revenue and cost – so no net difference to the company, but that will drive what that revenue number is. Fuel costs have been down; that's good for customers, good for energy costs. That's kept our revenues in that \$3 billion-plus level for some time.

MG: How many Kentucky customers do you serve and over what footprint?

PT: With Kentucky Utilities, we have about 550,000 customers across 76, 77 counties, all the way west then all the way

east into southeastern Kentucky. Kentucky Utilities has for decades had 30,000 in southwestern Virginia. There is a small portion of Virginia we cover but basically it is Kentucky. Then with LG&E, we've got about 350,000 electric customers, and slightly fewer gas customers – some of those combined. In total, we have about a 1.3 million customer sets – meters – that we are dealing with every day stretching north, south, east and west across the state.

MG: LG&E AND KU is a subsidiary of PPL, based in Allentown, Pa., which has 10 million customers in four states and the United Kingdom. How typical or unusual is this ownership structure for a significant electric utility?

PT: We have been with PPL as our parent company eight years now. That relationship has worked very well. Somewhat atypical to the utility industry, we operate decentralized, meaning all operations here in Kentucky really are independent of what the operations are in Pennsylvania and the operations in the United Kingdom. We do our own planning, our own analyzing, our own decision-making, within a corporate structure, of course. We do governance with budgets and that type of thing, but that is really driven by us here in Kentucky. And that has worked very well

for our customers, works very well for the state, and works exceptionally well for the shareholders of PPL.

We are atypical of utility companies that get larger. They tend to centralize; we operate decentralized. We learn from one another though, so the operations in Pennsylvania on the distribution and transmission side are communicating on best practices, things of that nature. And similarly, although a little bit less, with the United Kingdom process – there are about 7 million customers there. There are about 1.5 million customers for the Pennsylvania operation. That's where you get your rough figures of 10 million (PPL customers) – 1.3 million for us, roughly 1.5 million for Pennsylvania, and 7 million-plus in the U.K. The construct that we have to make everything work here in this state has worked very well for us as part of the PPL organization.

MG: So you have the autonomy to have local decision-making?

PT: Absolutely, we really have to a very large extent. That's very atypical of the utility sector.

MG: PPL is one of the first utilities in the U.S. to fully implement "smart grid" devices on all its circuits. What does that mean to customers in Kentucky?

PT: In plain English, in the Pennsylvania operation for distribution of electricity, two major actions make up that statement. At the distribution level for low voltage that comes through the home, that comes to businesses, they are putting communication and digital and control technology on the circuits – this is at the circuit level, not at the home or at the meter-point. We are doing the same thing here in Kentucky; Pennsylvania is further along. Almost 100 percent of PPL distribution circuits have this control technology. We are in our second year of doing that. Between last year and most of this year, we have \$100 million of capital that will be spent on our circuits to do that.

One other element of what Pennsylvania is doing is putting what's commonly referred to as "the smart meter," the digital meter, at each customer premises. Today we don't have that in Kentucky. We don't have authority to go forward with that. We would like to do that. We did not make a strong enough case to our public service commissioners so they asked us to reconsider. We will, hopefully, have a case to make to do that piece for customers here, because I think that's very important for the future as everything turns more and more digital and customers expect more specificity at their house, their customer location.

THE kentucky crafted Market 2019



Robert Clark



Michelle Strader



Martha Wetter

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MG: Does a “smart meter” control how much power a customer can get at different times?

PT: No, it just provides more data. The amount of energy used would be determined by the customer: what they want to turn on, turn off, etc. But with that data and information in real time, utilities can provide more tailored solutions to different kinds of customers. When we think about the future of the business, the way technology is evolving and the possibilities of very economic “distributed generation” versus what we have – central power stations – that’s where you can start to get more and more tailored solutions for a customer. Without that data, you can’t do that.

MG: Do smart-grid control technologies enable a utility – from the central office, without sending out an employee – to switch a substation on or off or reroute power sources?

PT: That is certainly some of it. In addition, we’re able to improve the reliability for customers because we’re able to switch and control; there’s already some of that, but this is a far more extensive ability. We’ve been hardening the system, which is a little bit different, but with this control technology we are beginning to make substantive reductions in outages. And when they have an outage we can repair it faster. And, to your point, much of this then could be done without sending someone to a site. Or if an employee has to go to a site, there’s a lot more knowledge about exactly where to go so it can be fixed faster. It is a new paradigm for being able to provide that reliable system to the customer.

In today’s world with so much being electronic, even your battery still needs the power from LG&E and KU to have battery life; you depend on it. Customers expect more and more reliability, and that is what we are trying to do – that move towards a digital smart meter at your home is the next generation of improving our abilities to repair faster, eliminate outage time, etc.

MG: PPL’s website indicates plans to invest \$15 billion in infrastructure improvements in the next four years (through 2022). How much of that will be in Kentucky?

PT: It’s roughly a third of that. There’s still substantial capital we are putting into the system, whether that is environmental, this control technology, this hardening of the system, making it more reliable. It’s extensive capital that we’re putting in.

MG: Does that \$5 billion include new power plants?

PT: It does not. It is a variety of system improvements, meeting some of this increased customer expectation – they value that, and they are looking for it. We have capital in there to maintain the generation (of power) that we have. But there is no new power station that we have planned in the next five years.

MG: What is LG&E and KU’s current power generation by energy source, how has it shifted and what further shifts are expected?

PT: If you look back to 1999-2000, we were 97-98 percent energy from coal across LG&E and KU. Last year, we were 80 percent coal; 19 percent natural gas. Three years ago we put into production a combined-cycle natural gas-fired plant and that is why we are burning a lot more natural gas here in Louisville to put on the grid. And we are about 1 percent renewable. We went to that 80:19:1 ratio for last year. I don’t expect that to change dramatically over the next several years because we’re not building new. That’s what we see in the foreseeable future.

MG: Kentucky for decades has benefited from ample inexpensive coal supplies to generate the cheapest electricity in the eastern U.S. Does today’s ample supply of inexpensive natural gas mean Kentucky’s economic advantage from cheap electric power will narrow or disappear?

PT: I don’t think it disappears. We’ve seen a little bit of erosion of the substantive, lower cost benefit that we’ve had. But we’re still a low-cost producer and we’re very good relative to other states on the eastern side of the U.S. It is an economic advantage from a manufacturing point of view, for energy-intensive businesses, and I don’t see that changing. We have modernized our coal fleet for environmental control as well as efficiencies over the past several years; a lot of capital went into that. For all emissions requirements, we’re in very good shape. As I look forward on coal generation, we’ll have very effective marginal cost from those units to compete with lower-priced natural gas. We do have the one combined-cycle plant, so we will be burning that. But our modernized coal plants that are still part of our fleet going forward are clearly going to be competitive with natural gas. I think we’ll still be able to have a very strong economic advantage from that point of view.

MG: There are reports solar power panels are decreasing in price by 15 percent a year and soon will make solar power competitive with fossil-fuel-generated

power. How do LG&E and KU see this scenario currently and expect it will play out the next five to 10 years?

PT: Solar panel costs have come down substantially because now they are mass producing. It is more limited now (in terms of) how it can continue to reduce cost. That’s not to say there won’t still be some cost reduction; there will be and that’s great. We’ve participated with the solar industry by putting our 10-megawatt plant at (E.W.) Brown (Generating Station) in Mercer County. That gives us the opportunity to know exactly how it is working. We are going to the market to test the costs for renewable, solar and wind in the first quarter (of 2019) so we know what current costs are. Costs are going down, but I don’t think in the next five to 10 years it takes over fossil fuel. The most important thing is remembering that you can’t have a grid with just solar or wind, which are intermittent resources; you need to have capability that can run on demand. It’s got to be there when you have to have it because customers want 24-hour power. And these costs that you hear compared are sometimes apples and oranges. When you look in total at what you need it includes fossil fuel-driven production. Renewables, which are getting more cost effective, will be the fleet of the future, there’s no question. We want to participate in that and make it economically advantageous to customers. That’s the direction it is moving, but it’s not quite as robust as you might read on a headline now.

MG: You mentioned earlier the 80:19:1 fuel distribution. Do you have a feel for when that 1 (percent) might become 2?

PT: Best guess would be the latter part of the 2020 decade – 2025-2030 is when we would see, from our latest resource plan. That time frame is when we see that some more substantive energy may be needed and that’s likely to come from renewables. Does it go beyond 2 (percent)? That’s a ways off. But I expect it to go that direction.

It will be incremental. We see customer load relatively flat with efficiencies of appliances, LED lights and so on making a significant difference. In our particular case, we don’t see the need for more generation of consequence until the latter part of the decade. However, other (power utility) entities may need generation sources sooner here in Kentucky; that’s where some (solar power) facilities can be built. We want to provide what makes the most sense for the customers, for the state, and meeting our obligations to serve. And if that means renewables, we’re going to be there. In our case, it’s likely the latter part of the next decade.

MG: Until fracking brought cheap ample gas to the U.S., many members of the business community thought they needed to prepare for 20-30 percent increases in the cost of power within the next decade. What is your expectation for the cost of power for the foreseeable future?

PT: That's hard to predict. We put our best estimates of future power costs into our latest IRP (integrative resource plan), and the projection generally suggests fuel prices are pretty stable. The data suggest there are not going to be high increases. It's just a forecast but we appear to have ample natural gas because of horizontal drilling and fracking combined. We have coal, which may become more expensive to produce because of environmental restrictions, but I don't think that's going to be substantive. Things look to be more stable, but you can't predict with certainty.

MG: Net metering for renewable power – which is an incentive to residential and business solar system sales – became a very hot issue in the 2018 General Assembly as legislation to end or significantly change net metering rules advanced but did not pass. Does LG&E continue to advocate changes in the Kentucky net metering law adopted in 2008?

PT: That is our intention, yes. We think that's the fair thing to do. It is trying to make sure that those who are taking advantage of solar power or other renewable power are not being subsidized by those that choose not to or cannot afford to. In the state today it's not a material issue because there are few net metering customers. But if you went to 100,000 customers from what is now way less than 1,000, then that is substantive and those customers have an advantage and that's what we are trying to alleviate.

MG: What is the status of the electric power grid in Kentucky?

PT: It is consistent with most of the rest of the country. That means that it is in good shape, but it also means that it is old. As part of that \$5 billion we talked about for capital improvements in Kentucky, we are taking 50- to 60-year-old poles on high-voltage systems across the state and replacing them with steel. What's there has worked well, but it's old and outages are being caused by equipment. We can't have that for the customer. As we said earlier, we are also trying to upgrade that control technology and that's the next wave of improvement to the grid.

MG: Is it susceptible to disruption?

PT: Anything electronic and digital is susceptible. However, cybersecurity, preventing hacking, is the No. 1 matter the industry is giving attention to anywhere.

Within LG&E and KU, we have a very effective, strong cybersecurity group that works every day to make sure attempts to get into the system don't have any success. We have those attacks every day. We take even more precautions for the control of the grid, isolating it more from your common, customer service-type interaction. The vigilance that we've started is not going to stop because more and more control technology is where we are going. We've got to have cybersecurity, the electronic as well as the physical safety, around all that. I feel very good that we are on top of any problems.

MG: LG&E and KU and other Kentucky power utilities are very active in economic development. Why do electric utilities get involved? What is the benefit?

PT: Our business territory is specifically defined and we can't go outside that geographic region, so it is to any utility's benefit to try to make that territory more active. It benefits the whole economy for our area, but from a business point of view that increases sales of electricity and sales of natural gas, and all that has a positive circle of benefit economically. That's why we work on keeping power costs as low as possible, so that can be an attraction. One of the things I am trying to do with the company is to have us take a more active leadership role with others in the state, to do more economic development or be better at economic development. We have a staff of people who assist and work with those who are trying to expand their existing businesses, and recruit new companies coming into the area, working with chambers of commerce and other economic development authorities across our territories. We've got people who have done that very effectively for a number of years. I'm trying to up our game and work with the state folks and others to provide more leadership. The state is poised to have a lot more economic development in manufacturing. That has tremendous positive ripple effects across the state, and we need to push on that.

MG: Is it time for Kentucky to improve its incentive packages?

PT: On the energy side of economic development incentive packages, yes, we should be taking a refreshed, positive look at what we're trying to do. It's a difficult issue because incentives still have to be paid for, so where does all that come from? LG&E and KU, along with other utilities in the state, is working with the legislative bodies, the governor, the regulatory commissions to see what may make positive differences. A refresh on the energy side is certainly due. We should be looking at that with a lot of effort.

