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## LOUISVILLE'S GREEN ENTREPRENEUR

Page 24



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**LANE ONE-ON-ONE: JAMES ALLEN**  
*President, Chairman and CEO of Hilliard Lyons*







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#### ON THE COVER

Gill Holland stands amid \$100,000 in solar panels that generate more than two-thirds of the power used by The Green Building, the state's first LEED platinum-certified building, which he and his wife, Augusta Brown Holland, developed on East Market Street near downtown Louisville. Behind Holland on a lower level is a planted section of green roof.  
Mark Green photo

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## PERSPECTIVE

### POWER PLAYS

U.S. natural gas discoveries a  
game changer – if developed

BY PAT FREIBERT

THE control of a nation's energy determines that nation's prosperity and security or lack thereof. Just ask T. Boone Pickens, Texas oil magnate, who strongly supports development of wind power and use of America's natural gas reserves. Pickens readily admits that wind power development would require heavy federal government subsidies.

Gasoline prices in the U.S. have nearly doubled in the last three years, so debate is overdue on domestic energy. First, no amount of ethanol as fuel can take the place of gasoline to power vehicles. The expense of converting corn to ethanol as fuel makes it unrealistic and the use of ethanol as fuel is driving food costs upward. Next, ethanol (or battery power) will not work in semis and other heavy-duty vehicles.

The most realistic alternative fuel to replace diesel in these heavy-duty vehicles is natural gas. Recently, natural gas has been found in abundance in Appalachia, Texas, Oklahoma, Arkansas and Louisiana. Enough has been identified to supply the United States for more than 100 years. This reserve is more than twice the amount of Saudi oil reserves.

T. Boone Pickens calls our natural gas reserves, which could cut by 50 percent our reliance on OPEC oil, "a game changer." He supports congressional action to access this fuel. Oil sands and oil shale, plentiful in the United States, offer other domestic sources of energy to reduce reliance on foreign oil, but only if the federal government permits the exploration and development of these sources.

U.S. energy policy seems to prefer continued reliance on Mideast oil, simply governing by fiat and executive order. The administration has done an end run around a federal judge's ruling that required opening up the permitting process for drilling for our own domestic oil. The Heritage Foundation reports that as of February 2011, at least 103 permits were awaiting review by the Bureau of Ocean Energy Management, Regulation and Enforcement. Since February, the administration has issued on average only 1.3 permits a month, a 78 percent reduction in the monthly

average according to the latest Gulf Permit Index.

Meanwhile, oil companies migrate to other nations to explore and drill. Other companies are simply forced into bankruptcy at a cost of thousands of jobs when our economy can ill afford such job loss. Failure to use God-given natural resources to benefit American citizens is not responsible governing.

On a March trip to South America, the president promised Brazil that the United States would help finance that country's effort to develop its off-shore resources. His administration won't permit any significant U.S. drilling in Alaska or off-shore, yet America will help Brazil drill off-shore and then import its oil for our domestic use.

**Failure to use God-given  
natural resources to benefit  
American citizens is not  
responsible governing.**

Politicians continue to pander to corn growers about government subsidy for converting corn to ethanol. This is not only grossly expensive and questionably efficient, but it negatively impacts food costs. Even Al Gore now disavows its virtues, admitting he wanted to help farmers in Iowa.

Coal, a plentiful resource, continues to be Kentucky's energy ace in the hole. Approximately half of America's and the world's electricity is generated by coal. Burning coal is vastly cleaner with current technology and methods, and it results in cheaper power costs for Kentucky and elsewhere.

A climate scientist quoted in the *Atlantic Monthly* states that stabilizing carbon dioxide concentration in the atmosphere would require the world to reduce its emissions to Kenya's level; for America that's a 96 percent reduction. Nations with hundreds of millions of people in poverty would have to "forgo the energy-intensive path toward wealth that the U.S. has traveled for so many years." Are Americans prepared to give up current standards of living that support our modern society to live like a third-world country? ■



Pat Freibert is a former Kentucky state representative from Lexington. She can be reached at [editorial@lanereport.com](mailto:editorial@lanereport.com).





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# FAST LANE

A compilation of economic news from across Kentucky

## COVINGTON: ASHLAND INC. TO ACQUIRE INTERNATIONAL SPECIALTY CHEMICAL COMPANY FOR \$3.2 BILLION CASH

**A**SHLAND Inc. has acquired specialty chemical manufacturer International Specialty Products Inc. for \$3.2 billion.

**ASHLAND**

New Jersey-based ISP is a leading global supplier of specialty chemicals and performance-enhancing products for a wide variety of consumer and industrial markets including personal care, pharmaceuticals, beverage, home care, coatings and adhesives, energy, agriculture, plastics, tires and others. Through its network of manufacturing sites, ISP produces more than 500 specialty chemicals and has more than 275 scientists worldwide at research centers located in New Jersey, France, the United Kingdom, India and China. Last year, the company generated sales of approximately \$1.6 billion.

Ashland Chairman and CEO James J. O'Brien said the transaction will enable the company to significantly expand its market position in "higher margin, higher growth and less cyclical global markets like personal care and pharmaceuticals." O'Brien said the acquisition also broadens Ashland's presence within attractive growth areas like skin, hair and oral care, which are large and fast-growing segments of the \$5 billion-plus personal care specialty ingredients market.

## STATE: COLLEGE DEGREES, DIPLOMAS CONFERRED JUMP 11 PERCENT TO RECORD 62,700 IN '11-'12 SCHOOL YEAR



UofL photo

The number of Kentucky college graduates in 2010-2011 represents an 11 percent increase over the 2009-2010 figures.

**K**ENTUCKY'S public and independent colleges and universities conferred an all-time high of 62,700 degrees and credentials during the 2010-11 academic year, according to a preliminary annual degree report issued by the **Council on Postsecondary Education**.

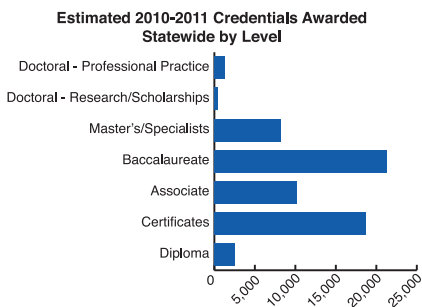
The historic high number of degrees represents an 11 percent increase over last year and includes gains across all levels, especially workforce-oriented certificates, diplomas, associates and professional-practice doctorate degrees.

The **Kentucky Community and Technical College System's** associate degrees climbed 13 percent over last year and diplomas – a workforce-oriented credential that requires a year or more of study – grew 32 percent. The report also noted that the largest growth

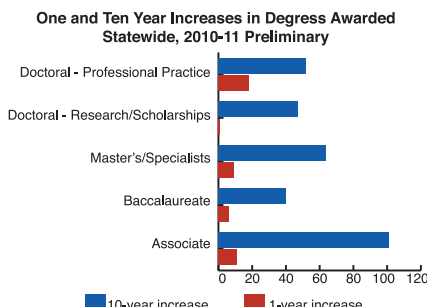
in Kentucky postsecondary education over the last 10 years as been at the associate degree level, which has doubled over the past decade, primarily due to the expansion of applied associate programs at KCTCS.

Statewide, bachelor's degrees increased 6 percent in the 2010-2011 school year, led by strong growth in the independent sector.

Graduate education posted a one-year gain of 9.5 percent overall. While growth was seen at all graduate degree levels, new and expanded professional-practice doctoral programs at Kentucky's public comprehensive and independent universities led to an 18 percent increase in the number of these advanced practice degrees in just one year



Source: Kentucky Council on Postsecondary Education



Source: Kentucky Council on Postsecondary Education



PR Newswire photo

R.L. Schreiber supplies spices and specialty foods to more than 12,000 customers.

## LEBANON: NEW SPECIALTY FOOD SUPPLIER BRINGS 83 JOBS TO MARION COUNTY

**S**PECIALTY food supplier **R.L. Schreiber Inc.** has opened a 140,000-s.f. manufacturing facility in Lebanon, creating 83 new jobs.

The Florida-based company produces food bases, spices and other specialty foods under its own name as well as private labels and has more than 12,000 customers ranging from individual and chain restaurants to cruise lines, cafeterias, schools, caterers and national retailers. The products are sold through a nationwide network of independent distributors.

Lebanon Mayor Gary Crenshaw said the new plant not only represents new jobs, but also represents "a dramatic diversification by introducing a whole new business sector to our economic base."

The family-owned company has invested more than \$7.3 million in the Lebanon facility and has also been approved by the Kentucky Economic Development Finance Authority for tax incentives up to \$2 million through the Kentucky Business Investment program. The performance-based incentive allows the company to retain a portion of its investment over a 15-year period through corporate income tax credits and wage assessments by meeting job and investment targets.

## Submissions Welcome

To submit news and photographs for publication in Fast Lane, please mail information to: The Lane Report, 201 East Main Street, 14th Floor, Lexington, KY 40507-2003 or send via e-mail to editorial@lanereport.com.

Color photographs are preferred, either in standard form or digital. For digital photographs, a resolution of 300 dpi is required, formatted in either jpeg or tif.



## LOUISVILLE: UofL BIZ STUDENTS ARE TOP WINNERS IN INTERNATIONAL CONTEST



*TNG Pharmaceuticals team members (left to right) Larry Horn, Cory Long, Jenny Corbin, Terry Tate and Max Brudner are all students in UofL's entrepreneurship program.*

LESS than a month after bringing home the top prize at the respected Rice Business Plan Competition, a team of entrepreneurship students from the **University of Louisville College of Business** earned the grand prize in an international contest that is widely regarded as the "Super Bowl" of business competitions.