MG: Are there specific incentive changes you are advocating Kentucky to adopt that we don't now have?

PT: One of the things done in the past that isn't out there currently is to have sites made more readily available for prospective development with more infrastructure, which would include energy. You have to put the capital up to improve those development sites. How do you make that happen? Should we have capabilities to do that? That's an example of what I think we could do more of.

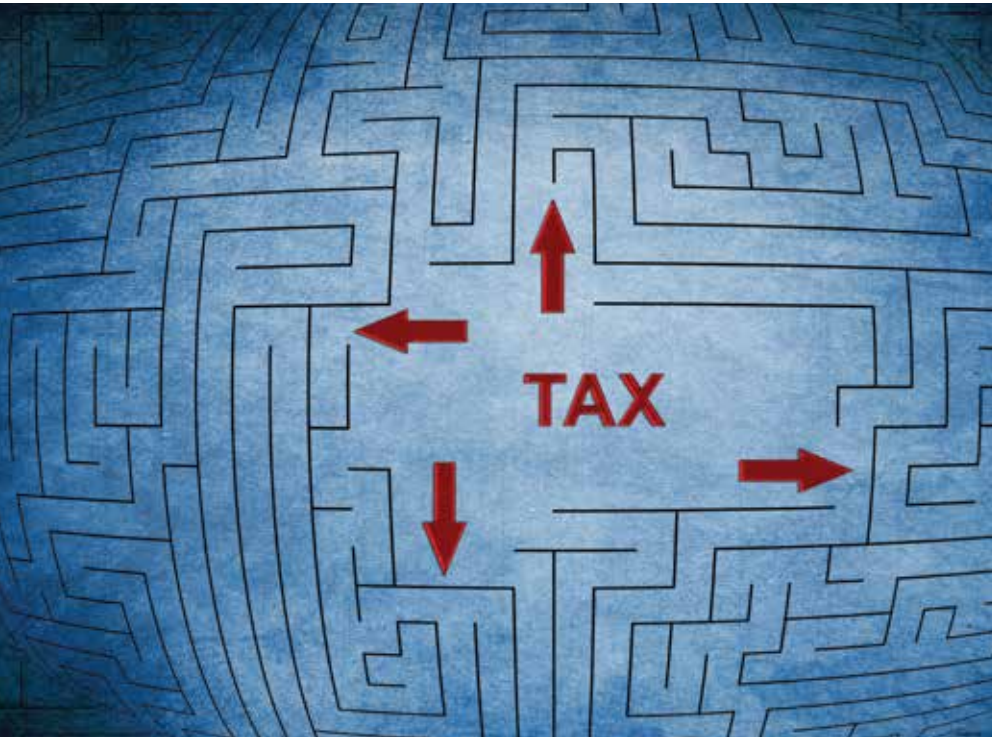
MG: LED lights are having a big impact. Are there new technologies in the works that might significantly impact how consumers use or manage their power consumption? Is the home/business power storage battery about to become a reality?

PT: The digital world and the battery-technology world are having substantial improvements. We see that in electric vehicles and the possibility of having that power pack in your garage. In today's reality that's still not economically attractive to mass deployment. It will further develop; it has an impact on how our business model works and how we work with customers. One of the reasons it makes sense for electricity to be a monopoly when you think about business structure is that there is no storage of our product today. Battery technology, if it further develops, could make a difference in all that; maybe not. It is happening; whether it will get to an economic level that means things are decentralized and you have your own power system in your home – meaning a battery or something else – that is still a long ways off. It may never be something that makes more financial sense. The centralized, more economies-of-scale approach we have today may still win the economic battle, except in certain circumstances. Just like any industry, new technologies are very much affecting our business. Tesla and Edison and Westinghouse invented what we think of today as the electric generation and distribution system, and we still do it the same way as when they created it. What has changed? What is significant now is solar, which has no moving parts and creates direct current that we can convert into alternating current; that has become significant. We, along with lots of other companies, will be out there trying to make that effective for customers. ■



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

Calculating the Impact of Tax Reform



Kentucky's experts' best advice for now is: It's complicated

BY GREG PAETH

SWEEPING changes in the federal and state tax codes that took effect in 2018 virtually guarantee lower taxes for most businesses that will file returns this year.

Now it may be time for accountants, tax attorneys, financial advisors and other tax professionals to scrutinize what transpired over the last year or so to determine if anything needs to be tweaked so that lower taxes can become the lowest possible taxes that don't run afoul of new IRS regulations.

People who know their way around IRS form 1120S and the masses of other Internal Revenue documents make it clear there's no assembly-line strategy for business owners who want to maximize the impact of the federal Tax

Cuts and Jobs Act and the stem-to-stern overhaul of the Kentucky tax code that was approved last April.

"As with any tax question, it depends...", said Melissa Mattox, driving home the point that no two clients who walk through the door at Lexington's Kinkaid & Stilz law firm have identical tax issues.

"With many of our clients we had to take a 'wait and see' approach regarding the QBI (the federal Qualified Business Income) deduction because there was a lot of uncertainty around what was a 'service' business and

what wasn't," said Mattox, referring to a critically important element of the new federal tax law that pertains to thousands of smaller businesses throughout Kentucky and elsewhere in the country.

"Now that the regulations are out, clarifying which businesses are able to take advantage of the QBI deduction, we can do more in-depth planning."

"There is no one-size-fits-all recommendation (on the QBI) anymore because your strategy changes with your industry, your level of business and nonbusiness income, the amount of assets owned by the business and your payroll," said Mattox, a CPA, the tax manager for the law firm and a member of the executive committee of the Kentucky Society of CPAs.

Cindy Hockenberry, director of tax research and government relations for the National Association of Tax Professionals, agreed that tax questions can't be answered with a cookie-cutter approach.

"The answer depends on so many factors, including the type of business, what services they offer, what the income projections are, and how they are currently organized. It is not a one (tax) tip fits all situation," said Hockenberry, whose association is based in Appleton, Wis.

"Business owners in any state with an income tax (such as Kentucky) should seek the advice of a tax professional to ensure they are claiming all the proper deductions and paying the least amount of tax allowed by law," she said.

Hockenberry's comments about hiring a professional echoed those of other accountants, attorneys and financial advisors who focus on tax issues. And while remarks from people who get paid to do tax work may seem to be self-serving, it's clear that the first major rewrite of the federal code since 1986, combined with controversial tax reform in Kentucky, have layers of intricacy that might baffle most taxpayers.



Cindy Hockenberry, Director of Tax Research and Government Relations, National Association of Tax Professionals



Melissa Mattox, Attorney, Kinkaid & Stilz

"Of course, we will adjust our advice as we see the (ongoing) results of the tax law changes. Our advice to our clients will change year to year, regardless of tax law changes, based on their particular circumstances," said Miranda Aavatsmark, a CPA and tax manager for Blue & Co., an accounting and consulting firm that has an office in Lexington and nine others in Kentucky, Ohio and Indiana.

"However, there is still a lot of guidance (from the IRS) to be issued in regards to the new tax law," Aavatsmark said. "As this guidance is released, it will help us to better understand how the changes affect our clients. In 2019, clients may have more opportunity to make changes and realize greater savings once we have computed their actual 2018 tax liability."

"The upcoming tax season should provide better insights as to which businesses may not receive benefits. It will be interesting to learn who did not benefit and the reasons, so that we can adjust our advice in 2019," Aavatsmark said.

Erica Horn, a CPA and attorney and associate director of tax services for Dean Dorton, a Lexington-headquartered accounting firm, agreed it may be too early to make any ironclad conclusions about the impact of the state and federal changes. "I think it's a little too soon to know how this is all going to play out," Horn said.



Miranda Aavatsmark, Tax Manager, Blue & Co.



Erica Horn, Associate Director of Tax Services, Dean Dorton



Business returns taking longer

Although some individual taxpayers may find that federal tax filing is less complicated now, that may not be the case for business owners. Several tax professionals who commented for this story said business returns might take longer this year because new regulations could prompt plenty of new questions from business owners.

"We think we're going to be real busy, and we're estimating that we're probably going to be spending 10 to 20 percent more time on returns this year," said CPA Kevin L. Fuqua, a partner in MCM (Mountjoy Chilton Medley) CPAs and Advisors in Louisville.

Tax cuts at the federal level made national and international



Kevin L. Fuqua, Partner, MCM CPAs and Advisors

headlines, touched off a flurry of presidential tweets and clearly overshadowed Kentucky's effort last spring to duplicate at the state level many of the changes in President Trump's Tax Cuts and Jobs Act.

"For Kentucky business owners it's important to reiterate that there were big changes at the federal level, but you have to remember that there were also big changes in Kentucky," said Rachael High Chamberlain, an attorney in the Lexington office of Frost Brown Todd and the vice chair and secretary of the Kentucky Bar Association's taxation committee.



Rachael High Chamberlain, Attorney, Frost Brown Todd

Chamberlain, Horn, Fuqua and others who commented for this story emphasized that there are a couple of major differences between the federal and state codes for businesses.

At one level the federal legislation that was designed to stimulate American business growth took a chainsaw to the tax rate for "C corporations" – the structure typically adopted by larger companies – and trimmed the maximum rate of nearly 40 percent to a flat 21 percent.

But sole proprietorships, partnerships, LLCs and S corporations – which are common business structures in Kentucky – received their stimulus in a different form. At the federal level, business owners can deduct 20 percent of what is known as "qualified business income" in a tax cut that approximates what C corporations received.

"To individual taxpayers who have LLCs or taxpayers who are sole proprietors or some taxpayers who are members of partnerships, they'll benefit by a 20 percent deduction of pass-





through income from gross income,” said Dennis Repenning, a Covington attorney who handles taxes for a variety of business clients.

“That’s right off the top, and it’s a big deal,” Repenning said. “There may be limitations on the deduction for some, but it’s still huge. And corporations will pay a lower rate of income tax than before. Kentucky corporations benefit twice: The federal tax rate drops, and the state income tax drops.”



Dennis Repenning,
Attorney,
Taliaferro
Carran &
Cowherd

When the Kentucky tax code was revamped last year, the state scrapped a graduated rate that ranged from 2 to 6 percent and imposed a flat rate of 5 percent on all taxpayers, including businesses that may have been paying 6 percent.

“Kentucky wants to be more business friendly, and a lot of the changes that were made will help businesses,” Chamberlain said.

“Kentucky rushed through its tax-reform legislation, and there wasn’t much public debate on the theory behind it,” she said, explaining that one underlying principle seems to be that the tax base has been broadened so that more people are paying at a rate that has been lowered.

Chamberlain, Horn, Repenning and others point out that the 20 percent deduction on pass-through income – that which passes through a business – wasn’t adopted by the state.

Horn said Kentucky “decoupled” from that 20 percent provision.

Chamberlain put it differently: “Kentucky for 2018 and going forward has just decided to pretend that it doesn’t exist.”

For example, a tax filer with \$100,000 in qualified business income can deduct up to \$20,000 on their federal filings and pay tax on the \$80,000 balance. With no Kentucky deduction, however, the entire \$100,000 is taxable, Chamberlain said.

Scott W. Dolson, an attorney in the Louisville office of Frost Brown Todd, said he’s fielding more questions from clients about C corporation business structure because of the huge reduction in the tax rate and an obscure tax benefit predating the recent tax cut that pertains to the sale of “qualified small business stock.”

Despite this, Dolson stresses that he believes most of his business clients still receive more tax benefit structured as S corporations, partnerships, sole proprietorships or LLCs.

“The code says you have a 20 percent deduction, but there are 100 rules that you have to be aware of. People hire us to make sure they are taking advantage of the full 20 percent deduction. There

are nooks and crannies,” said Dolson, whose law practice includes tax planning and structuring for closely held businesses such as partnerships and LLCs.

Horn said state tax code also departs from the federal legislation by declining to adopt new rules on how a business can “expense” or depreciate the purchase of, for example, new equipment.

MCM’s Fuqua said new federal rules may require some tough decisions by business owners on whether they “expense” (deduct) the cost of new equipment immediately in one year under so-called “bonus depreciation” provisions or depreciate it over a period of years.

Under bonus depreciation, most business owners can deduct 100 percent of the cost of machinery, equipment, computers, appliances and other business essentials in the year in which they are “placed in service,” the IRS said. But the IRS has made clear that this bonus depreciation won’t be available forever and only covers items placed in service between late September 2017 up to Jan. 1, 2023.

The alternative is to depreciate that purchase over a period of years; for example, taking a 20 percent deduction for five years, Fuqua said.