UofL's TNG Pharmaceuticals team was the top winner in the Venture Labs Investment Competition, beating 39 teams from schools that included **Johns Hopkins University, Norwegian University of Science** and **Sasin Graduate Institute** in Thailand to capture the honor and a cash prize of \$135,000.

TNG's entry featured a business plan for FlyVax, a vaccine to control cattle horn flies, an agricultural pest that costs farmers more than \$1 billion a year. TNG is licensing the patented vaccine, which was developed by scientists at **Auburn University**.

TNG reached the Venture Labs contest finals by winning over teams from **Ohio State University, Carnegie Mellon and University of Arkansas** in the semifinal round. The team's winnings now total \$800,000, which includes prize money from first-place finishes in contests at the **University of Cincinnati, University of Nebraska** and **Rice University**.

## LOUISVILLE: INVENSYS RAIL TO EXPAND HQ, WILL ADD 75 ENGINEERING JOBS

**INVENSYS Rail Corp.** is investing more than \$3.2 million to expand its North American headquarters facility in Louisville.

Invensys, which engineers control systems for railways and transit authorities, plans to lease an additional 4,000 s.f. in addition to its existing 120,000-s.f. facility in Jefferson County's Eastpoint Business Center and will add 75 new engineering jobs as a result of the expansion.

The Kentucky Economic Development Finance Authority has granted preliminary approval to Invensys for tax incentives up to \$1.8 million through the Kentucky Business Investment program.

## BUSINESS BRIEFS

### DAWSON SPRINGS

■ **Pennyryle Forest State Resort Park** has added eight new equine campsites as part of the state's effort to expand adventure tourism opportunities throughout the state. The wooded sites allow campers with horses to spend the night and explore more than 30 miles of horse trails in the adjacent Pennyryle State Forest. Other state parks that feature equine campsites include Carter Caves, Dale Hollow Lake and Taylorsville Lake.

### ERLANGER

■ Erlanger-based **Toyota Motor Engineering and Manufacturing North America** (TEMA) has announced that it will boost production earlier than expected following the March 11 earthquake and tsunami in Japan. Beginning this month, overall North American production will reach approximately 70 percent of normal levels, up from approximately 30 percent in May. The improvement in parts availability from Japan is the result of countermeasure activities implemented by affected suppliers. Toyota will continue to evaluate production model-by-model on a monthly basis, with a goal to return to fully normalized production by late this year. Models returning to 100 percent production in June are A valon, Camry, Corolla, Highlander, Matrix, Sequoia, Sienna and Venza.

Toyota photo



### FLORENCE

■ **Turfway Park** and **Capstone Auction Services LLC** of Campbellsville, Ky., have joined forces to produce organic compost that will be available to both wholesale and retail buyers. Turfway and Capstone officials say the composting venture is profitable from several angles. Since muck does not decompose in the anaerobic environment of a landfill, the composting will keep thousands of cubic yards of muck out of landfills while producing a marketable finished product. In addition, the process both cuts expenses and provides a revenue stream for Turfway. "We were spending nearly a quarter-million dollars a year to have the muck removed," said Turfway's Director of Operations Chip Bach. "Most of it went to mushroom farms in Pennsylvania, but we had to pay to have it hauled out of here. Now we not only save the cost of that transport but also have the potential to generate revenue."

### GLASGOW

■ State officials gathered in Glasgow last month for the official groundbreaking ceremony of a new \$20 million structure to house the **Glasgow State Nursing Facility**, a state-owned and operated long-term care center for individuals who need both mental health treatment and skilled nursing services. The new 100-bed, 72,000-s.f. facility will be built on the same campus as the existing structure. The facility employs approximately 100 people.



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## BUSINESS BRIEFS

### HIGHLAND HEIGHTS

■ **Omnicare Inc.**, a Highland Heights pharmaceutical company, has sold its **Tidewater Group Purchasing** subsidiary to New Jersey-based **Managed Health Care** for an undisclosed amount. "The divestiture of our group purchasing organization is consistent with our strategy to focus attention and reallocate resources to those areas of our business that align most closely with our core strengths and growth objectives," said Omnicare CEO John Figueroa.



### HYDEN

■ **The Frontier School of Midwifery and Family Nursing**, which has one of the largest nurse-midwifery education programs in the country, plans to change its name to **Frontier Nursing University** to better reflect its education offerings. Since being established in 1939, the institution now has close to 1,100 students from across the United States as well as several foreign countries enrolled in either the Doctor of Nursing Practice or Master of Science in Nursing degree programs. The name change will take effect July 1.

### LEXINGTON

■ **Global Environmental Services** and **Digital Controls Corp. – Managed Print Group** have merged to form a new division under the GES flagship that is operating as GES Print Solutions. The combined operation will continue to focus on IT services and electronics recycling.

### LBX Company LLC

■ **LBX Co.**, maker of **Link-Belt** excavators, has established a subsidiary company, **LBX do Brasil**, based in Sao Paulo, Brazil. The expansion into the Brazilian marketplace is part of the company's long-term strategy of broad domestic and international growth in the construction, demolition, scrap/material handling and forestry equipment sectors. LBX's future plans for Brazil include establishing a parts distribution center and demonstration grounds. The headquarters' offices will be staffed with sales and product support personnel, who will work with dealers to provide pre- and post-sale support, including financing solutions.

■ **American Founders Bank** has joined with the former **Lexington Investment Mortgage Co.** to create **AFB Mortgage**. AFB President and CEO John T. Taylor said that as a full-service bank, AFB has always offered mortgage services, but said partnering with LIMC allows the company to better serve its customers. In 2010, LIMC originated approximately \$20 million in mortgages through Kentucky and Florida. AFB Mortgage will work out of AFB's seven locations throughout Lexington and greater Louisville.



### LOUISVILLE

■ **Kentucky Derby 137** was one for the record books as 164,858 race fans packed **Churchill Downs Racetrack**, breaking the former attendance record of 163,628 set in 1974 during the 100th anniversary of the "Run for the Roses." Wagering on the full Kentucky Derby Day race card was \$23.4 million, an increase of 9 percent over 2010's on-track wagering total of \$21.5 million. On-track wagering on the Derby race was \$11.5 million, an increase of 4.2 percent over the \$11.1 million wagered one year earlier. All-sources wagering on the Kentucky Derby card was \$165.2 million, the third-highest in Derby history and an increase of 1.5 percent over the prior year's \$162.7 million.

■ **Louisville Mayor Greg Fischer** has unveiled a plan that would reopen **Kentucky Kingdom** by issuing \$17.5 million in city bonds backed by parking fees, a third-party investor and taxes collected from the jobs created at the amusement park. The plan would allow the park to open in 2012. "It's always been my goal to reopen Kentucky Kingdom because it's a valuable tourist attraction and it will create jobs," Fischer said, "but it needs to be a deal that is good for the city." Fischer said the latest proposal involves much less risk to taxpayers than previous deals proposed by Kentucky Kingdom investors, while at the same time providing an opportunity to re-open the park.

## ELIZABETHTOWN: COCA-COLA MUSEUM TO CLOSE, MEMORABILIA TO BE AUCTIONED

### THE Schmidt Museum of Coca-Cola Memorabilia

has announced that it is divesting its extensive collection of Coca-Cola material that dates back to the 1800s and will close the doors of the museum.

The collection, which Bill and Jan Schmidt started in 1972, is considered to be one of the largest private collections of such material in the world. The Schmidt's son, Larry, who now serves as president of the museum, estimates the value of the collection to be approximately \$10 million.

"This collection is the best of the best," said Allan Petretti, author of "Petretti's Coca-Cola Collectibles Price Guide." "The depth and breadth of their collection is beyond incredible. They have the rarest of rare pieces. They have things from every era and from every category – clocks, posters, toys, trucks, bottles. You name it, and they have it."

Jan Schmidt said that while the family is proud of the collection, it "has become inert and the way to keep it alive is to pass it on – to give others the opportunity to own and showcase the items they want."

The Schmidt family plans to sell the items of most interest at a series of live auctions; the remainder will be sold online. The family is establishing a foundation so that the vast majority of funds from sales will be used for benevolent purposes.

Area officials say the loss of the museum will be a blow to the area's tourism trade. Sherry Murphy, executive director of the Elizabethtown Tourism and Convention Bureau, told *The (Elizabethtown) News-Enterprise* that the museum drew more than 15,000 visitors in 2010.



*This Coca-Cola serving tray, which dates back to 1897, is one of only two known to be in existence and is valued at approximately \$30,000.*

## LONDON: KHIC EXPANDS LENDING TO U.S. BUSINESSES IN UNDERSERVED MARKETS

LONDON-based **Kentucky Highlands Investment Corp.** has been selected as one of only 21 participants in the 10,000 Small Businesses CDFI Growth Collaborative, a national program to help expand small business lending in underserved areas.

The CDFI Growth Collaborative is a three-year program that is part of the 10,000 Small Businesses Initiative sponsored by **The Goldman Sachs Group Inc.** and the Opportunity Finance Network, a network of community development financial institutions. The Growth Collaborative program will provide participating community development financial institutions (CDFI) with a unique "tuition paid" learning program to help CDFI loan funds address the needs of small businesses in underserved communities across the country.

CDFI loan funds participating in the program will have access to a number of learning opportunities, including information exchanges, meetings, online learning, and networking opportunities and one-on-one or small-group consulting services.

"The CDFI Growth Collaborative will help CDFIs develop both the capacity and knowledge to grow their small business lending portfolio and stimulate the growth of more small businesses in their communities," said Alicia Glen, managing director and head of the Urban Investment Group at Goldman Sachs.



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## BUSINESS BRIEFS

### LOUISVILLE

■ **Advanced Cancer Therapeutics LLC**, a privately held Louisville company that focuses on bringing new anti-cancer therapies to market, has signed an agreement to acquire rights from **Antisoma plc** for an anti-cancer drug that has shown promising results against a range of solid and blood cancer lines. ACT President and CEO Randall Riggs said the company intends to work closely with Dr. Don Miller at the Brown Cancer Center in Louisville to evaluate new potential indications or uses for ACT-GRO-777, including neuroblastoma in children.

■ **Ventas Inc.**, a Chicago healthcare real estate investment trust company, has acquired 118 senior housing communities from Louisville-based **Atria Senior Living Group** for \$3.1 billion. Atria, the fourth-largest operator of assisted living properties in the United States with more than 120 communities in 27 states, will continue to manage the acquired properties. Ventas Chairman and CEO Debra Cafaro said the acquisition establishes Ventas, which has more than 700 assets in 44 states and two Canadian provinces, as the largest owner of senior living communities in the country.



Ford photo

■ **Ford Motor Co.**'s reinvestment in its Louisville Assembly Plant was named one of the Top Ten Deals of 2010 by *Site Selection* magazine, a leading economic development publication. The magazine noted that the Louisville project, which represents an investment of more than \$600 million and creates 1,800 new jobs, stands out for its scale of capital investment and job creation, creativity in nego-

tiations and incentives, and regional economic impact. In addition, Greater Louisville Inc. – the Metro Chamber of Commerce received an honorable mention in the magazine as one of the top-performing economic development agencies in the country.

■ Louisville-based insurance broker **Neace Lukens** has launched a new energy consulting service as part of its risk management division, **CORE Solutions Property Services**. The energy service program was established as part of new business relationships forged with **Ecotech Renewable Engineering**, a Cincinnati-based renewable energy developer and consultant and **Eagle Energy LLC**, a Cincinnati-based alternative electricity supplier and energy consultant. Through the new service, CORE Solutions will work directly with clients to review their energy expenses and usage to optimize consumption and reduce overall energy spending.



■ Louisville-based tour and event company **Mint Julep Tours** has launched a new product to meet consumer demand in the growing experiential tourism segment. The Roll Out the Barrel tour lets participants travel to one of Kentucky's premier distilleries to sample and resample unfiltered, barrel-strength bourbon. With a professional taster to help identify acute notes and distinct flavors, guests determine their favorite and then customize a bottle to create their own one-of-a-kind bourbon.



■ **Kindred Healthcare** has been approved for up to \$2 million for up to 10 years through the Kentucky Business Incentives program. The incentives are tied to the company's plans to invest approximately \$520,000 to expand its Louisville headquarters and add 100 new positions. Kindred's expansion plans are a result of its recent acquisition of St. Louis-based **RehabCare Group Inc.**

■ The cost of the proposed \$4 billion-plus **Ohio River Bridges Project** could be reduced by at least \$1.2 billion with changes recommended earlier this year by Kentucky Gov. Steve Beshear, Indiana Gov. Mitch Daniels and Louisville Mayor Greg Fischer, an in-depth analysis by the Bi-State Management Team has concluded. The largest savings would result from rebuilding the downtown Kennedy Interchange in place rather than moving it to the south (\$800 million less); eliminating flyover ramps and making other design changes on the Indiana interstate approach to the newly expanded I-65 bridges (\$215 million less); and reducing the East Endbridge, roadway and tunnel from six to four lanes (\$174 million less).

## BOWLING GREEN: MERGER MODIFIES KY TOBACCO MAKER'S RELOCATION PLANS

**B**OWLING Green tobacco manufacturer **Commonwealth Brands Inc.** has canceled plans to relocate its headquarters to the Nashville area and will instead integrate operations with Florida-based sister company **Altadis USA** and move to Fort Lauderdale.

In announcing the merged operations, the companies – which are owned by London-based **Imperial Tobacco Group** – said the integration would provide greater sales coverage and more comprehensive services. The combined portfolio will incorporate cigarettes, fine-cut tobacco, mass-market cigars, pipe, papers and tubes. The premium cigar division of Altadis USA will remain as a separate entity.

Commonwealth officials said the integration of the two companies' sales and marketing functions is expected to be complete by the end of the year; the transition of all other departments to Fort Lauderdale will take approximately a year.

Commonwealth Brands announced late last year that it had outgrown its Bowling Green facility and would be moving the company's headquarters and some 100 jobs to Goodlettsville, Tenn., by mid-2011. The decision to cancel the move caught Goodlettsville officials by surprise.

"It's a blow when we lose several dozens of high-paying jobs in a community that everyone was looking forward to getting going," Goodlettsville Economic and Community Development Director Tom Tucker told *The Nashville Business Journal*. "Corporate offices feed the retail machine."

## LEXINGTON: BEDSIDE COMPUTERS HELP HOSPITAL PATIENTS STAY CONNECTED

**A** Lexington technology company has signed a multi-year agreement with **Central Baptist Hospital** to supply 59 bedside terminals that provide patients with Internet access and the ability to stay connected to family and friends while in the hospital.

**ConnectedPatients LLC's** ConnectMe terminals are installed either bedside or mounted on an articulating arm, offering accessibility to patients and families as well as clinicians. The terminal system has an LCD touch-screen that features large virtual buttons, making it easy for patients to access the Internet to check email, connect with social media sites like **Facebook** and **Twitter**, watch movies and listen to music.

Karen S. Hill, vice president/nurse executive at Central Baptist Hospital, said the hospital has already seen the positive impact the devices have made for patients.

"Our maternity patients love the ConnectMe system and use the monitor to communicate with families and friends and to relax. This capability has differentiated Central Baptist in supporting the connectivity of our patients," Hill said.

The ConnectMe device also offers a portal for electronic medical records and provides physicians with a tool for patient education.

The terminals are currently located in Central Baptist's oncology and maternity units, with more units planned over the course of the contract.

ConnectedPatients photo



*Bedside touch-screen terminals installed at Central Baptist Hospital in Lexington let patients stay in touch with family and friends during their hospital stay.*



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# FAST LANE

## BUSINESS BRIEFS

### LOUISVILLE

■ A block of buildings in the Louisville's historic Whiskey Row district that was once slated for demolition will be saved and renovated thanks to an agreement between the city and local developers and preservation leaders. Alan DeLisle, head of the **Downtown Development Corp.**, said the agreement "not only will enhance the vitality of downtown, but it will also make a significant contribution to economic growth and job creation."



■ Louisville-based **Republic Bank & Trust Co.** has announced plans to sell its banking center in Bowling Green to **Citizens First Bank Inc.** Bowling Green-based Citizens will assume all deposits, fixed assets and approximately half of the outstanding loans of Republic's Bowling Green banking center. The transaction covers approximately \$35 million in deposits and \$14.5 million in loans.

### MURRAY

■ **Pella Corp.** has announced plans to expand its operations in Murray, where it produces vinyl window and doors. Plant Manager Doug Dieleman said the expansion in Murray was tied to increasing demand for the company's energy-efficient Pella 350 Series of vinyl window and doors. The expansion will add 75 new jobs to the plant's current staff of approximately 630.



### NEWPORT

■ Two information technology companies announced plans to locate headquarters in Newport. Korea-based **Arcron Systems** specializes in medical information technology such as hospital information systems, electronic medical records, order communication systems, and enterprise resource planning systems for hospitals of all sizes. **Meaningful Use Technologies** also serves the healthcare sector, specializing in enterprise IT experience and providing software specification, deployment and hosting services to hospitals. The companies are investing a total of more than \$1 million in Northern Kentucky and expect to create 20 jobs.

### SOMERSET

■ **Modern Distributors**, a full-line convenience store distributor, is expanding its operations in Somerset with the addition of a 12,500-s.f. cooler-freezer facility. Modern Distributors began its Somerset operation in 1965 as a small, family-owned vending company and has grown into an organization designed to serve the wholesale grocery, coffee/beverage and foodservice needs of convenience stores. The company currently has approximately 1,300 vending, coffee and wholesale customers and employs 179 people between its Somerset headquarters and satellite office in Louisville. The expansion, which is expected to be complete by mid-July, will add 20 new jobs.

■ **UGN Inc.**, an Illinois-based company that produces acoustic solutions for the automotive industry, is investing nearly \$5 million to expand its manufacturing plant in Somerset. The Somerset plant is one of six UGN facilities and employs more than 170 workers. The expansion will add 50 new jobs.

### SOUTHEAST KENTUCKY

■ Six southeastern Kentucky counties have teamed to form the **South-east Kentucky Regional Chamber of Commerce**. Participating counties include Lawrence, Magoffin, Martin, Pike, Letcher and Knott.

### STATE

■ The state has announced plans to invest more than \$3.1 million in 2011 for improvements to short line railroads in 12 Kentucky counties. Improvements include replacement or rehabilitation of rails, rail beds and railroad crossings. Recipients of the grants include **R.J. Corman Railroad**-Central Kentucky Line; **Paducah & Louisville Railroad**; **TennKen Railroad**; **Louisville & Indiana Railroad**; **TransKentucky Transportation Railroad**; and the **Kentucky Railway Museum**. (The museum also stores railroad rolling stock and is therefore a part of the short line system.)

## RICHMOND: ECU, MADISON LAUNCH KY'S PROTOTYPE 'MIDDLE COLLEGE' PROGRAM

**E**ASTERN Kentucky University and Madison County Schools have joined forces to become the first local school district and four-year university in the commonwealth to offer a "Middle College" program designed to help high school juniors and seniors who are academically capable but at risk of dropping out of school.