The business owner would deduct equivalent amounts using either method, he said, but the deduction’s impact on a tax bill can vary depending on whether the taxpayer’s income increased or decreased in the year(s) in which depreciation is claimed.

“Some people will say, ‘Let’s expense everything now and get the (maximum) deduction.’ There are short-term and long-term approaches,” Fuqua said.

“We as a state couldn’t afford to conform to the depreciation and expensing provisions,” Horn said, explaining why Kentucky didn’t follow the federal government’s lead on those deductions.

At Hilliard Lyons, a wealth management firm that opened its doors in Louisville in 1854, Chairman and CEO James R. Allen, Vice President of Financial Planning Greg King and Chris Staples, senior vice president and a managing director of the Hilliard Lyons Trust Co., made it clear that they look well into the future for their clients.

In a detailed email, King and Staples point out that it’s “...important for us to emphasize that many of the new tax provisions are only in place through Dec. 31, 2025 ... so there is a window



Scott W. Dolson,
Attorney, Frost
Brown Todd

during which they (clients) can take advantage of the benefits of the new tax act before the tax law is set to change again. This sunset of the provisions makes tax planning more difficult for the long-term, but we don't want to let this opportunity to potentially save some taxes go by simply because the rules may change in the future.



Greg King,
*Vice President
of Financial
Planning,
Hilliard Lyons*

"Many businesses will consider making changes to their structure to pursue the new lower corporate tax rates," King and Staples said. "Others will consider adjustments to take advantage of pass-through deductions provided in the new tax law as well.

"Many business owners expect to benefit long-term from the changes in the tax act, but since Treasury (the U.S. Treasury Department) only recently issued the bulk of the important regulations related to the tax act in late 2018, most owners postponed making sweeping changes to their business structure until we knew more about the specific rules applied to the tax act provisions," they said.



Chris Staples,
*Senior Vice
President,
Hilliard Lyons*

Regarding general advice he might have for Kentucky business owners for 2019, Repenning takes a philosophical stance.

"There's something called tax policy. It addresses both short-term financial needs and long-term goals," Repenning said. "Kentucky taxpayers will pay less tax on the whole than they did last year.



But both the Congress and the Kentucky legislature chose immediate tax savings over the long-term health of the national economy and Kentucky's future. When you have an economy that is shrinking and money is tight, it can provide a modest shot in the arm to business. But we were in an expansion

economy when these federal and state changes were enacted. So we have to ask if we're going to be better off next year or the year after, especially when budget issues are being ignored." ■

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



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Hemp Moves into Growth Mode

Kentucky is well positioned to meet growing demand for newly legalized hemp

BY CLARY ESTES

“WE were an overnight success after 26 years!” laughs Joe Hickey, director of corporate relations at Atalo Holdings Inc., one of the many burgeoning hemp producers in Kentucky, where production has grown from five farmers raising 33 acres in 2014 to 60 farmers and 2,700 permitted acres in 2018. And indeed, the Kentucky hemp industry and producers like Atalo have found their overnight success after years of grit and advocacy.

With hemp newly relegalized as of December 2018, its planted state acreage is rapidly climbing, with producer and processor numbers nearing 100.

Meanwhile, business investment is coming in at tens of millions of dollars at a time.

Hickey, along with former Gov. Louie Nunn and actor Woody Harrelson were among the first to advocate for hemp production in Kentucky in the early 1990s, paving the way for today’s growing body of hemp activists in Kentucky and elsewhere. They are seeing a paradigm shift towards hemp production in the United States come to fruition. Kentucky is positioning itself to be at the vanguard of that hemp



*Joe Hickey,
Director of
Corporate
Relations,
Atalo Holdings*

In addition to its headquarters in Winchester, Atalo Holdings in Clark County has a 29-acre hemp field of its own. The company has operations with 60 growers in five states who use its agronomic model and proprietary seed to scale up hemp production for fiber, for seed/protein, and to yield cannabidiol oil.

production and hopes to reinstate its little-known former title as the hemp capital of the world.

Hemp production, research and advocacy began to take root in 2014 after inclusion in the federal Farm Bill of 2013 of Section 7606, “Legitimacy of Industrial Hemp Research,” which defined industrial hemp as distinct from Schedule 1 drug marijuana and authorized institutions of higher education or state departments of agriculture in states that have legalized hemp cultivation to conduct research and pilot programs. The fledgling agribusiness sector is gathering more steam with December’s passage of the 2018 Farm Bill, which legalized commodity hemp crop production.

Producers and activists statewide are hoping the new hemp industry will become a reliable new revenue generator for Kentucky farmers as innovation focuses on medical uses, construction and vehicle manufacturing materials, cosmetics and more. Based on recent Kentucky farmer feedback since production was first permitted in 2014, financial returns for hemp are comparable to or better than that of tobacco.



Kentucky has become a leader in recent U.S. hemp production, having begun in 2014 with 33 planted acres, 20 approved growers, seven university projects and nine processors in 14 counties. By 2018 those figures had grown to 6,700 planted acres (with approval for 16,100 acres), 14 university projects, 72 processors and 210 approved growers in 73 Kentucky counties. The only states at or above Kentucky in hemp production have been Colorado, which cultivated 9,700 acres in 2017, and Oregon, which grew 3,467 acres. Colorado is currently the top hemp producer per capita, but Kentucky is comparable and definitely competitive with Colorado.

Quality product and real dollars

“Our farm partners are incredibly excited,” said Steve Bevan of GenCanna Global USA, a vertically integrated hemp-derived cannabidiol (CBD) manufacturer based in Winchester. “Our 12 farming families had \$5 million in revenue last year.”

Founded in 2014, GenCanna announced in December 2018 it will invest \$40 million in a new

Ananda Hemp in Cynthia, whose management includes eighth-generation Kentucky farmers with hemp growing pedigrees, researches improvements in the processes to extract CBD oil from hemp, is improving seed genetics for varieties that emphasize either CBD, fiber, seed or combinations of those three. Ananda has received a \$30 million investment from Australia.

multipurpose processing facility in Hickman, creating 80-plus jobs. That project was prompted by increased market demand for hemp products and buoyed by the 2018 Farm Bill.

GenCanna expects its Hickman facility to be the world’s biggest. “No one is buying larger equipment,” Bevan said.

The facility will receive hemp grown on Western Kentucky’s rich croplands in addition to hemp harvested in Illinois, Missouri and Tennessee.

“Farmers tell me that they are glad to be growing something that heals rather than hurts,” Hickey said, referring to operators who formerly and sometimes still grow tobacco.

Hemp production’s legalization has attracted bipartisan political support in part because all portions of the plant can be used for revenue-generating products, and it can be cultivated for a range of climates according to the final product being emphasized. That makes it both a potential fix for Kentucky’s falling farm incomes and an eco-friendly solution to climate-change worries the state is starting to face. The hemp industry is working to figure out which hemp production methods are best suited for Kentucky’s growing season.

In 2014, the Kentucky Department of Agriculture reported 47 percent of hemp grown was for grain or seed, 32 percent for fiber and 21 percent for CBD production. However, by 2018 those numbers shifted to 18 percent grown for grain/seed, 4 percent for fiber and 61.5 percent for CBD production. Plus, under hemp’s additional dual-purpose options, 14 percent of producers grew it for grain and CBD, and 2.5 percent for grain and fiber.

While arguably every part of the hemp plant already can be commoditized, there is, indeed, work toward developing true

dual- or multipurpose varieties. Dual-output hemp is not yet effective, but development of multipurpose crops is thought to be a source of further innovation in Kentucky as the industry evolves.

“I think CBD is the early driver,” Hickey said. “That’s where the money is going to be made early on the first year or two.”

CBD is a phytocannabinoid, one of a class of diverse chemical compounds that acts on cannabinoid receptors in cells that alter neurotransmitter release in the brain. Proponents of CBD claim it can help with everything from seizures in children to treating Parkinson’s disease to helping treat eczema and more.

GenCanna’s Bevan also describes CBD as the highest-margin component of hemp and said Kentucky is establishing itself as the place to grow hemp with the highest-quality cannabinoids. GenCanna provides supply chains that sell in all 50 states, 12 European countries, South Africa, South America, Singapore and Japan.

“The first best place for hemp in the U.S. is clearly Kentucky,” Bevan said. “Our high-CBD hemp can be a renaissance for a lot of Kentucky farmers.”

CBD oil is a current focus

Adriane Polyniak, one of the owners of CBD product producer and seller Bluegrass Hemp Oil in Lexington, said she and her husband first became interested in CBD to help treat her son Colton’s idiopathic generalized epilepsy (IGE).



Steve Bevan,
President,
GenCanna
Global



Atalo Holdings hemp-derived CBD from full spectrum Kentucky hemp after processing at the company's Winchester facility.

"At the age of 3, Colton was diagnosed with IGE, and he went from zero seizures per day to having hundreds of seizures per day," Polyniak said. "His quality of life completely diminished, and it was very dangerous. We ended up going through a kind of pharmaceutical Russian roulette. One of the neurologists actually said, 'We don't know what pharmaceuticals are going to work; we just have to kind of play with it.' He was having all kinds of side effects to those pharmaceuticals: weight gain, hair loss, inability to regulate body temperature, severe rage, appetite changes – the worst of the side effects being near organ failure."

Eventually Adriane and her husband, after researching the health benefits of CBD, began to wean Colton off pharmaceuticals and towards a full-time CBD regimen. Now, as stated on the Bluegrass Hemp Oil website, he is both seizure and pharmaceutical free.



Adriane Polyniak, Owner, Bluegrass Hemp Oil

Hickey is also optimistic about CBD's therapeutic potential for Parkinson's patients.

"I have given CBD to friends of mine for their parents, who have Parkinson's," he said. "I have had people come back to me in tears because it is the first time they have seen their parent not shaking in years."

Legalization opens up real research

Though many suggested benefits of CBD are still largely anecdotal within the industry, there is real research and early evidence regarding the benefits of cannabidiols. CBD research can appear spotty and confusing due to the 80-year aversion to funding and publishing research on the topic; research and grant writing on the topic has been an onerous process. Proponents of CBD are careful about their claims and continue to ensure that CBD tinctures and salves are being sold not as pharmaceuticals but supplements. The 2018 Farm Bill is expected to open cannabidiol research across the country, but the industry has significant catching up to do.

Once the 2018 Farm Bill passed, the U.S. Food and Drug Administration was quick to remind producers and consumers that "among other things, this new law changes certain federal authorities



Adam Brester photo

relating to the production and marketing of hemp, defined as cannabis (*Cannabis sativa* L.), and derivatives of cannabis with extremely low (less than 0.3 percent on a dry weight basis) concentrations of the psychoactive compound delta-9-tetrahydrocannabinol (THC). These changes include removing hemp from the Controlled Substances Act, which means that it will no longer be an illegal substance under federal law. Just as important for the FDA and our commitment to protect and promote the public health is what the law didn't change: Congress explicitly preserved the agency's current authority to regulate products containing cannabis or cannabis-derived compounds under the Federal Food, Drug, and Cosmetic Act (FD&C Act) and section 351 of the Public Health Service Act. In doing so, Congress recognized the agency's important public health role with respect to all the products it regulates."

To producers like Bluegrass Hemp Oil, that 0.3 percent THC level is important as the industry develops, and they hope to increase the admissible THC levels to 1 percent to solidify access to crop insurance and higher returns among CBD-oriented growers.

"In 2016, we had a farmer that cultivated for us whose crop had been burned (destroyed) due to the THC levels getting too high," Polyniak said. "It was over \$20,000 worth of her time, blood, sweat and tears."

Comparatively, THC levels in the marijuana plant, hemp's illicit sibling, have ranged from 3.7 percent for marijuana and 7.5 percent for higher potency sinsemilla in the early 1990s, to 9.6 percent for marijuana and 16

percent for sinsemilla in 2013, according to the National Institute on Drug Abuse. Research on the effects of THC has yielded negative health benefits while CBD has been positive, and the interactive dynamic between the various cannabidiol molecules and levels of each in the hemp plant, known as the "entourage effect," are still little known among the general public.

"As CBD production picks up, regulation and labeling are going to become more thorough as well," said David Williams, an agronomist with the University of Kentucky who has studied hemp cultivation in Kentucky since 2014. "As of right now, there is no regulatory oversight at all, so consumers have no way to know if the product label is accurate. I think many people agree that some regulatory oversight to understand what exactly is in these products is appropriate."

Long-term play might be fiber

Williams himself is excited about the prospect of fiber hemp production as an end goal for Kentucky. Given Kentucky's latitude and wetter climate, this may end up being a preferred option for growers once the high-margin CBD market inevitably saturates with the new influx of growers looking to hop on the hemp wagon. Kentucky experienced one of its wettest years in 2018, which is not desirable for CBD production because it can lead to molding of the flower bud where CBD is harvested. Fiber hemp crops can weather wetter conditions much more effectively and provide a reliable return for farmers as they navigate the market, he said.

"As the CBD market saturates with

new growers, we will need to diversify our crop type, and hemp fiber is a great alternative,” Williams said, adding that growing and maintaining fiber crops may prove more agriculturally viable in comparison to CBD plants that require more attention.



David Williams, Agronomist, University of Kentucky

Hemp fiber has a wide range of possibilities that merely begin with paper and textiles. Producers hope industries might soon use hemp fiber as an alternative for plastic, an ingredient in concrete and as a material in car-part production.

Hemp seed, meanwhile, already is marketed not only as a “superfood” added to many whole-grain and sprouted breads and grain mixes but as a livestock feed grain option. This is motivating some producers to seek to cultivate dual-purpose crops that yield grain and CBD or grain and fiber.

Serious investment – and science

While hemp product output has considerable potential to impact economic development in Kentucky, the technological, seed genetic and mechanical innovation around hemp have the potential to create growth in Kentucky also. Visitors to the Ananda Hemp farm in Cynthiana are likely to see the potential for growth in mechanical, engineering and chemical hemp processes. Large Florence flasks of CBD oil rotate alongside shiny machinery distilling the cannabidiol down while young technicians and researchers maintain Ananda’s equipment and test product. Ananda is an example of how the hemp industry in bringing outside investment into Kentucky.

Brian Furnish is an eighth-generation Kentucky farmer who worked on Senate Bill 50 to get hemp into Kentucky and director of global productions at Ananda Hemp. Ananda’s parent company is

Ecofibre Ltd., an 18-year-old Australian genetic development company.

“Since I got started with this,” Furnish said, “we have had \$30 million of investment come in from Australia, going worldwide with our company, and that is a pretty good investment.” Further international money is expected to continue investing in Kentucky for the long term. Ecofibre’s website states, “We invest heavily in research and innovation because we believe the hemp industry is only in its infancy, and Ecofibre is focused on a long-term sustainable business model.”

One of Ananda Hemp’s strengths is access to the vast array of seeds Ecofibre has collected, developed and organized. Atalo is similarly positioning itself to be a leader in Kentucky hemp genetic diversification.

“At the Hemp Research Campus,” the Atalo website states, “we’re taking a hard look at the hemp plant from top to bottom. ... Because industrial hemp has been a neglected crop for so long in North America, there are only negligible genetic resources available on this continent, and we’re moving quickly to rebuild the germplasm for which Kentucky has been famous.”



Brian Furnish, Director of Global Productions, Ananda Hemp

Kentucky claimed to be the hemp capital of the world until production became illegal in the 1930s. As the revived industry expands, the commonwealth seems ripe to become a center for innovation in genetic seed modification, development and marketing.

Current Kentucky Agricultural Department policy and a political will to make Kentucky a center for industrial hemp are positioning Kentucky to potentially dominate in this fledgling market. Politicians from U.S. Rep. James Comer, Kentucky Agriculture



Atalo Holdings partners Andy Graves, Dave Spalding and Joe Hickey celebrate passage of the 2018 Farm Bill at a Victory For Hemp event in Washington, D.C. The trio have been advocates for return of hemp to the crop rotation for American farmers as a means of rural economic development and as a replacement for tobacco.

Commissioner Ryan Quarles and U.S. Sen. Mitch McConnell all have actively backed hemp and developed legislation to legalize hemp in the U.S.

In trying to pinpoint the paradigm shift in opinion around hemp production in Kentucky, Hickey said, “It all started with former Gov. (Louie) Nunn and his work with us in the early ’90s. After that, other politicians began to fall in line.”

In presenting a measure to reauthorize hemp in the 2018 federal Farm Bill, McConnell said on the Senate floor, “Time and again (farmers) shared with me their enthusiasm for hemp’s potential to reenergize agricultural communities and provide a new spark to the U.S. economy.”

Will hemp become Kentucky’s next big cash crop? It is too early to tell, but there is certainly a rising expectation backed by clear-eyed business investment amounting to tens of millions of dollars.

“If Kentucky is known for horses, bourbon and basketball,” said GenCanna’s Bevan, “we want hemp to be No. 4 on that list.” ■

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



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Law Firms Forecast Another Strong Year

Economic growth combined with regulatory, technological and demographic change should keep demand high for legal talent

WITH nearly all sectors of the general business community that stimulate legal practice areas experiencing growth, Kentucky's major law firms expect 2019 to continue the strong demand and revenue growth they saw in 2018. There is ongoing demand for experienced legal talent. However, law firms, like many of their clients, are going through a generational transformation as the post-war baby boomer generation retires and there is increased competition for top law school graduates as well as recruitment of attorneys with experience.



Robert L. McClelland
*Attorney,
ElderLaw
Lexington*

"In 2018, Kentucky attempted to amend the Affordable Care Act contract with the Centers for Medicare and Medicaid Services (CMS) to include requirements for work or education toward work for Medicaid eligibility. A federal district court ruled the proposals did not explain how they would further the objectives of the Medicaid statute and could not be enforced. The proposal has been resubmitted and approved again by CMS but is being challenged again. These efforts will move

to legal issues that affect individuals once initial challenges are resolved. The economic impact to the legal community will continue to improve but at a slower rate and will be affected by federal and state budget pressures due to political differences on health care, immigration and our struggling Eastern Kentucky economy. The Kentucky WINGS (Working Interdisciplinary Network of Guardianship Stakeholders) effort will provide new guidance for Kentucky guardians and courts working with adults in guardianship. A primary focus is, what changes can be made both at the federal and state levels in preparation for the expanding aging demographic over the coming years."



Henry S. Alford
*Managing
Director,
Middleton
Reutlinger*

"The continuing economic resurgence in the U.S. economy during 2018 was remarkable. From my firm's perspective, the discrete periods of stock-market volatility during the year had no measurable impact on middle-market deal flow. We closed over \$1 billion in transactions and financings over the last 12 months and believe that we will have similar volume

during 2019 as private equity continues to seek out deals in Kentucky and the surrounding region. Our litigation practice groups also have started off on a blistering pace in 2019, and we have witnessed an atypical number of commercial cases going to trial over the last several months. Finally, we believe the economy in 2019 will continue to fuel material growth in our intellectual property practice with the only 'guardrail' being the difficulty in finding patent-eligible lawyers with relevant engineering skills."



Geoff White
Member-In-Charge,
Frost Brown Todd

"In 2019, the legal industry is in a period of transition. We saw the continued growth of super national and international firms in 2018 thanks to several mergers and consolidations. While these did not directly impact Kentucky's legal market, they set a tone that firms who aim to gain revenue are focusing on growing practices in core growth industries and markets. The demand for outside legal services is softening for firms in all markets focused on serving customers on a general basis, while lawyers combining legal expertise with deep industry knowledge and connections are in high demand, particularly for large and middle-market companies."



Bob Young
Managing Partner,
English Lucas Priest & Owsley

"Business law is the core of our work here in Bowling Green and south-central Kentucky. While keeping a close eye on the markets, we still anticipate our clients, and our firm, will have a strong 2019. Our environmental law practice is extremely strong, particularly as laws and regulations change and businesses have questions about how to best handle these matters. Our estate and tax law and real estate



practices grew so much that in 2018 we decided to add a second location just down the street to give that growing practice area the room it needs. We anticipate more growth in 2019 and continue to invest in Bowling Green. This is a great place to live and work, and the community's growth shows that."



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

"The McBrayer firm forecasts another strong year due to continued growth in the number of law-adjacent services it offers, including but not limited to mediation, compliance and human-resources consulting. It is no longer enough to be the smartest and most efficient firm – to remain competitive, a law firm must both engage with the community and offer more than just basic legal services. This firm has always demanded the attorneys serve and give back, therefore community engagement is a core part of its culture. While still dedicated litigators, negotiators and lobbyists, the McBrayer firm differentiates itself from others by maintaining a client-centric

approach. This is accomplished through expansion of services the attorneys offer clients, thus fulfilling as many of their needs as possible."



Chauncey Curtz
Lexington Office
Managing Partner,
Dinsmore & Shohl

"If the partial government shutdown and partisan gridlock in Washington are to set the tone for 2019, it will be an unpredictable policy year, and that will certainly be felt here in Kentucky. Democratic control of the U.S. House will create scrutiny of energy and natural resource regulatory rollbacks set out in the first half of the Trump administration; this means those sectors in the commonwealth will remain in flux. In contrast, passage of the federal farm bill in December was a much-needed shot in the arm for Kentucky farmers and provides a promising outlook for agribusiness statewide. Through these and other regulatory shifts, Dinsmore attorneys will remain focused on providing strategic, results-oriented counsel to our clients and helping them navigate legal changes as they occur."

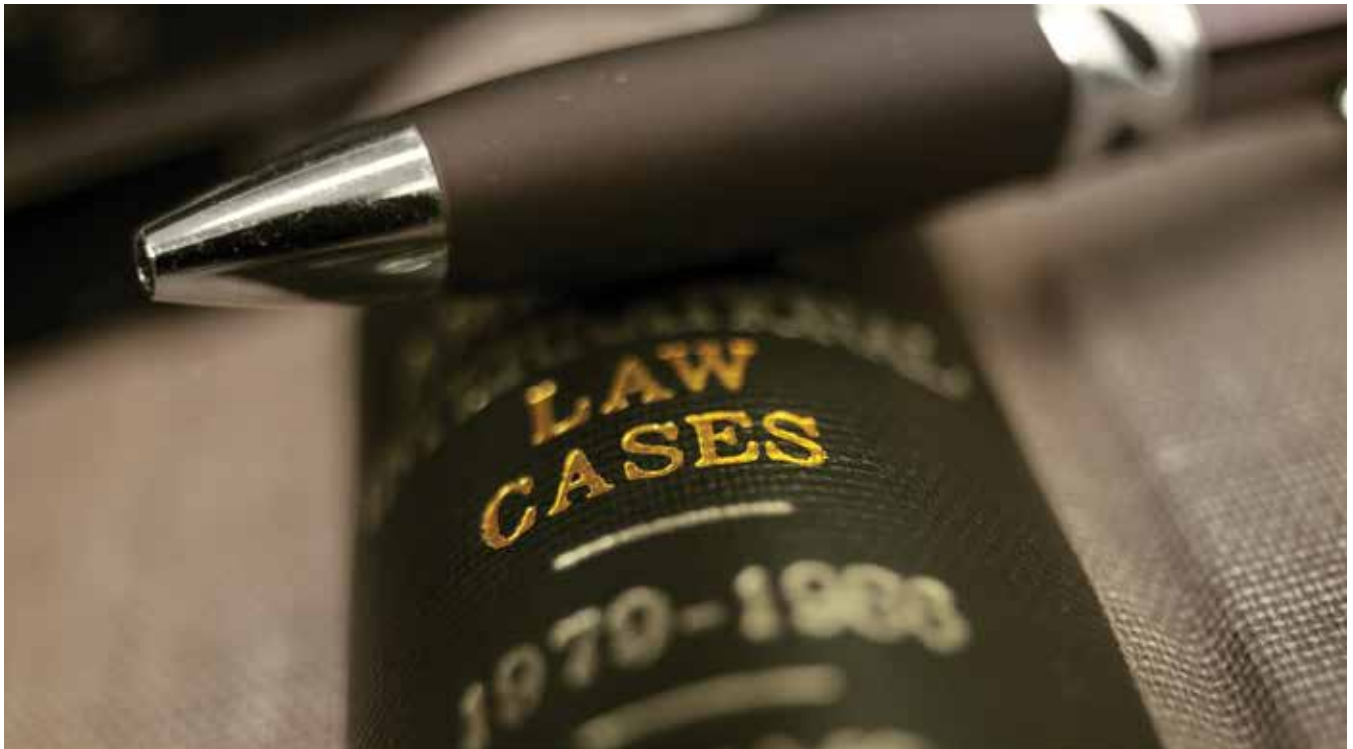


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Branden Gross
Office
Managing
Partner—
Lexington,
Bingham
Greenebaum
Doll

“BGD continued to see an increase in demand for services in 2018 and expects that trend to continue in 2019. Demand for seasoned attorneys with the management and business skills to handle the most complex matters continues to outpace supply and this issue will be a challenge for many firms as law firm leadership transitions from the baby boomers to Generation X. Forward-looking firms that are willing to invest in new technologies and talent will continue to differentiate themselves from those who are static and satisfied with the status quo in 2019.”