*EKU and Madison County are collaborating on a new "Middle College" program that targets students who are at risk of dropping out of school.*

The Middle College, a concept that has gained increasing national attention in recent years, allows high school juniors and seniors to complete their high school education while concurrently receiving direct access to college courses. The Middle College will be located on ECU's Richmond campus.

Education experts say that many high school students fail to reach their full potential because of various barriers in their lives and frequently end up dropping out.

Sixty high school juniors in the Madison County School District will participate in the Middle College in 2011-12. In each subsequent year, 60 juniors and 60 seniors will participate. Once accepted into the Middle College, participants will be enrolled in both high school and ECU classes. Upon high school graduation, the participants will have earned not only a high school diploma but also a minimum of 18 college credit hours.

Madison County Schools will bear the costs for staffing and equipping the Middle College and will also pay tuition and fees for the students enrolled in ECU college classes. The university will provide classrooms, limited office space, services and other forms of support.

## DANVILLE: MEGGITT TO OPEN SECOND AIRCRAFT PARTS PLANT IN DANVILLE

**M**EGGITT Aircraft Braking Systems has announced plans to open a second plant in Danville, a project that represents an investment of nearly \$7.3 million.

The 156,000-s.f. facility, which previously housed 3B Inc., will bring 63 new jobs to the Boyle County community.

Headquartered in the United Kingdom, Meggitt provides aircraft braking systems to a diverse group of customers, ranging from airline operators and constructors to private aircraft owners, charter operators, government and military operators, and distributors and repair stations.

The company already operates a carbon processes facility in Danville that employs 70 workers. The new operation, which is a result of consolidation from an out-of-state facility, will conduct final assembly and worldwide distribution of aircraft wheels, brakes and components.

"When a company like Meggitt chooses you a second time, it is a good indication that you are doing something right," said Gov. Steve Beshear.

"Twice is nice," Jody Lassiter, president and chief executive officer of the Danville-Boyle County Economic Development Partnership, told *The (Danville) Advocate-Messenger*. "It is a compelling argument to share with our existing businesses, site-selection professionals and outside companies that a global firm decided to locate here again."



## GRANT COUNTY: STATE OK'S \$43M IN TAX INCENTIVES FOR NOAH'S ARK PROJECT



Ark Encounter photo

*The Ark Encounter theme park will be built on 800 acres of land in Grant County, just off I-75.*

The authority heard a report from Hunden Strategic Partners that showed the Ark Encounter project met the criteria of the Kentucky Tourism Development Act, which includes requirements that the project attract at least 25 percent of visitors from outside the state by the fourth year of operation and that it has a positive impact on the Kentucky economy.

The report noted that the net fiscal impact on the state is expected to be between \$64.6 million and \$119 million over 10 years in sales and income tax above and beyond the incentive, depending upon several variables on the projected attendance.

**T**HE Kentucky Tourism Development Finance Authority has granted final approval to plans by Ark Encounter LCC for a \$172.5 million **Noah's Ark theme park** in Grant County.

The maximum incentive available would be \$43.125 million over 10 years. The incentives come from the sales tax generated by the project.

## BUSINESS BRIEFS

### STATE

■ **Tourism-related business** in Kentucky brought in \$11.3 billion in 2010, with eight of nine tourism regions showing gains, according to figures recently released by the state. The figure represents a 4.8 percent increase over 2009. The figures, part of an annual survey, also showed that tourism was responsible for 169,258 jobs in Kentucky in 2010 – an increase of 2,657 from the previous year. The jobs generated more than \$2.5 billion in wages for Kentucky workers, an increase of \$118 million from the previous year. Tourism generated \$1.188 billion in tax revenues for local and state governments in 2010, an increase from \$1.133 billion in 2009.



Kentucky Dept. of Tourism photo

■ Nine Lexington-area colleges and universities have united to form the **Consortium of Higher Education in Central Kentucky (CHECK)** with the goal of elevating awareness of educational opportunities for adults in Central Kentucky by promoting and organizing education events. "We want to provide a valuable resource for businesses to connect with the educational community as the current economic climate has shown corporations the benefits of having a well-educated workforce," said CHECK President Mustafa Mahdi. "When companies make the investment in educating and training their employees, loyalty, higher morale, and quality performance are the results." CHECK members include Asbury University, Bluegrass Community & Technical College, Eastern Kentucky University, Indiana Wesleyan University, ITT Technical Institute, Midway College, Morehead University, Strayer University, and University of Phoenix.



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# INTERSTATE LANE

Business news from Indiana, Ohio, Tennessee and West Virginia

## BUSINESS BRIEFS

### INDIANA

■ **BioCritica**, a newly formed biotechnology company, plans to establish its headquarters in central Indiana, creating up to 70 new jobs by 2015. Recently founded by **Eli Lilly and Co.** and a private investor group, Bio-Critica will develop, market and commercialize products for the critical-care hospital market. The company will license Lilly's FDA-approved drug for the treatment of severe sepsis, a poisoning of the blood that affects hundreds of thousands of patients each year, many resulting in death.

■ Internet marketing company **Slingshot SEO** is expanding its operations in Indianapolis and plans to add 114 new jobs by 2013. "Operating in Indiana is a significant competitive advantage for technology companies, especially those within the measured marketing space," said Kevin Bailey, president and co-founder of Slingshot SEO. "Indiana's tech business environment is world-class, with a skilled workforce, supportive business leaders, and growth-friendly policies. There's no better place to grow a business like Slingshot SEO."

### OHIO

■ **AES Corp.**, a Fortune 500 global power company has announced plans to acquire **DPL Inc.**, a regional energy company headquartered in Dayton, for \$4.7 billion. AES President and CEO Paul Hanrahan said the company is concentrating its growth in a few key markets, including the U.S. utility sector, and will utilize the DPL acquisition to build on its nearby utility business at **Indianapolis Power & Light Co.** DPL, which serves more than 500,000 customers in west-central Ohio, will maintain its name and remain headquartered in Dayton for at least two years after the merger

### TENNESSEE

■ **Valeo** is investing up to \$5.4 million to renovate a facility in Smyrna, Tenn., where it plans to locate a new automotive parts manufacturing facility. The plant will produce front-end modules for Nissan, whose North American headquarters is based in nearby Franklin, Tenn. The company expects to employ 63 workers within the first year of occupancy.

Nissan photo



■ **Daiei America Inc.**, a Nissan supplier, has selected a Murfreesboro, Tenn., site for its first U.S. manufacturing plant. The company plans to hire approximately 55 employees and expects to begin operations this summer.

■ **CSS Industries** plans to close its Cleo gift wrap plant in Memphis by the end of year, eliminating approximately 650 jobs. The closing is part of the company's plan to move all gift wrap products to foreign suppliers.

■ **Windham Professionals** is building a new regional headquarters facility in Hendersonville, Tenn., where it plans to add 100 new jobs to its existing 200-member staff. Windham specializes in account collections for a variety of industry sectors.



### WEST VIRGINIA

■ **Quad/Graphics Inc.** is investing more than \$15 million to upgrade press equipment and binder models in its Martinsburg book-manufacturing plant. The upgrade is part of the Wisconsin-based company's plans to move its mass-market paperback operations from its plant in Buffalo, N.Y., which is being closed, and consolidate it with Martinsburg's existing trade-book services. Quad/Graphics produces magazines, catalogs, direct mail products, books, directories and specialty products at 60 print-production locations in the United States, Canada, Latin America and Europe.

■ Intraocular lens manufacturer **Alcon Research, Ltd.** has completed the expansion of its \$40 million manufacturing facility in the Huntington Area Development Center Business Park. The new 70,000-s.f. facility is used to make "delivery systems," or small devices used to place the lens into the eye during surgery. When fully operational, the facility is expected to employ 300 people.

## OHIO: GE AVIATION IS INVESTING \$51M IN R&D CENTER AT UNIVERSITY OF DAYTON

**G**E Aviation has begun construction on its new \$51 million **Electrical Power Integrated Systems Research and Development Center**, which is being built on eight acres on the **University of Dayton** campus.

GE photo



GE Aviation's new R&D center on the University of Dayton campus is expected to be operational by the end of 2012.

"Without a doubt, it's extraordinary for a Fortune 100 corporation to build a multimillion-dollar research facility on a college campus in today's economic climate," said Daniel J. Curran, president of the University of Dayton. "Our researchers will work side by side with GE scientists and engineers to develop electrical power systems and technologies. The applications are numerous — from next-generation power systems for aircraft to longer-range electric cars. Even smarter utility power grids for more efficient delivery of electricity."

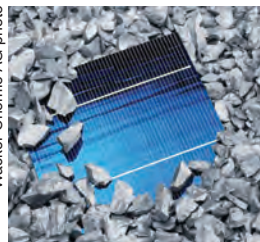
The center's close proximity to **Wright-Patterson Air Force Base** and the University of Dayton Research Institute is important in order to provide significant new support to the **Air Force Research Labs** and the University of Dayton. The university's researchers will work with GE to develop and deploy computer modeling, simulation and analysis of advanced, dynamic electric power systems design and controls.

The center will be directed at several markets, including end-to-end electrical power starter/generation, conversion, distribution, and load technologies for civil and military aerospace applications.

The 120,000-s.f. facility is expected to be complete by the third quarter of 2012 and operational by the end of 2012.

## TENNESSEE: CONSTRUCTION BEGINS ON \$1.5B WACKER CHEMIE AG SOLAR PLANT

Wacker Chemie AG photo



Polysilicon is used to produce solar panels and semiconductors.

**G**ERMANY-based **Wacker Chemie AG** has officially begun construction on a polysilicon-production plant in Cleveland, Tenn., that will create approximately 650 new jobs.


The \$1.5 billion plant — which represents the largest investment in the history of the company and its first facility outside of Germany — will produce hyperpure polysilicon, a component used to make high-efficiency solar cells.

The facility, which will sit on 550 acres, is expected to be complete by 2013. Once operational, it will have an annual capacity of 15,000 metric tons.

Wacker has manufactured polysilicon for more than 50 years and is one of the world's largest producers of hyper-pure polycrystalline silicon.

The Wacker facility will be the second polysilicon plant in Tennessee: **Hemlock Semi-Conductor** is currently in the process of building a \$1.2 billion plant near Clarksville that will provide polysilicon for solar panels.





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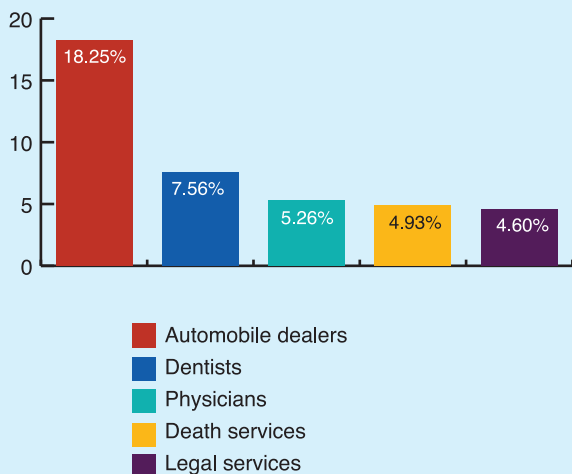
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## THE BEST OF TIMES, THE WORST OF TIMES

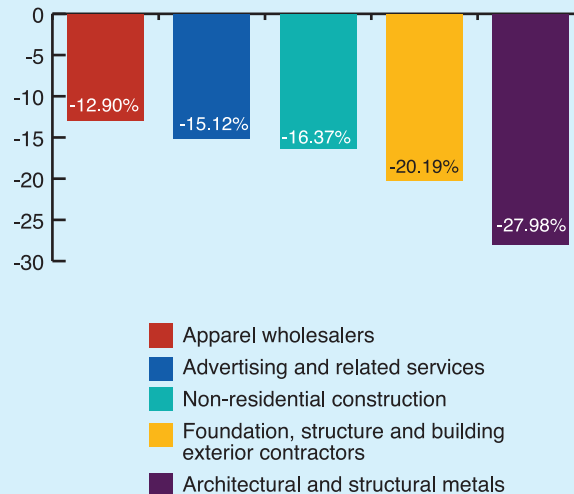
### Which industries fared best in 2010?

Few will argue that it's difficult to run a business in the midst of a recession. However, some industries have fared better than others, with some even thriving because of the economic downturn. A recent study looked at which fields performed best - and worst - over the course of 2010.

Industries that saw business increase in 2010



Industries that saw business decline in 2010

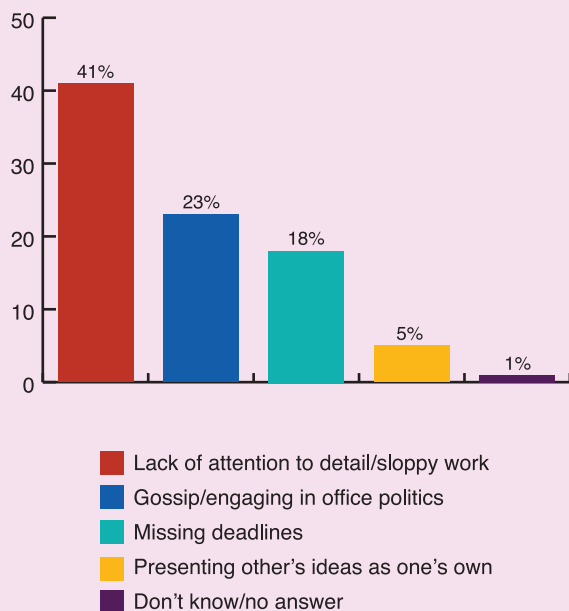


Source: Sageworks

## CLEAN UP YOUR ACT

### Sloppy work tops the list of most annoying office behavior

It's an issue to which everyone can relate: annoying co-workers. So which work behavior bothers people most? A recent survey of executives revealed the following responses:

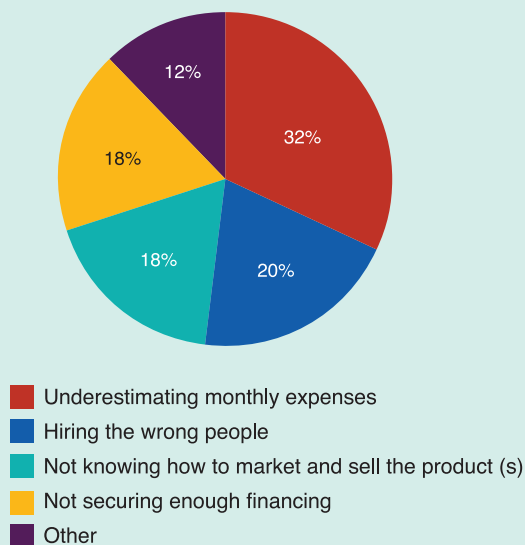


Source: Accountemps

## BIG MISTAKES FOR SMALL BUSINESSES

### Small-business owners share lessons learned from the past

A recent survey asked small-business owners about the biggest mistakes they made when setting up a business. Their responses:



Source: Hiscox USA Small Business Survey





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- To adhere to professional standards of conduct in helping my clients to protect insurable obligations and attain their financial security objectives.
- To present accurately and honestly all facts essential to my clients' decisions.
- To perfect my skills and increase my knowledge through continuing education.
- To conduct my business in such a way that my example might help raise the professional standards of those in my profession.
- To keep informed with respect to applicable laws and regulations and to observe them in the practice of my profession.
- To cooperate with others whose services are constructively related to meeting the needs of my clients.

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# CORPORATE MOVES

*New leadership for Kentucky businesses*

## ACCOUNTING

■ **Doug Wise** has joined Blue & Co. as director of the company's Louisville office.

■ **Jason O. Strange** has joined Smith & Co. CPAs of Bardstown as a partner in the firm.

## ADVERTISING/MARKETING

■ Lexington-based Cornett Integrated Marketing Solutions has hired **Trina Reisert** as an account planner for its operations in Louisville.



*Trina Reisert*

■ **Jessica Biddulph** has been promoted to vice president - research division for the Lexington agency of Preston-Osborne.

## BANKING/FINANCE

■ First Federal Savings Bank has named **Norma Elliott** as district manager in charge of the Elizabethtown-based company's retail operations in Meade County and Radcliff/Fort Knox, and in Harrison and Floyd counties in Indiana.



*Norma Elliott*

■ **David Turner** and **Kathy Wilson** have been appointed to the position of senior vice president, wealth management group of Central Bank & Trust in Lexington.

■ **Pamela D. Goetting** has joined Burlington-based Heritage Bank as senior vice president.



*Pamela D. Goetting*

■ **Linda Rumpke** has been named president and CEO of Bardstown-based Town & Country Bank and Trust Co.

■ **Alex Harper** has joined Shelbyville-based Citizens Union Bank as senior vice president-commercial and industrial lending.

■ Fifth Third Bank Kentucky has named Assistant Vice President **Peter Nesmith** as an area sales manager for the company's mortgage team in the Louisville market.



*Peter Nesmith*

■ **Jaleigh White** has joined Louisville-based investment firm Hilliard Lyons as director of high-net-worth strategies and a member of the executive management team.



*Jaleigh White*

■ **Jeffrey T. Blair** has been promoted to vice president in the Elizabethtown office of Wilson & Muir Bank & Trust Co.

## BUSINESS DEVELOPMENT

■ **Chris Wooldridge** has been promoted to district director of the Kentucky Small Business Development Center, part of the Murray State University College of Business.

## EDUCATION

■ **Avo Kiviranna** has joined Midway College as the equine studies division chair.

■ Centre College has named **Michael P. Strysick** as director of communications.

■ **Loup Langton** has been named director of Western Kentucky University's School of Journalism and Broadcasting and the Center for 21st Century Media.



*Loup Langton*

■ **Dr. Sara Zeigler** has been named dean of university programs at Eastern Kentucky University.

■ **Brian Evans** has been named vice president for diversity and inclusion at Georgetown College.



*Brian Evans*

## ENGINEERING

■ **Edmundo J. Laporte** has been named vice president and director of mining services for ECSI LLC, a Lexington-based engineering firm.

## GOVERNMENT

■ **Stephanie Appel** has been promoted to director of personnel for the Kentucky Justice and Public Safety Cabinet.



*Stephanie Appel*

■ **Terry Sebastian** has been named deputy communications director for Gov. Steve Beshear.

■ **Jill Morse Midkiff** has joined the Kentucky Cabinet for Health and Family Services as executive director of communications and administrative review.

■ **Patrick Hughes** has joined Kentucky's Office of the Attorney General as chief deputy attorney general.

## HEALTHCARE

■ **Randy Green** has been named executive director of the Ephraim McDowell Health Care Foundation.



*Randy Green*

■ **Dr. Sharmila Makhija** has been named as the new chairman of the Department of Obstetrics, Gynecology and Women's Health at the University of Louisville School of Medicine.



*Dr. Sharmila Makhija*

■ **Mary Kate Poling** has been named president and chief executive officer of Brooklawn Child & Family Services in Louisville.