James Dressman III
Managing
Partner,
DBL Law

“Overall, DBL Law is very optimistic about Kentucky’s economy in 2019. We believe we will continue to see gains in both the business and employment sectors, particularly in our urban markets. However, I do think things will slow this year, largely due to the instability of our nation’s government and global threats to our safety and security. At DBL Law, we’re taking time to develop

and implement a robust strategic plan. To remain relevant and competitive, we believe it’s necessary to build a long-term, future-focused strategy and plan that includes investments in people, property and technology.”



Henry C.T. “Tip” Richmond
Member,
Dickinson
Wright

“We expect the business sectors Dickinson Wright services in all its markets in Kentucky, the United States and Canada to be volatile in 2019. While the federal income tax law enacted in 2018 should contribute to increased economic activity by business and individual clients, the political climates in Washington and Frankfort are worrisome, and the ‘new normal’ for U.S. trade likely includes quotas, tariffs, voluntary export restraints, foreign investment restrictions and other burdens. This unpredictable political and economic environment will put a premium on the ability of businesses to plan for the worst ... and hope for the best. Dickinson Wright is positioned, with offices in Kentucky, Washington, across the United States and in Canada, to assist clients with local needs as well as interstate or global businesses. 2019 will provide an ample supply of opportunities and challenges.”



Richard W. Edwards
Boehl Stopher
& Graves,
LLP

“In 2018, law firms demonstrated increased revenues, which grew at the highest rate since before the recession. Despite issues of stock market volatility, trade issues with China and uncertainty regarding interest rates, the legal sector enjoyed steady growth. It is expected that law firm revenue and the United States’ economy will continue to demonstrate growth in 2019, but at a somewhat slower rate. Concerns as to market volatility and other economic issues will require law firms and others in the legal industry plan conservatively and prepare to adapt to a changing economic landscape.”



Jim Newberry
Office
Managing
Member,
Steptoe &
Johnson

“Steptoe & Johnson views Louisville and Lexington as great places for companies to locate and to grow, especially in the health care, advanced manufacturing, high tech, and food and beverage industries. The integrated efforts of state and local chambers of commerce and state and local economic development efforts in these areas lead us to believe the future for these sectors is bright. As a result, we are building our Kentucky practice with these industries in

mind by hiring experienced transaction lawyers familiar with these key sectors and litigators who can cost effectively represent businesses in these sectors when disputes arise. In short, we are bullish on and excited about both Kentucky's business climate and our opportunities here."



P. Douglass Barr

Managing Director; Stoll Keenon Ogden

"2019 will see a continuation of political upheaval locally and nationally. The uncertain political situation will affect the outcome of discrete issues such as Kentucky's public pension system and matters of contested legislation, and state elections this year will have far-reaching consequences. While political matters consume most of the attention and discussion, technology will continue to advance at a faster rate, continuing to change almost everything about commerce in Kentucky, America and the world. Generational turnover among leadership in business, government and the law has begun and will continue. As lawyers, our challenge is not just to help

clients navigate change but help form and write the new rules as the world changes. Dramatic change creates dramatic and unprecedented opportunity if you know where to find it. 2019 presents those opportunities."



Robert M. Connolly
*Chairman,
Stites &
Harbison*

"Stites & Harbison is very enthusiastic about 2019. We appreciate the confidence our clients place in us, and continue to assist many with complex litigation matters. Intellectual property litigation (and other IP issues), data security, professional services and white-collar criminal investigations, health care, estate planning, and construction matters also dominate our workload. We don't foresee a slowdown in any area, and the firm is making concerted efforts to continue hiring the best and brightest to maintain high-level client service. We are keenly watching aerospace and behavioral health arenas as well. As in every industry, technological advancements in the legal industry are forcing firms to work smarter,

faster and more efficiently for clients. Stites & Harbison works to ensure we keep pace with industry advancements."



Clifton Clark
*Managing Member-
Lexington,
Jackson Kelly*

"Stable markets, moderate interest rates and low unemployment are all signs of a strong economy. Despite recent stock market volatility, the fundamentals of our economy remain strong, and we expect moderate and sustained economic growth in 2019. Kentucky is well positioned to grow alongside the national economy. Business tax cuts enacted last year, together with commitments made to invest in domestic infrastructure projects, are likely to spur economic growth here. Our clients in construction and manufacturing are encouraged by these developments and by recent state legislation, which is fostering new interest in public-private partnerships. With 11 offices in six states and Washington D.C., Jackson Kelly will continue to grow and evolve our practice to meet the changing needs of our clients." ■

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The Management Edge



Kentucky executives find path to operational excellence paved with fun and mindfulness

BY SUSAN GOSSELIN

MANAGEMENT in the modern workplace is a complex task at best. How do you juggle the ever-increasing demands, while helping your employees do the same? How do you manage the balance between work and home, while still having time for healthy friendships and healthy habits? How do you create a collegial atmosphere at work where people feel valued, and are clear about their work priorities?

The answer, our sources say, lies in a foundation built on respect – and a

healthy dose of fun and fellowship.

“We start by offering leadership training to any person on our team in a leadership position,” said Bob Young, managing partner at English Lucas Priest & Owsley LLP in Bowling Green. “Also, many in our office have taken leadership roles in various professional organizations that provide terrific leadership training. We encourage and



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

pay for this professional involvement. I am a big believer in having the right people in the right places.”

Young said people in the right places also means offering employees the chance to direct the future of the firm and take charge of their workplace culture.

“We created three committees that are led by various team members: a technology committee, to take advantage of those in the office with great technology skills; a diversity and inclusion committee, to make sure we are doing everything we can to diversify our firm and make people of all backgrounds feel valued; and an employee wellness and special events committee, to plan our employee outings, events and perks, as well as handle our workplace policies and employee mental/physical health initiatives,” Young said.

“We open the committees up to anyone who wants to join,” he said. “The work of our committees has clearly



made this a better place to work, created a better work product for our clients, and allowed me as managing partner to focus more on strategic planning for the firm. “

Guarding her time is half the battle for Liz Toombs, president and owner of PDR Interiors of Lexington. “I am a person who thrives on routines, so I work that to my advantage by keeping my business and personal life on a schedule. I have specific hours earmarked for working, regularly scheduled workouts to help clear my head, and consistently hold weekly meetings with my team to make sure things are staying on track without micromanaging them. Now, of course, not everything goes to plan all the time, but keeping my routine as much as possible allows me to better handle surprises when they come along.”



Liz Toombs,
President
and Owner,
PDR Interiors

Keeping track of multiple priorities is key in an organization that juggles multiple clients, said Nancy Wiser, president of Wiser Strategies of Lexington. “Organization is our secret to success. We manage intricate marketing and PR projects that involve multiple team members and clients, so we have to stay on top of where we are and what’s next. Our shared project-management tool keeps us on track and allows us to be creative, whether it’s branding/design, video or complex communication problem-solving.”



Nancy Wiser,
President,
Wiser
Strategies

While the sources for this article say technology, management training and transparency are the foundation of

What techniques or tools do you use to stay sharp and improve your performance as a business professional?

We recently polled our readers with that very question. Here’s what they told us:

Mary Ellen Wiederwohl

*Chief, Louisville Forward,
Louisville Metro Government*

“Work-life balance may be an overused term with a seldom-achieved outcome! I’ve borrowed a friend’s term and am now aspiring more to ‘work-life integration.’ If you choose purpose-driven work, then your life will have more balance – and joy. My physical, mental and emotional life is further enhanced by exercise and a plant-based diet.”



**Mary Ellen
Wiederwohl**

Nancy Spivey

*Marketing Director,
DBL Law, Erlanger*

“I stay up on the latest business news and happenings impacting the local economy. When I read something fascinating or something that I want to learn more about, I proactively reach out to those mentioned in articles through LinkedIn or through mutual connections. The key is to be timely and open about why you are reaching out.”



**Nancy
Spivey**

Michael Lawrence

*District Sales Manager,
Trexis Insurance, Lancaster*

“Practice makes perfect. Express ideas, articulate your thoughts and accept feedback from others to improve. If you keep quiet, you will never know if you are right or wrong in your thinking. Stay physically fit. Read books and articles not associated with your profession. Learn from other disciplines.”

Annette Manias

*President,
Oasis Solutions,
Louisville*

“I am a member of a Vistage group for CEOs. They help with ideas and to hold me accountable.”



**Annette
Manias**

Lee Hamilton

*Realtor, Semonin Realtors,
Louisville*

“I try to follow a routine that includes quiet time, working out with others in the community, volunteering and developing relationships with others. I also try to do the best I can with the latest technology to communicate, for scheduling and marketing.”



**Lee
Hamilton**

Daniel Fulton

*Business Consultant,
2028 LLC*

“Prioritize reading each day, ensure each week has at least one networking meeting, and write regularly.”



**Daniel
Fulton**

Abby Laub

*Special Projects Editor,
The Lane Report, Lexington*

“I spend time outside every morning getting fresh air and natural light – even if it’s cold – to wake me up and set my biological clock for the day. It’s better than coffee, especially on days when I know I will have lots of time on the computer.”



**Abby
Laub**

good management, they also agree it is the little perks and the “soft skills” that can truly set the tone in a corporate culture.

“During the warm weather, we do food truck Wednesdays,” Young said. “We bring in local food trucks once a month for each team member. About once a month and especially around holidays, we allow our team members to leave work early (usually on a Friday) with pay to make for a longer weekend.”

“This year, we allowed each team member paid time off to vote. During inclement weather, we order pizza for everyone in the office so they don’t have to go out. The firm pays for and allows our team members to host any special birthday, baby or wedding shower for our team members,” Young said.

Debra Locker, president and owner of Louisville-based Debra Locker

Group, urges business leaders to develop a deeply personal style – one that takes the time to value the people around you for who they are, and what they’ve achieved.

“I believe in saying ‘please’ and ‘thank you,’ sending handwritten notes, remembering birthdays, offering congratulations and building relationships that lead to friendships,” Locker said. “When you make your living doing PR, your reputation is everything. I make it a priority to keep my solid reputation intact through the relationships I nurture.” ■



Debra Locker,
President
and Owner,
Debra Locker
Group

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

Change is Good for CPA Firms' Business

Accountants play a major role as commerce adopts new technologies

ACCOUNTING firms are seeing demand for their business driven by broad technological change in the ways their clients operate and public policy changes that necessitate revising business strategy. In a strong economy, tech is taking over how financial services are provided to make it faster and more accessible, and how business data is gathered and analyzed.

Kentucky CPA firms are finding themselves right in the middle of it all, needing to offer expert advice to help their clients stay competitive and protect not only their data but the content of their revenue streams. Meanwhile, the Tax Cuts and Jobs Act of 2018 has renewed the evergreen need for good, direct-interaction client service. In addition, CPA firms are competing for the new generation of talent that is comfortable with today's technology.



Diane Medley
Managing Partner,
MCM CPAs & Advisors

"Going into the new year, I'd say we are all going to have to adapt to the new normal: that of unrelenting change. The organizations best suited to thrive will be those that can deal with change effectively and efficiently. Despite low unemployment and a strong holiday season, economic uncertainty is at an all-time high, thanks largely in part to the tariff environment nationally (not to mention internationally), and here in Kentucky the unaddressed pension situation. Adaptation is critical. Companies must be able to pivot. Human capital remains our most important asset, but we need to remain nimble in how we hire for the right kinds of skills for today's economy, as well as tomorrow's. This is just as true for accounting as it is for the manufacturing or technology industries."



Darlene Zibart
CEO, Kentucky Society of CPAs

"It's been said that the pace of change is as slow as it will ever be. In 2018 we learned more about blockchain, Big Data, augmented reality, artificial intelligence, robotic process automation and cybersecurity, just to name a few. In 2019, I expect these technologies to become more mainstream and impact the role of the accountant as an advisor to their clients and employers. These technologies will provide opportunities for growth in new client services and allow certified public accountants to focus more on higher-level and forward-thinking strategic analysis and consulting. CPAs will be depended upon even more to offer guidance and risk assessment as businesses maneuver through disruption and a fast-paced environment that's in a constant state of change."



Greg Mullins
Director, Blue & Co. LLC

"2019 will be a time of great change for professional services firms, but this is nothing new to accounting. Today, there are articles everywhere on chatbots, cryptocurrency and artificial intelligence taking over the accounting scene. As technology continues to replace many of the formerly tedious tasks we once had, I see our jobs shifting to infusing the human element back into the process. Our duty this year will be to take the data that has been collected and analyzed and create a narrative for our clients. More than ever, those of us in the accounting profession will need to be that bridge that connects all of this technology to meaningful human interactions and, ultimately, business decisions. 2019 will welcome into the



workforce Generation Z, which is extremely tech savvy, having never known a time without smartphones. They grew up during the Great Recession and value job stability. They ardently read online reviews and look for organizations with strong brands they can relate to. This will require new strategies for recruiters as this generation's expectations become the norm. And there's tax reform – an example of no matter how much things change, the need for good old-fashioned client service remains."



Christopher A. Ward
President,
Deming Malone Lively & Ostroff

"Many terms describe for-profit, impact-driven business models: social entrepreneurship, conscious capitalism, social enterprise, etc. With the passage of public benefit corporation (PBC) legislation in Frankfort, the launch of organizations like Canopy Kentucky, and strong Cabinet for Economic Development support, I see this global movement becoming a focus for businesses in our region in 2019. With a long reputation for using business as a force for good, our firm is making Kentucky attractive and friendly for social entrepreneurs through our partnership with Canopy and collaboration with business leaders who measure success by more than numbers. The impact will be notable in terms of economic development, talent attraction and developing innovative solutions to Kentucky's biggest issues. Talent attraction will continue to be a challenge; traditional accounting firms will need to broaden their business model, become more agile, embrace digital solutions such as artificial intelligence and offer more flexible

work cultures to attract young professionals. Because today's professionals seek meaningful work in addition to a career, firms that are purpose-driven will have an edge over more profit-focused firms."



Alan Long
Managing
Member,
Baldwin CPAs

"2019 has the potential to be a good year for business. The uncertainty from the political climate could put a damper on the strong fundamentals that are present. Unemployment is low and skilled workers are in great demand, which normally helps drive the economy in the right direction. Accounting firms should have a great year in 2019 due to several factors. First, the tax law change that is in effect for this filing season will generate more work, as there are several difficult changes in this new law that affect most all businesses. Second, the disruption in the industry due to technology will also continue to push firms to offer more and different services that businesses are demanding from their accountants. The biggest issue facing accounting firms and

all businesses is finding competent and skilled employees. This is making it harder for accounting firms to grow at a faster pace. This is making firms look at their business models and adopt more technology in order to provide clients with the services they are requesting."



Steve Jennings
Lexington
Office
Managing
Partner,
Crowe LLP

"In 2019, companies will see how the Tax Cuts and Jobs Act has played out in practice as the upcoming tax deadline approaches. In Kentucky, even though the commonwealth's underfunded pensions continue to be an issue, the pro-business administration has led to a stronger statewide economy. We see evidence of this in our client base as companies continue to make investments in people, capital expenditures and acquisitions. Crowe continues to grow in Kentucky with the Crowe Lexington office relocating and doubling its square footage. We also recently expanded our campus efforts with the University of Kentucky and hired our highest number of graduates

and interns. Companies continue to try to understand and evaluate the threats of cybersecurity and look to us for guidance on preventing and responding to these threats, which is why we established the firmwide Crowe Security Intelligence Center in Lexington."



David Bundy
President/CEO,
Dean Dorton

"Despite rising interest rates and recent stock market volatility, we see the U.S. and Kentucky economies starting 2019 on solid footing. Unemployment remains low in the U.S. and Kentucky at around 4 percent. Competition for talented employees remains intense across all industries, including for the best and brightest CPAs. The Tax Cuts and Jobs Act will continue to create opportunities for us to guide our clients – businesses and individuals – through the changing tax landscape. We continue to invest in technology resources to help our clients with technology challenges and initiatives such as cybersecurity, and implementing cloud-based software platforms to improve accounting and financial management." ■

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KENTUCKY'S 6 NATIONAL CHAMBER OF THE YEAR WINNERS



Lower Town Arts District, Paducah



Lexington Convention Center rendering



Bluegrass Music Hall of Fame and Museum, Owensboro

SINCE the Association of Chamber of Commerce Executives (ACCE) initiated its National Chamber of the Year Award in 2007 with four categories based on size, chambers of commerce in Kentucky have won recognition as best in the nation seven times. Local chambers in Kentucky lead the nation for the most applicants, the most finalists and the most winners.

Here is a list of the winners we've had:

- **Paducah Area Chamber** (2017, 2011)
- **Commerce Lexington** (2016)
- **Murray-Calloway County Chamber** (2012)
- **Greater Owensboro Chamber** (2010)
- **Bowling Green Area Chamber** (2009)
- **Greater Louisville Inc.** (2007)

The following is a list of Kentucky's chambers of commerce:

Albany-Clinton County, Anderson County*, Ashland Alliance-Boyd County*, Ballard County Chamber of Commerce*, Bardstown-Nelson County*, Bath County, Bell County, Berea Chamber of Commerce*, **Bowling Green Area Chamber of Commerce***, Bracken County, Breckinridge County*, Bullitt County*, Campbellsville-Taylor County*, Carlisle-Nicholas County, Carroll County*, Cave City, Christian County*, Clinton-Hickman County*, Columbia-Adair County*, **Commerce Lexington Inc.***, Crittenden County, Cumberland County*, Cynthiana-Harrison County*, Danville-Boyle County*, Edmonson County, Edmonson-Metcalf County, Elliott County, Estill County, Fleming County*, Floyd County Chamber of Commerce*, Frankfort Area*,

Franklin-Simpson County, Frenchburg/Menifee County, Gallatin County, Garrard County*, Glasgow-Barren County*, Grant County, Grayson Area Chamber: Carter County,

Grayson County*, **Greater Louisville Inc.***, Greater Muhlenberg*, **Greater Owensboro***, Greensburg-Greene County, Greenup County, Hancock County, Hardin County*, Harlan County*, Hart County*, Hazard-Perry County*, Henry County*, Hickman Chamber: Fulton County, Hopkins County Regional*, Hyden-Leslie County, Jackson-Breathitt County, Jackson County, Jessamine County, **Kentucky Chamber of Commerce***, Kentucky Lake Chamber: Marshall County*, Kyndle: Henderson County*, Lake Barkley: Lyon County*, LaRue County*, Lee County, Lewis County, Liberty-Casey County, Lincoln County*, Logan County*, London-Laurel County*, Manchester-Clay County*, Marion County*, Mayfield-Graves County*, Maysville-Mason County*, McCreary County, McLean County, Meade County Area*, Mercer County*, Middletown*, Monroe County, Monticello-Wayne County, Morehead-Rowan County*, Morgan County, Morganfield-Union County, Morgantown-Butler County*, Mount Sterling-Montgomery County*, Murray-Calloway County*, **Northern Kentucky:** Boone, Campbell, Kenton counties*, Ohio County, Oldham Chamber & Economic Development*, Owen County*, Owsley County, **Paducah Area***, Paintsville-Johnson County*, Paris-Bourbon County*, Pendleton County, Powell County, Princeton/Caldwell County*, Prospect Area*,

Providence-Webster County, Richmond*, Robertson County, Rockcastle, Russell County, Scott County, Scottsville-Allen County, Sebree-Webster County, Shelby County*, Smithland Area: Livingston County, Somerset-Pulaski County*, Southeast Kentucky: Fleming, Floyd, Johnson, Knott, Lawrence, Letcher, Magoffin, Martin counties*, Southern Kentucky: Knox and Whitley counties*, Spencer County-Taylorsville*, Springfield-Washington County, The Chamber of Jeffersontown*, The Chamber of St. Matthews*, Todd County*, Trigg County*, Trimble County, Twin Cities-Fulton County*, Union County*, Winchester-Clark County*, Wolfe County, Woodford County*

* Members of KCCE (Kentucky Chamber of Commerce Executives)

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SPOTLIGHT ON THE ARTS



Artist Sara Gallimore of Gallery 123 in Berea discusses her work with a potential wholesale client at the 2018 Kentucky Crafted Market.

A Showcase for Kentucky's Best Art

Wholesale buyers can find the next great thing at Kentucky Crafted Market

BY CHRIS CATHERS

THE Kentucky Crafted Market, slated for March 15-17 at the Kentucky Horse Park's Alltech Arena in Lexington, will be a great opportunity for buyers to find unique Kentucky-made art and craft by the state's best artists.

The designated day for buyers is March 15, 10 a.m.-6 p.m. It is open to retail business owners, corporate gift buyers, architects, interior designers and others who purchase art commercially. On that day, registered buyers can meet and place orders with any of the dozens of artists exhibiting at The Market.

Gallery on the Square in Franklin, Ky., is a frequent visitor to trade-only day. The gallery's director, Lisa Deavers, uses that day to look at artwork and place orders for the gallery. Chris Cathers, the Kentucky Arts Council interim executive director, asked Deavers how trade day figured into Gallery on the Square's buying practices, and what benefits it might have for other retail businesses.

Chris Cathers: How long has Gallery on the Square been a wholesale customer at The Kentucky Crafted Market?

Lisa Deavers: The Gallery on the Square has been a wholesale customer at The

Kentucky Crafted Market since 2006, so it's been 13 years.

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

LD: Currently we represent 30 Kentucky Crafted artists in our inventory; this is 28 percent of our total inventory.

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

LD: Doing our buying on the designated trade day is beneficial for several reasons. We are able to meet with the artists one-on-one, not only to discuss their works and selling them in the Gallery but also to discuss opportunities for them to exhibit their works, participate in one of our festivals or demonstration days and invite them to teach classes.

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

LD: It's a very good environment for anyone who wants to draw in business

offering Kentucky-made art and craft. There are a great variety of businesses that can find some wonderful work at The Market. Furniture retailers could highlight and sell one-of-a-kind accessories instead of mass-produced items. Distilleries, who already sell a distinct Kentucky-made product, can also highlight the uniqueness of an artist's work in their retail areas. Parks can definitely put Kentucky's best foot forward by offering Kentucky Crafted art and craft in their gift shops. And if you own a retail business and have never been to The Market, but you want to expand your inventory to include Kentucky art and craft, you'll find the trade-only day to be a great opportunity to meet and talk with artists in a relaxed atmosphere.

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

LD: If a retailer specializes in handmade gifts, when they add work by a Kentucky Crafted juried artist to their inventory, they know they are receiving quality work and will be working with a professional artist.

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

LD: Trade day at The Market is perfect for retail business owners to discover Kentucky crafted items, meet and support local artists, learn how the works are created and experience what makes Kentucky Crafted a valuable program in our state.

For more information on the trade day, or to register as a buyer, go to artscouncil.ky.gov/KAC/Showcasing/2019Market-Buyers.htm.

The Market is open to the public 10 a.m. to 6 p.m. March 16 and 10 a.m. to 4 p.m. March 17. Admission both days is \$8. Parking at the Horse Park is \$5. ■

Want to know more? Visit artscouncil.ky.gov. Facebook, search for Kentucky Arts Council Instagram, KYArtsCouncil KyArtsCast podcast, kyartscast.ky.gov Our blog, <http://CreativeCommonwealth.ky.gov> Follow us on Twitter @KYArtsCouncil YouTube, search for KYArtsCouncil



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

EMERGING LANE

Kentucky's young professionals and creatives

Sarah Caton | Space, Place and Southern Grace photo



Human resource professional and success coach Colene Elridge stands in front of a poster promoting her recently published book, "Monday Morning Pep Talks."

Who Wants to Write a Book?

For Coach Colene, becoming an author came after connecting with her audience first

COLENE Elridge, owner of Be More Consulting, has always been busy as a bee. Her Central Kentucky company celebrates its fifth anniversary this year, just as she has added "author" to her resume. A certified mediator with a background in human resources, Elridge has a degree in anthropology from Transylvania University and an MBA from Sullivan University.

She offers corporate training programs on such HR-driven topics as diversity and inclusion, conflict resolution and leadership development. She also provides keynote speaking for associations and success coaching, as Coach Colene, for women on a one-to-one or small-group basis.

In 2015, with an email list of fewer than 15 people, Elridge started sending an inspirational message once a week as "a way to connect with women and a way to have a continuous conversation, and give them things to think about and focus on for the week," she said. Now more than 2,500 subscribers get a Monday Morning Pep Talk in their inbox every Monday at 5:15 a.m. Elridge writes a daily Instagram post to go along with each week's pep talk theme.

Released in the fall of 2018, her "Monday Morning Pep Talks" book is a compilation of 63 messages from her weekly email blasts plus seven new ones. Elridge's intention for the book leaned toward serendipity.