## INSURANCE

■ **Danny Patterson** has joined Eugene Wilson & Company Insurance in Bardstown as a partner in the company.

## LEGAL

■ **Barry A. Hines** and **John W. Gragg** have joined the Louisville office of Frost Brown Todd LLC as members of the firm.

## DEPARTURES

■ **Edward de Rosset**, president of Union College, has announced plans to retire effective June 30, 2013.

■ **Landra Blackwell** has joined Weber & Rose as a member of the Louisville law firm.



*Landra Blackwell*

## MANUFACTURING

■ **Stephen Creech** has joined Hercules Manufacturing Co. in Henderson as operations manager.

## PHARMACEUTICAL

■ **Fabrice Ergros** has been named chief operating officer for Xanodyne Pharmaceuticals Inc., a Newport-based specialty pharmaceutical company.

## UTILITIES

■ Kentucky American Water Co. has named **Doug Brock** as manager of field operations. **Mike Moler** has been named manager of production.



*Doug Brock*



*Mike Moler*

## TOURISM

■ The Lexington Convention and Visitors Bureau has named **Jim Browder** as its new president. Browder comes to the position from Greenville, S.C. and succeeds **David Lord**, who retired in March.

## OTHER

■ **Keith L. Myers** has been named senior vice president of financial services for Payment Alliance International, a Louisville provider of payment processing solutions.

■ **Bret A. Brown** has joined Charah Inc., a Louisville-based ash management provider for the coal-fired electric utility, as vice president of utility relations for the company's western region. Brown will be based in St. Louis.



*Bret A. Brown*

■ **Holly Dukes Prather** has been named vice president of marketing for Leadership Louisville Center.

■ **Thomas Wobbe** has joined The Underwriters Group in Louisville as director of major accounts.



*Thomas Wobbe*

■ **LBX Co.**, a Lexington-based company that produces Link-Belt excavators, scrap/material handlers, and demolition and forestry equipment, has announced the following promotions: **Eric Sauvage** - executive vice president; **Mike Davis** - vice president of marketing and sales; and **Rod Boyer** - vice president of customer support.



# ON THE BOARDS

*New leadership for Kentucky organizations*

## FIRST FEDERAL BANK

■ Lexington-based First Federal Bank has appointed **Kenton Ball** to the board of directors. Ball is an attorney with the Rigsby Law Group of Lexington.



*Kenton Ball*

## GREATER LOUISVILLE HISPANIC LATINO BUSINESS COUNCIL

■ The Greater Louisville Hispanic Latino Business Council has announced its 2011 board of directors. The executive committee includes: Chair - **Jorge Lanz**, Jacobi Toombs & Lanz Inc.; Chair Elect - **Francisco Abril**, The Hartford; Immediate Past Chair - **Marilyn Cordova-Winchell**, Cordova Flooring Contractors; Secretary - **Lee Webb**, Stoll Keenon Ogden PLLC; Treasurer - **Alejandra Rico**, National City Bank; Marketing Chair - **Ricardo "Rico" Nieto**, Creative Alliance; Programming Chair - **Ingrid Bolton**, Ingrid Design LLC; Membership Chair - **Jaime Gonzalez**, UPS; Economic Development Chair - **Daniel Lira**, Contracting Solutions, LLC -Who's Who in Latino Louisville; Education and Training Chair - **Tom Masterson**, T.E.M. Electric Co.; At-Large GLI Member - **Eileen Pickett**, Greater Louisville Inc.; At-Large AABA Member - **Verna Goatley**, African-American Business Alliance/Louisville Metro Government Economic Development Department; At-Large TSMSDC Member - **Sonya E. Brown**, Tri-State Minority Supplier Development Council. Board members include: **Jose Neil Donis**, Al Dia en America Spanish Newspaper; **Laine Lopez**, University of Louisville; **Carmen Montañez**, Kindred Healthcare; **Edgardo Mansilla**, Americana Community Center; **Ellie Kerstetter**, Ellie Kerstetter PSC; **Chris Ditz**, Citizens Union Bank; **Tim Finley**, Norton Healthcare; **Rick Ary**, RFX Technologies; **Catalina Perez**, Linak; **Hank Enright**, Papa John's International Inc.; **Alberto Valois**, Humana Inc.; **Mario Lomazzi**, Mario Lomazzi, CPA; **Xavier Santiago**, Brandon Warren State Farm; **Nick Maxim**, PNC Bank Business Banking; **Anani LeFevre**, SYSCO Louisville Inc.; **Monica Becht**, SYSCO Louisville Inc.; **Tino Soto-Cuevas**, Wal-Mart Stores Inc.; **Martin Laffoon**, Wal-Mart Stores Inc.; **Fernando Messier**, Messier & Associates Inc.; and **Elisa Bruce**, Fifth Third Bank.

## KENTUCKY HOSPITAL ASSOCIATION

■ **Mark J. Neff** has been named as the 2011-2012 chair of the Kentucky Hospital Association board of trustees. Neff is president and chief executive officer of St. Claire Regional Medical Center in Morehead.

## KENTUCKY RETIREMENT SYSTEMS

■ **Jennifer L. Elliott** has been elected chair of the Kentucky Retirement Systems board of trustees. Elliott is a partner in the legal firm of Stites & Harbison.



*Jennifer Elliott*

## PRICHARD COMMITTEE FOR ACADEMIC EXCELLENCE

■ **Hilma Prather** has been named as the new chair of the Prichard Committee for Academic Excellence. Prather is a retired principal from the Somerset Independent School System, is a member of the Kentucky Authority for Educational Television and has served as a member of the Kentucky Board of Education, the advisory board of Somerset Community and Technical College and the Council of Postsecondary Education.

■ **W. Kent Taylor** has been appointed to the board of directors of Louisville-based Papa

## PAPA JOHN'S INTERNATIONAL INC.

■ **W. Kent Taylor** has been appointed to the board of directors of Louisville-based Papa

Johns International Inc. Taylor is the founder of Texas Roadhouse, a full-service casual dining restaurant chain.

## MERITAS

■ **John Treitz** has been elected to the board of directors of Meritas, an international alliance of business law firms. Treitz is an attorney in the Louisville office of Stoll Keenon Ogden.



*John Treitz*

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# LANE ONE-ON-ONE

Kentucky's leaders express their opinions



## James Allen

James Allen is president, chairman and chief executive officer of Hilliard Lyons, a Louisville-based company that is one of the nation's oldest investment firms. Allen has spent virtually his entire career at Hilliard Lyons, having joined the firm in 1981. Prior to being named president of the company in 2003, Allen managed taxable fixed income, the private client group and Hilliard Lyons Asset Management. He has also been active in the financial services industry and with the Securities Industry and Financial Markets Association, where he has served on the board of directors. Allen continues to be involved in myriad civic activities, serving on the board of directors for the YMCA of Greater Louisville, the Jefferson County Public Education Foundation, the Louisville Downtown Development Corp., and the Fund for the Arts. He also sits on the advisory board for the University of Louisville School of Business and the dean's advisory council for the Fisher College of Business at the Ohio State University.

## 'EVENTS THAT HAPPEN IN EUROPE AND ASIA HAVE AN IMPACT ON OUR CLIENTS'

Hilliard Lyons CEO James Allen says focus on service to private investor clients is paying off

BY ED LANE

**Ed Lane:** The predecessor companies to Hilliard Lyons were Quigley and Lyons, founded in 1854, and J.J.B. Hilliard & Sons (formerly A.D. Hunt & Co.), founded in 1872. The two Louisville firms merged in 1965 and became J.J.B. Hilliard, W.L. Lyons.

Hilliard Lyons was acquired by PNC Advisors in 1998 for a reported \$285 million. Hilliard Lyons was then operating 84 offices in 12 Midwestern and Southeastern states.

In 2008, PNC Financial Services Group Inc. sold J.J.B. Hilliard, W.L. Lyons Inc. to Houchens Industries Inc. of Bowling Green, Ky. Houchens is the largest employee-owned company in the United States. It's been about three years since the acquisition by Houchens. Many of the top managers and employees of Hilliard Lyons are now the firm's owner-investors. What is the new Hilliard Lyons' game plan for the future?

**James Allen:** I'll first state that Hilliard Lyons' relationship with Houchens has really been a terrific one for both organizations. The fact that Hilliard Lyons is independent again has just made a significant difference and boosted our firm's behavior, enthusiasm and energy levels. Houchens' ownership structure is one

that has no involvement in day-to-day management in the companies in which they have any level of investment. Houchens' goal is to create an ownership structure where the best interests of the company and management are aligned.

Currently, Houchens owns about two-thirds of the equity and Hilliard employees own roughly one-third. A handful of "friends of the company" are outside investors who own a very small share of the firm, but the lion's share of Hilliard's ownership is our employees. Hilliard Lyons can offer ownership to prospective employees, as we do to current employees.

The goal of our company is to take advantage of being an independent firm in control of its destiny. Independence makes a difference in how we are perceived in the private-client wealth-management business.

Being a very strong provider of private-client wealth-management and planning services, Hilliard Lyons is less about products and more about advice. That's really the business model on which we are building as an organization. Hilliard Lyons acquired B Catalyst, a small mergers and acquisition boutique, based here in Louisville. We think

that is a complementary fit with our overall business model. Many of our clients are small-business owners, and succession planning and advisory advice is a needed service. Hilliard Lyons can provide service and advice whether it's representing owners in the sale of their business, or helping them in the valuation of their business.

Another area is insurance. As a comprehensive wealth-planning organization, we strongly feel insurance is part of the equation. Does that mean everybody needs insurance? Not necessarily, but insurance is an important piece of the wealth management puzzle.

**EL:** The number of Hilliard Lyons offices and licensed employees declined slightly during the period between its sale to PNC in 1998 and its sale to Houchens in 2008. What is the outlook for Hilliard Lyons' future growth?

**JA:** Those numbers do not reflect the fact that Hilliard Lyons operated some offices within the PNC footprint. For a period of time, the Hilliard brand was actually in Pennsylvania, Delaware and New Jersey. For branding reasons in that part of the country, the PNC brand was better known, and we ended up giving those offices back to PNC.

Hilliard Lyons is looking to add locations within its primary service area to fill in a market void and take advantage of economies of scale. A wonderful example of that would be Lexington. Our firm had a very successful recruiting effort in Lexington, so much so Hilliard Lyons opened a second location in the Beaumont area. Steve Grossman and Tommy Kessinger have done a great job in Lexington. Grossman is the overall manager, and Kessinger runs the new Beaumont office and works with Steve in a close relationship.

**EL:** Is Hilliard Lyons offering or planning new services since its acquisition by Houchens?

**JA:** Our first priority is to build out existing markets, and so that's really been a focus of the organization the last couple of years.

We would be interested in acquiring new offices in new markets, but that's actually less of a priority. Hilliard Lyons is always interested in taking a look if a situation in a new market is available.

The one thing Hilliard Lyons is not going to do is just try to grow for the sake of growing. We want acquisitions that really do make sense from cultural and strategic business standpoints. We have really worked on developing a sound discipline around recruiting people who make sense for the organization. That



doesn't mean our managers will always be right, but that's really the goal.

**EL: How would you demographically describe a typical Hilliard Lyons client?**

**JA:** On an average, it's going to be a man or woman who is about 50 years old. We currently invest roughly \$33 billion in client assets that represent probably 100,000 households and 200,000 accounts. It's hard to define a typical client because each of our clients is a unique individual.

What we have experienced is that Hilliard Lyons is appealing to higher net-worth clients. That's really been a focus of our organization. Our firm just made a strategic hire of Jaleigh White, who will be joining the organization in July as the manager of high-net-worth strategies. She's with Mirador Family Wealth Advisors, which is the family division of Fifth Third Bank. So, again, we are trying to take the resources that Hilliard Lyons has in place and, with her involvement, refine it into a product that is appealing at the higher end.

Hilliard Lyons is constantly looking for younger individuals to bring into the organization to be on teams with our senior professionals. One of the things our industry is addressing is the age demographics of clients and the professionals serving those clients. Hilliard Lyons is intent on recruiting younger people to the organization.

One of the other things with which the industry continues to wrestle is the regulatory climate related to social media and being able to communicate in an effective way with the younger generation. There are very restrictive regulations

and guidelines that made the use of social media difficult to monitor and manage.

**EL: The U.S. Congress recently passed the Dodd-Frank Wall Street Reform and Consumer Protection Act. How will this new law affect Hilliard Lyons' operations and its customers?**

**JA:** From the industry standpoint and, in particular, Hilliard Lyons' perspective (as a private client organization), Dodd-Frank establishes rules that will have an impact on firms like ours, one of which is the fiduciary standard that's yet to be defined in terms of how it's going to ultimately be implemented. Hilliard Lyons favors the consistent standard of care that currently exists for our clients. We're also concerned that our clients' choices will be preserved so they aren't forced into a place that is not going to serve them well.

Raising the bar on standards could potentially raise the cost of serving clients. A regulated level of accountability and responsibility for every service a firm provides may require a firm to charge in such a way that it will become financially impracticable for that client to have access to a service they need. This issue is being reviewed as the SEC (Securities and Exchange Commission), FINRA (Financial Industry Regulatory Authority) and Congress hash out what really does make sense.

An unintended consequence of this legislation could be the U.S. Department of Labor's fiduciary standards that relate to ARISA will apply to retirement accounts. That would have a potential limiting affect in terms of the level of service that the industry could provide

to IRA account holders. What's ironic is that all of the rules and regulations being called into question were not necessarily what caused the meltdown. In reality, Congress might be trying to fix something that's not necessarily broken.

**EL: Two of Hilliard Lyons analysts, Carol Kemple and Joel Havard, were recently selected as top stock pickers, respectively, in the areas of real estate and oil-and-gas producers by *The Wall Street Journal*. How exceptional were these awards?**

**JA:** Looking back historically, a high percentage of our analysts have been recognized at one time or another. This is actually Kemple's second year in a row to be recognized as the No. 1 analyst. Obviously, Hilliard Lyons is very proud of the quality of work that's being generated by our equity research department.

One of the differentiators for Hilliard Lyons, as it relates to research, is our commitment to objectivity. Regulations require separation between research and investment banking. We've always had that separation and encourage objective research. This policy has been part of our history even before it was mandated that it be that way.

The other thing of which Hilliard Lyons is proud is the accessibility of its analysts. Our primary thrust as an organization goes back to my earlier comments: Hilliard Lyons is a private-client organization, and our research is designed for the clients of our firm. You may ask, what's unique about that – isn't research supposed to be consumed by clients? The answer is, yes, but larger organizations have much more of an

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institutional thrust. Hilliard Lyons' research tends to cater more to the needs of private-client investors.

When clients' anxiety levels were high, the DOW was 6,500, and nobody knew whether it was 6,500-going-to-3,500; people were afraid. Nobody rang a bell saying (the decline is) over. One of the great things about Hilliard Lyons analysts is they were available to talk to our clients. I got so much positive feedback on their accessibility, the quality of work and the fact they provided a very calming level of support and advice.

**EL: Is criticism of hedge funds' lack of transparency valid? Are hedge funds essential products in today's investment market?**

**JA:** Some advocates of hedge funds argue that they play a valuable role in the market. Hilliard Lyons has taken a fairly cautious view. We want to offer access to all types of asset classes through our various programs, some of which may include more aggressive hedge fund and trading opportunities. Again it's easy to argue that investments having less transparency and regulatory adherence may not necessarily be productive for the marketplace. But again, I think hedge funds can play a valuable role for some investors.

**EL: Should equity and bond investors be concerned about a "euro crisis" related to high deficits and possible debt defaults by the Greek, Spanish, Irish and Italian governments?**

**JA:** It's a global marketplace now, so events that happen in Europe and Asia have an impact on our investors. For example, this morning, the European markets sold off as debt concerns for a number of countries started to resurface again. Potential downgrades, concerns about defaults, the rising U.S. dollar and higher costs for U.S. export goods all impact our markets and investor confidence. When the news becomes decidedly negative, investors tend to pull back.

Right now, we are seeing nice corporate earnings growth. Corporate America has demonstrated its resilience and ingenuity in being able to turn profitability around in a pretty profound way. Higher profitability fueled the recovery of the stock market, but now there is concern about what's going on in Europe coupled with concern the U.S. recovery is starting to lose a little momentum. You're seeing corporate earnings reports reflect strong bottom lines but perhaps missing in terms of the top line. The combination of these concerns is now causing the market to reach a point where it's potentially at a near-term high.

**EL: In April, Standard and Poor's expressed concern over borrowing by**

**the U.S. government and indicated there is a one in three chance that U.S. debt could lose its top rating within two years. How concerned are you about U.S. debt levels?**

**JA:** The budget deficits and escalating U.S. debt picture are concerning issues. The market is trading in such a way that it's not necessarily suggesting a U.S. debt downgrade is looming. Clearly, spending needs to be brought under control, and the deficit picture needs to improve.

**EL: The Financial Industry Regulatory Authority (FINRA) announced that it is investigating 200 to 400 firms and has referred six "serial insider trading rings" to the SEC or other law enforcement agencies over the last two years. Are investors adequately protected against unscrupulous companies and investors in the stock markets?**

**JA:** Hopefully the enhanced enforcement effort is going to be effective. Our thrust as an organization is to represent our investors. When we talked about our research efforts and the line of distinction between research and investment banking, that's an area where, again, Hilliard Lyons decided we are going to represent the investor.

When you look at what fueled some of the problems on Wall Street, there was probably an inability of investment firms to manage their conflicts of interest. Hilliard Lyons has done very well regarding this issue by being on the side of our investors. Our firm does not run big inventory positions or trade on a proprietary basis. We're not operating in conflict with our clients. In regard to insider trading on Wall Street, technology, ingenuity and creativity on that front have probably outpaced the regulatory structure to deal with it, and the regulators are catching up. Hopefully, that's the case.

Investors must have confidence in the marketplace and the securities market. Investment fraud serves to undermine confidence, and it gets back to a "few bad apples can spoil the whole thing." Hopefully, the regulatory structure and the intense use of technology in the regulatory process can rein in insider trading and ensure that it is not a pervasive problem.

**EL: Hilliard Lyons played a key role in securing the necessary bond funding for the new KFC Yum! Arena. How did your firm assist in this effort?**

**JA:** In the summer of 2008, I got the call from Ed Glasscock (attorney with Frost Brown Todd representing the Louisville Arena Authority), who wanted to talk about a potential gap in the Louisville arena financing and the need for assis-

tance. Hilliard Lyons got our group together and heard what was needed as it related to unsecured taxable bonds. We felt like our firm could help. The investment was sound, we knew the project and had a lot of confidence in it. Hilliard Lyons did a good job on the project for our investors and our community. Everybody was a winner.

**EL: Hilliard Lyons is very involved in the communities in which it does business and has been recognized for its support of arts and education – most recently receiving the Kentucky Governor's award in the arts. How does your firm decide in which local community groups to invest its support?**

**JA:** It's on a market-by-market basis, and Hilliard Lyons has been very supportive of the arts, education and other community needs. An important role that we play is contributing to the quality of life and economic development in the communities we serve. Hilliard Lyons has a foundation that provides support for capital projects. If somebody submits a request from one of our markets, we first determine if the local Hilliard Lyons branch office is supporting the request.