"When I thought about how I want people to use the book, I didn't want them to sit down and read it all the way through," she said. "I wanted people to flip open the book to a random page and trust that it's the exact message you need to hear that day."

In 2017 she actually had started working on a different book, one that would share women's stories, including her own, about discrimination in the workplace. She planned to offer step-by-step guidance on the legal process, because another piece of her business is investigating harassment and discrimination complaints.

"I kept hitting a wall," she said of the legally focused manuscript. "I still needed to do some processing after finding myself feeling like I was completely taken advantage of."

She woke up in the middle of the night with the thought that her first book should be Monday Morning Pep Talks.

"Those 3 a.m. wakeups are when you need to listen the most, because that's when you get the most guidance," she said.

Inspired as she was to share the inspirational essays in a book format, she dragged her feet – a common reaction with creative projects. The idea never left her though, and when she looked to see if MondayMorningPepTalks.com was available as a URL, it was.

"That was such a big moment," she said. "It is such a common phrase, I was shocked the website was available."

Elridge chose to release the self-published book on Halloween.

"That was very intentional," she said. "We don't often allow ourselves to be scared in a good way." Within two months the book sold 500 copies through word of mouth and grassroots promotion. It's available in Lexington at Sterling Hot Yoga and Wild Fig Books and Coffee, among other locations, and online at MondayMorningPepTalks.com.

The book has been an organic result of years' worth of email messages. Elridge knows if she had written the weekly inspirations with a book in mind from the beginning, it wouldn't have been as authentic for her, and just wouldn't have worked.

"I wouldn't change anything about how I was sending them out," she said of the origin of the weekly ebcasts, which she continues to write.

Having a deadline of every Sunday night for her Monday morning email has provided Elridge with a rewarding discipline. She uses the Pomodoro technique of setting a timer for 25 minutes to write straight through without pausing to edit.

"That process has been very helpful for me," she said. "That is the best way for me to get things done, working in time chunks and blocking out my schedule.

That's how I get things done."

Elridge also schedules time to take care of herself, from making doctors' appointments to taking and teaching a yoga class.

"Entrepreneurs are the worst at self-care," she said. "If all you're doing is hustling, you're not going to get where you want to go because energetically you'll be drained."

The advice she took for herself and happily dispenses to others? "Integrate self-care into your business plan."

— Kathie Stamps



Colene Elridge

Brewery Opens Up an Interactive Jar of Opportunity for Artists in Somerset

PUBS and bars have long been a communal gathering spot for citizens to blow off steam at the end of the day and catch up with friends. However, Daniel Stroud, 34, and Del Stephens, 31, of Jarfly Brewing Co. in Somerset have reinvented the wheel, merging beer and local arts to provide a space unlike anything else to pop up in south-central Kentucky.

Jarfly Brewing opened in 2016 in the former Goldenberg Furniture space in Somerset's blossoming downtown, a building constructed in 1904 and vacant for nearly a decade before Stroud and Stephens acquired it. The space needed a monumental facelift; there was dilapidated carpeting, mirrored walls, and ceilings covered after multiple renovations in its 100-plus years.



Daniel Stroud, left, and Del Stephens are co-proprietors of Somerset's Jarfly Brewing Co.

Stroud, who had experience in construction and automotive design, treated the project as an archaeological exhibit. They uncovered piles of reclaimed wood from the furniture store and moved it to the vacant third floor to use as salvage in future projects. Many bar stools and tables in Jarfly are from that wood, which the duo jokingly refers to as "OG" or "Original Goldenberg's."

Wanting a name for the brewery that was "created in the mountains," Stroud began studying folk etymology with an Appalachian glossary when he came across the term jarfly, the Appalachian word for cicada. He recalled the mystique of the insects, which make a distinctive buzzing sound and burrow underground, in some cases not emerging again for 17 years. Now, much like the real-

world jarfly, the brewery has begun to make a buzz of its own around Somerset.

Jarfly serves a variety of beers, from its ever-popular 76 Falls, a blonde ale paying homage to Lake Cumberland, the area's prominent tourist attraction, to the rich, dark and bitter Ballhoot Black IPA. The brewery partners with local businesses on special brews and has yearly collaborations with Lexington's West Sixth Brewing and the Kentucky Department of Agriculture on a Kentucky Proud beer.

Beyond the drinks, much of Jarfly's buzz has revolved around its involvement within the community. Partnering with the Watershed Arts Alliance, a nonprofit working to bring arts and cultural programs to Pulaski County, the brewery regularly hosts musicians and provides space for concerts and meetings. The work of local artists adorns the walls.

Jarfly has also partnered with local music-video production company SomerSessions, which in December opened Pure Grain Studios on the second floor. Now equipped with a sound stage and space for intimate concert experiences, this will be an expanded hub for SomerSessions to record and produce video.

Jarfly's community involvement includes partnering with local farmers. The brewery donates spent grain to them as feed for chickens, hogs and other animals and purchases local jalapenos, mushrooms, persimmon and other ingredients for their concoctions. Stroud said their Jalapeno Common Ale, infused with the flavor but not heat of jalapenos, was initially planned as a one-off brew before customers began bringing in their own jalapenos for the brewery to use in future batches. Utilizing these and other local resources has been, and always will be, part of Jarfly's mission, according to Stroud.

"Anytime we can source locally for our beers, it makes the beers better," he said.

The success of the brewery is a definitely a reflection of the owners. Stroud has a strong pedigree in working with local artists and community organizing while Stephens specialized in nonprofit management and community and leadership development after graduating from the University of Kentucky's College of Agriculture, Food and Environment.

Jarfly is currently in the process of expanding its production by five times to meet a growing distribution demand, which now reaches every corner of the commonwealth. The brewery, which distributes kegs, plans to be canning product by the end of 2019. For more information visit jarflybrewing.com.

— Matt Wickstrom



Sullivan University photo

Darnell Ferguson is the owner of SuperChef's Breakfast & More restaurant on Bardstown Road in the Highlands area of Louisville.

Louisville Restaurant Owner Wins \$25K on Food Network

SULLIVAN University graduate and local restaurant owner Darnell "SuperChef" Ferguson was recently named the winner of the Food Network's Ultimate Thanksgiving Challenge competition, taking home a \$25,000 prize.

Ferguson, the owner of SuperChef's Breakfast & More restaurant on Bardstown Road in the Highlands area of Louisville, earned a culinary arts degree from Sullivan's renowned National Center for Hospitality Studies. He was named winner of the competition during a live broadcast of the Food Network.

"I am so thankful," Ferguson posted on his Instagram account. "I went against the most talented chefs tonight and was able to come out with the win."

The five chefs in the competition had to create a full Thanksgiving dinner in just three hours without the use of key kitchen equipment. According to the Food Network's website, "Host Giada De Laurentis puts the creative chefs to the test, challenging them to prepare the most delicious and innovative turkeys, side dishes and desserts to ever hit a dining room table."

Ferguson and childhood friend Ryan Bryson opened SuperChefs in 2012. He earned the nickname "SuperChef" while serving as a chef for Team USA during the 2008 Beijing Summer Olympics with the Sullivan University team.

"Focusing on intense flavors, vibrant palettes, great customer service and creative presentations, SuperChef's Breakfast & More will bring back excitement to the most important meal of the day," SuperChef's says on its website.

Ferguson's feat isn't the first time Kentucky and the Food Network have been paired together. The network is currently airing its 16th season of "Top Chef," filmed at locations throughout the commonwealth.



The zipline at Red River Gorge operates year-round.

Kentucky's Winter Wonderlands

Don't let winter's chill keep you from enjoying the great outdoors

BY KATHERINE TANDY BROWN

IT'S February. Getting closer to spring but still winter, which can seem to linger longer than we'd like. And after being cooped up for a while, it's good to get some fresh air, even if it is cold. Some folks need to rock'n'roll into an activity, get the ol' body in gear and embrace that adrenaline rush. While for others, just hopping into the car and taking a drive in the country – perhaps to admire Mother Nature's creation – can satisfy.

Whichever type you are – or even somewhere in between – Kentucky has a myriad of choices to lure you outside

until spring sunshine warms the earth. Following are a few suggestions.

Chances are good you could be rising with the chickens at **Blue Wing Landing** on the Kentucky River in Owenton. Specializing in guided deer and turkey hunting, Blue Wing Landing Outfitters leads day and night trips that generally last about four hours.

"We specialize in first-time hunters and people still learning the ropes," owner William Martin explains.

His focus was inspired by the comments of a childhood friend's parents. The friend had passed away

during military training, and at his funeral the great percentage of photos were of the young man on the Blue Wing Landing property, happily pursuing an activity he'd loved. In the eulogy, his parents remarked as to how his hunting experience had grown the young man's confidence and had helped him mature.

"That's when we honed in on our focus," says Martin. "We're here to get people back in the woods, whether it be for hunting or hiking."

However, surprisingly, the company's most popular activity takes place on the water. It's bowfishing. Turns out Kentucky is one of the leading states in types of fish – 29 – that can be shot bowfishing. Those include the invasive Asian carp, bowfin, buffalo, catfish, gar, drum, koi, paddlefish, et al. Four-hour trips with licensed guides can familiarize you with the growing sport.

A pretty 1850s lodge that's been updated with comfy modern conveniences and is on the National Historic Register houses hunters and fishermen. In the offseason, it's an Airbnb available for family gatherings, corporate meetings and retreats, with kayaks and paddleboards to boot.

If you're looking for heart-pumping play, head to Eastern Kentucky's 29,000-acre **Red River Gorge**, a National Natural Landmark and total nirvana for rock climbers, hikers and those who just love the outdoors. Rife with sandstone cliffs, natural bridges, rock shelters and waterfalls, "the Red" is open for visiting all year, as is its thrilling Red River Gorge Zipline, where you can speed at 55 mph, 300 feet above the Gorge. Ya-hoo! And less than an hour from Lexington.

Near Natural Bridge State Resort Park, the attraction's two-hour treetop

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Hike up to Chained Rock at sunset to witness the breathtaking scenery of the Cumberland Mountains.

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(513) 535-7292
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Chained Rock at Pine Mountain State Resort Park, Pineville
parks.ky.gov/parks/resortparks/pine-mountain/
(606) 337-3066

Red River Gorge Zipline, Campton
redrivergorgezipline.com
(606) 668-6222

Western Kentucky Botanical Garden, Owensboro
wkbkg.org
(270) 993-1234

canopy tours – fun for all ages – began in 2011. The tours view three sky bridges and offer five lines, ranging from a few hundred feet to 1,900 in length. The maximum number of participants for each tour is 12 and you can drop in, but reserving ahead is a good idea. And if groups want to stay awhile in this *gorgeous* area, the zipline folks can steer you to some dandy lodging packages.

Just down an Appalachian road a piece in Bell County, you can hike a mere third of a mile and discover a legend in **Pine Mountain State Resort Park**.



The view from Chained Rock, overlooking Pineville, is spectacular.

Pine Mountain State Resort Park photo

A part of mountain folklore, an enormous rock outcropping looms, an apparent menace for years to the town of Pineville below. However, local children were told they were safe because the boulder had been “chained.” It actually was not chained until the 1930s, when the newly formed Chained Rock Club secured it with a gigantic chain. These days, hikers can ogle the big chain in awe and revel in majestic views of the surrounding Cumberland Mountains.

Give your soul a rest and spend a night or two in the park’s stone-and-wood lodge at Kentucky’s first state park. Or plan your next corporate retreat around real blood-pumping team building on the zipline. Three separate lodges offer a total of 39 rooms. Plus there’s a conference center, dining facilities and activity center. All include beautiful mountain vistas.

For the drive-through-the-country fans, a real natural treat awaits at the **West Kentucky Botanical Garden** in Owensboro. Here you can meander through 10 well-established themed gardens – Butterfly, Rose, Daylily, Iris, Herb, Fruit and Berry, Takahashi Japanese Memorial Garden, Moonlite

Children’s Garden, Ericaceous (heather) Garden, and an Ornamental Grass Garden. There’s even a Daylily Sale Garden, so you can take a memory home to beautify your own yard.

While there, be sure to check out the 16-foot, 2,500-watt Smart Flower – the first of its kind in the state – with 12 solar petals that collect energy to power the garden’s facilities. Pretty cool! And a 21-foot-high, memorial garden basket sculpture doubles as a sundial and equinox and solstice calendar, casting its shadow on the grass.

An 1890s Country Doctor’s Office contains an intriguing display of herbal medicines in use at that particular turn of the century. A number of buildings throughout the gardens can be rented for luncheons, meetings and receptions.

Call ahead to reserve your lunch at the Garden Cottage for the Walks & Talks program.

For more info on the commonwealth’s natural offerings, check out the KY Tourism website, kentuckytourism.com. ■

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

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Phased Rollout of New Driver's Licenses to Begin in March



THE Kentucky Transportation Cabinet has announced that it will begin offering the state's new driver's licenses with identity credentials beginning in March. The new licenses are being made available in phases, with the new system expected to be in place statewide by May.

The updated licenses will include a voluntary travel credential that will meet the federal standards required to board airline flights in addition to improving overall license security.

Effective Oct. 1, 2020, Kentucky's standard licenses will no longer be accepted to board U.S. flights or enter military bases. Kentucky's new voluntary travel ID will be a federally compliant license accepted at airport security checkpoints and military bases.

With the new Confident Kentucky initiative, Kentuckians will choose between a new standard or voluntary

travel ID card version once they are within six months of their current card's expiration date. All new card versions will be mailed to applicants five to 10 days after applying at their local circuit court clerk Office. A Kentucky driver's license, permit or identification card in the current and new standard version will continue to be accepted for U.S. air travel and military base entry through Aug. 1, 2019. Kentucky expects to maintain further extensions from the U.S. Department of Homeland Security until federal ID enforcement begins Oct. 1, 2020. At that point, a new voluntary travel ID card version or any federally accepted form of identification, like a passport, will be needed for airport security checkpoints and entry into military bases or restricted federal buildings.

"Current Kentucky licenses, permits and IDs will remain valid until their expiration date, so cardholders should wait to request one of the new card versions until they are within their renewal period," said Department of Vehicle Regulation Commissioner Matt Henderson. "Those seeking a voluntary travel ID but whose renewal window doesn't allow them to renew before the October 2020 deadline can visit a circuit court clerk office and pay \$15 to upgrade their current credential to a voluntary travel ID that maintains their current card's expiration date."

Applicants requesting a new voluntary travel ID or those applying for a license, permit or personal ID for the first time must present documentation verifying identity, Social Security number and residency.

"Gathering, replacing and updating required documents can spare applicants from repeat trips to circuit court clerk offices," said Kentucky Association of Circuit Court Clerks President Greg Helton. "Now is the time to collect documents like a certified birth certificate or request a Social Security card that reflects your current legal name. The IDocument Guide interactive tool makes it easy to create a personalized list of documents applicants will need to bring so they're confident they'll arrive with the right documents in hand."

"As the rollout approaches in each county, we'll announce the specific date the changes will take effect," said KYTC Secretary Greg Thomas. "It's important we maintain some flexibility right now as we continue to prepare for a massive statewide redesign of the license program. Our focus is to make the transition as smooth as possible."

To view the preliminary rollout schedule for each county, visit drive.ky.gov/confidentKY/Pages/Schedule.aspx.

MONEY Magazine: The Best Place to Live in Kentucky

THE growing city of Bowling Green has earned the distinction of being named to *MONEY* magazine's annual Best Places to Live list.

To create the ranking, the magazine looked only at places with populations of 50,000 or more and eliminated any place that had more than double the national crime risk, less than 85 percent of its state's median household income or a lack of ethnic diversity. That left 583 places to consider across the nation. From there, the magazine looked at data pertaining to each places' economic health, cost of living, diversity, public education, income, crime, ease of living and amenities. The greatest emphasis was placed on economic health, public school performance and local amenities, with housing, cost of living and diversity being critical components.

Here's what the magazine had to say about Bowling Green:

"Home to Kentucky's second-largest university, one could call Bowling Green a college town, but the city of around 67,000 is also an excellent place to live for more than just students. First-time homeowners, for example, may be surprised to find the average home sells for \$169,900. Job seekers will appreciate the city's growth, with Moody's Analytics predicting a 7.4 percent increase in jobs by 2022, as well as employers like Fruit of the Loom and Bowling Green Metalforming, the second largest manufacturer in the state. With 208 clear days a year, there's plenty to do outside,



Fountain Square, Bowling Green

whether that's window shopping downtown, riding the carousel at the nearby Beech Bend Park or touring a real limestone cavern by boat at Lost River Cave."

It's probably no coincidence that Bowling Green is also Kentucky's fastest-growing metropolitan area. Between 2010 and 2017, the city saw its population grow by 9.7 percent, compared to Kentucky's overall population growth of 2.4 percent for the same time frame.



Abdullah Al-Bahrani, director of the Northern Kentucky University Center for Economic Education, with Danny Dollar Academy students.

Teaching Dollars and Sense

NORTHERN Kentucky University's Center for Economic Education (NKU CEE) has partnered with the Federal Reserve Bank of Cleveland to bring the spirit of entrepreneurship, leadership and financial responsibility to elementary school students.

The Danny Dollar Academy teaches financial literacy through the story of an 11-year-old aspiring millionaire and his successful lemonade-stand venture. The premise of the Danny Dollar Academy is based on the book "Danny Dollar Millionaire Extraordinaire," written by Ty Allan Jackson. Jackson wrote the story after he was unable to find a book that addressed the "dollars and cents" questions that his 6-year-old son was asking.

Impressed by the educational value of the book, Abdullah Al-Bahrani, director of NKU CEE, reached out to Jackson in 2016 to develop a financial literacy program, ultimately bringing Danny Dollar Academy to life.

The four-week-long program begins with students reading "Danny Dollar Millionaire Extraordinaire" in their classrooms. Lesson plans created by NKU CEE and the Federal Reserve of Cleveland connect the concepts in the book to state education standards.

"The Academy is successful because we merge reading literacy with entrepreneurship, personal finance and economic education curriculum," said Al-Bahrani. "Students are encouraged to create their own businesses, and this real-life application helps make the project memorable."

For example, third graders from Robert D. Johnson Elementary in Ft. Thomas sold tumblers for their project. The tumblers were marketed through student-made commercials that ran during the school's morning announcements. The students raised \$200 and selected the Campbell County Animal Shelter to donate the funds raised by their project.

"Students were able to have a real voice in their learning and see how their actions can have a positive impact on the broader community," said Johnson Elementary teacher Aimee Shadwell.

In 2017-18, Danny Dollar Academy reached 912 students from 13 school districts across four states. This year, they are on track to reach 1,300 students throughout the country thanks to the partnership with the Federal Reserve Bank of Cleveland.

A New Use for Kentucky Coal

A University of Kentucky-led research team is operating a pilot-scale processing plant in Webster County that may hold the key to mining rare components of common electronics in the heart of coal country.

Rick Honaker, a professor of mining engineering at the University of Kentucky, has been working with U.S. Department of Energy (DOE) officials to examine the feasibility of extracting rare earth elements (REE) from coal and coal byproducts. REEs are a group of 17 elements found in the earth's crust and are used in manufacturing high-tech products such as electric cars, rechargeable batteries, smartphones, televisions and computer monitors. Currently 90 percent of the world's REE supply originates in China, according to UK.

Honaker was first contacted by the DOE about the project in 2014 and asked to collect and analyze samples from around the country to determine where, and in what form, REEs could be obtained. In March 2016, the first 18-month design phase of the project got underway. Then in September 2017, the DOE approved the second phase of Honaker's pilot scale project with a \$6 million investment, along with an additional \$1.5 million over 30 months pledged from other partners.

Construction on the Webster County plant began in April 2018, Honaker said. Running eight hours a day, the plant is now producing about 10 grams of high-purity concentrate material daily.

The process involves producing a concentrated mix of REEs from coal or its byproducts then placing them in a solution for extraction and ultimately producing a 99 percent pure REE material. After achieving hoped-for high purity levels of REEs on the first try, the project is off to a great start, said UK assistant professor Josh Werner, who designed and helped to build the pilot-scale plant along with two UK undergraduate and two graduate students, as well as contractors.

They are now moving toward a larger pilot scale, with commercialization to follow.

Honaker is now involved in another project in Hazard to build a processing plant that's 40 times larger than the Webster County facility, in an attempt to replicate its promising results on an even larger scale. That plant is expected to be complete in 2020.

A new, domestic supply of REEs would benefit multiple industries. For example, Honaker said one electric car can contain as much as 5 kilograms of rare earth elements, and he expects demand will increase markedly over the next 10 to 15 years.

The team is finding significant amounts of lithium and cobalt in a few coal sources, Honaker said, which are important components of the batteries used in electric vehicles. Scandium, meanwhile, is mixed with aluminum as an alloy and used in aircraft to bolster strength while also helping to produce lighter components. It's also used in everyday consumer goods like golf clubs and baseball bats.

Honaker said the successful mining of REEs can help make U.S. coal mining operations, which will bear the expense of mining them, more profitable. "Economically, it would be great if you're actually producing coal and the rare earth elements as a byproduct of the operation," he said.—Shannon Clinton/University of Kentucky



UK researchers are studying the feasibility of extracting rare earth elements from coal for use in high-tech products such as electric cars, rechargeable batteries and smartphones.

KENTUCKY PEOPLE

STATE

TOUCHSTONE ENERGY COOPERATIVES RECEIVE NATIONAL AWARD FOR ATTRACTING NEW INVESTMENTS



The economic development team for Kentucky's Touchstone Energy Cooperatives was recently named as the 2018 recipient of the Organization Excellence Award from the National Rural Economic Developers Association (NREDA). The award recognized Kentucky's cooperatives for using technology such as data from aerial drone flights, online videos and mobile mapping apps to market rural Kentucky communities globally, attracting jobs and investment to the Bluegrass State. Kentucky's Touchstone Energy Cooperatives include 17 not-for-profit, member-owned electric cooperatives that serve more than 1 million Kentucky residents across 87 Kentucky counties. Pictured here at the award presentation are, from left, Dennis Mingyar, NREDA awards chair; Bruce Nuzum, NREDA president; Rodney Hitch, economic development director for Kentucky's Touchstone Energy Cooperatives; Brad Thomas, economic development manager for the co-ops; and Hilda Legg, USDA's Kentucky director for rural development.

UNION COUNTY

DREW AND LIZ WHITE RECOGNIZED WITH KY FARM BUREAU AWARD



Drew and Liz White of Union County, pictured here with their daughter, Sutton, and son, Abbott, were recently honored as Kentucky Farm Bureau's 2018 Outstanding Young Farm Family at the 99th KFB Annual Meeting in Louisville. The award, given yearly, recognizes a couple or individual under 35 that demonstrates the strongest farm management skills, community and KFB involvement, and consistent financial growth through their farm. In addition to raising cattle and growing hay and straw, major crops on their family's farm include corn, soybeans and wheat.

PRESTONSBURG

COLLEGE PRESIDENT DANCES TO RAISE MONEY FOR CHARITY



Sherry Zylka, president and CEO of Big Sandy Community and Technical College, recently joined other dancers from the area at the Mountain Arts Center in Prestonsburg for the first-ever Dancing for Shelter event. Based on the hit television show "Dancing with the Stars," the event paired local community members with professional dancers or dancing instructors in a competition to raise money for the Floyd County Homeless Shelter. Zylka and her dance partner, Bill Benazatti, were one of 11 teams to perform.

MOREHEAD

MSU'S ZARGARI EARNS KACE'S OUTSTANDING FACULTY AWARD FOR '18



Ahmad Zargari, professor and associate dean of the School of Engineering and Information Systems at Morehead State University, recently received the Outstanding Faculty Award at the Kentucky Association of Colleges and Employers Fall Conference, an honor for which he was nominated by MSU's Office of Career Services. The award is designed to recognize outstanding effort and achievement by a faculty member in the promotion and development of experiential education programs and/or support of Career Services' mission. Zargari, left, is pictured here with Megan Boone, interim director of Career Services at MSU.

LOUISVILLE

BLOWEN HONORED FOR LEADERSHIP IN EQUINE INDUSTRY



The University of Louisville College of Business Equine Industry Program has named Old Friends Thoroughbred Retirement Sanctuary founder Michael Blowen the winner of the 2018 John W. Galbreath Award for Outstanding Entrepreneurship in the Equine Industry. Blowen, a retired Boston Globe movie critic and arts journalist, established Old Friends in 2003. It now includes the main facility in Georgetown as well as two satellite facilities, located in Franklin, Ky., and Saratoga, N.Y. The Galbreath Award has been given annually since 1990 to honor entrepreneurial leadership that has had a significant and positive impact on the equine industry. Galbreath was the visionary owner of Darby Dan Farm in Lexington and a former Churchill Downs chairman who distinguished himself as both a businessman and a horseman.

Equisport photo



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