**EL: Is Kentucky's economy on the mend, and what is the short-term outlook on the state's unemployment rate?**

**JA:** I think you're going to see a slow, steady improvement in the state's economy, a decline in the unemployment rate and growth in job creations.

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

**JA:** When I reflect on Hilliard Lyons and its future, I feel this is a wonderful time for our organization. We are excited about our growth in client assets and our productivity. All of our efforts at Hilliard Lyons add up to a brand that stands for all the right things in the business in terms of objectivity and quality advice that's tailored to meet the specific needs of our clients. Hilliard Lyons wants to be positioned as a good citizen doing things in the community.

Our firm has an opportunity to use size to its advantage to access resources. Our investment banking team can get to any of our markets quickly. The connectivity of our research department is available on the phone to talk to a client. Those are things that are part of Hilliard Lyons' service model. ■



*Ed Lane (edlane@lanereport.com) is chief executive of Lane Consultants, Inc. and publisher of The Lane Report.*



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Mark Green photos

*Gill Holland is the developer of The Green Building on East Market Street in Louisville. The 115-year-old former dry good store became the state's first LEED Platinum certified building. It is the anchor of a 15-building cluster he and wife Augusta Brown Holland and a group of investors now own in an area they have dubbed NuLu.*

# Louisville's Green Entrepreneur

NuLu creator and environmental empresario  
Gill Holland works the business side of arts

BY ROBERT HADLEY

**I**F Kentucky needed a renewable energy czar, Louisville entrepreneur Gill Holland would be the ideal candidate.

Since purchasing a 115-year-old former dry goods store on East Market Street in downtown Louisville and renovating it to become one of the state's first Leadership in Energy and Environmental Design (LEED) plat-

inum-certified buildings, Holland has become Kentucky's poster child for the green movement.

The Green Building, as his first real estate endeavor is known, is the three-story home to several of Holland's businesses: The Group Entertainment LLC, a movie production and music publishing company; sonaBLAST Records, an independent record label; and Holland

Brown Books. Additionally, there is an art gallery, public meeting space and a few other tenants.

The building's LEED designation is given to buildings that earn 80 points or better in the scoring system developed by the U.S. Green Building Council (USGBC).

Since opening in October 2008, The Green Building has become the flagship of a 15-building empire of other East Market Street structures Holland and other investors (including his wife, Augusta Brown Holland, daughter of retired Brown-Forman exec Owsley Brown Frazier) have purchased and either renovated or plan to renovate. The ultimate goal is to transform the area (dubbed "NuLu" by Holland) into a local arts district that will showcase local restaurants, locally grown food and buildings that use sustainable energy and materials.

From a top-floor meeting room in a glass-and-metal extension at the back of The Green Building, Holland proudly pointed to the bank of \$100,000 solar panels that help the building achieve 72 percent energy efficiency.

"I tell people it's an investment," Holland said of the solar panels. "It (provides) about a 20-year rate of return, even with energy rates increasing 5 percent a year. If I had put \$100,000 in the stock market (in 2008) rather than in solar panels, it would be worth only \$56,000 right now."

Film producer, record label executive, book publisher, green real-estate magnate – all are titles Holland proudly bears. There is one title, however, that he bristles at: tree-hugger.

"I do resist that because I'm a capitalist entrepreneur," Holland explained. "Yes, it's great to save the world, but it's got to make great financial sense."

## Intellectual nomad

Holland seems to thrive at the intersection of art and business, where the creative instinct merges with the marketplace. His academic career is distinguished by his acumen in both qualitative and quantitative disciplines. In high school, for example, Holland won prizes in both math and English.

His college major is a little harder to pin down. Being the intellectual nomad that he is, after nearly four years of classes in a wide variety of disciplines, his adviser remarked that he had never seen anyone accumulate that many credits for a bachelor's degree. Holland had spent his junior year abroad in France, so his adviser told him to take four additional classes so he could graduate on time. His degree was in French.

"I like the arts, but I also just like to be in school," he said, "but at the same



time, not letting school get in the way of education.”

After college, he took the proverbial year off to find himself, and for awhile became a literal nomad. His travels took him to 47 countries in Europe, Africa and the Middle East as well as Australia and New Zealand. “It gives you an openness to consider new ideas,” he said of his travels. “You realize we’re all in this together. In terms of humanity, at the end of the day, everybody’s basically the same.”

So how did Holland, a North Carolina native, the only son of an English professor father and native Norwegian mother (also a teacher), find himself a movie producer and champion of green construction in Louisville, Ky.? The path came courtesy of another academic stop: law school.

Returning to the United States in 1988, Holland promptly enrolled in the University of North Carolina – Chapel Hill’s law school. Midway through his degree, he spent another year of study abroad, this time at University College in London, England. After earning his law degree in 1991, Holland’s first job was (predictably) overseas, this time in Paris, France, practicing law for entertainment and construction firms. His exposure to one of the law firm’s clients, a film production company, piqued his interest in that line of work.

Stateside in the early ’90s, Holland entered the movie business, eventually producing more than 50 indie films, including “Hurricane Streets,” a triple winner at the 1997 Sundance Film Festival. Echoing his parents’ influence, he also taught for two years at New York University’s graduate school of film.

Despite his love of the arts, Holland admits he is no director.

“Directors have to (be able) to talk to actors,” Holland said. “You have to be an artist to be a director. I’m more of a businessman who likes the arts.”

Holland considers himself more of a businessman who produces art rather than an artist who dabbles in business. Either way, it’s clear he keeps an eye on the bottom line.

“Rule No. 1 of moviemaking is to try not to lose any money. Too many people go in trying to make a lot of money and

if you go in with that attitude, you’re going to lose a lot.

“There’s a saying that goes, ‘How do you make a small fortune in the movie business? You start with a large fortune.’ ”

#### Vision for NuLu

A visitor walking down East Market Street can start to see Holland’s vision for the area take shape. His next-door neighbor, a restaurant called Toast on Market, exemplifies the small, local eateries the area is beginning to attract. Others include 732 Social, Muth’s



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*Gill Holland stands in an open event space inside The Green Building.*

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## COVER STORY

Candy, The Mayan Café, and Please & Thank You.

But you won't find national restaurants in this district, said Henrietta Pepper, who owns The Pepper Group, a branding firm that has a five-year lease in The Green Building. The Pepper Group is a member of the East Market District Association, of which Holland is president.

"We're not trying to duplicate what we've seen in other cities," Pepper said. "We don't want chains in here. We want a grassroots, local-centric flair that will make and keep us authentic."

A cornerstone of the NuLu community is a project near to Holland's heart: the creation of Jefferson Market, a farmers market featuring locally grown produce. The market, located across from The Green Building at 720 East Market St., was an idea several years in the making.

Tim C. Peters, the contractor who helped renovate The Green Building, and a fellow investor in NuLu properties, recalls Holland mentioning the farmers market on their first meeting six years ago. The occasion was a dinner at Peters' Central Kentucky farm, with Holland and future wife Augusta Brown, and her parents, Owsley and Christy Brown Frazier.

"He's had a terrific result because all the rundown buildings on East Market Street are being bought up and renovated, some by him and some by people he's motivated to come here," Peters said. "Gill brings a lot of character to the table. A lot of people I do business with are strictly business. He's doing it for the love of old buildings."

### Green movement as economic savior

To understand Holland's vision for the green movement and where it is headed, both for the country and for Kentucky, you must first grasp that America is slipping into second place by missing an important opportunity at a unique time in history. In other words, we need an economic savior to rescue



Gill Holland stands in front of a "living wall" incorporated into The Green Building.



us. Enter the green energy movement.

As evidence, Holland points out that China is home to the world's first solar billionaire, Shi Zhengrong, founder and chairman of Suntech Power, the world's largest producer of solar panels. In order for the United States to keep pace with energy-sector development, Holland believes a nudge would be helpful.

"There's a saying that the Stone Age didn't end because we ran out of stone," he said. "The coal age is not going to end because we run out of coal. I'm all about incentivizing people to change, (but) not mandating it or telling them (they have) to do it."

Some of the incentives Holland has in mind include expanding existing federal tax rebates for solar panels to the state level, as well as offering municipal rebates for recycling rain water or installing "green roofs." (According to Wikipedia.org, a green roof uses vegetation planted atop city buildings to absorb rainwater, provide insulation and reduce the heat-island effect within cities.)

Tax incentives can be a powerful method of encouraging the use of sustainable materials and technology in a building project. Peters estimated going green with a building project can increase costs by one-third.

Some offsetting incentives do currently exist. Nick Lombardi, manager of risk services with Brown Smith Wallace, a St. Louis-based accounting firm, cites the federal Business Energy Investment Tax Credit (ITC), which provides a 30 percent deduction off the installation cost for solar, wind, geothermal and other green technologies.

Although the tax credits have expanded or been extended since 2008, it's hard to predict whether incentives will be expanded.

"It depends on legislative caveat," Lombardi said. "Right now, we've got

*The Green Building, located at 730 E. Market St. in Louisville, anchors a local arts and restaurant district starting to emerge around it in buildings that are using sustainable energy practices and materials.*

essentially a split opinion government in D.C. All I can speculate is don't bet on anything – there's very much (an atmosphere of) uncertainty."

Despite the muddy issues surrounding long-term energy policy, Holland believes the economic benefits of green energy are clear. For starters, it would spawn more businesses that manufacture the technology, such as solar panels and green building products. More manufacturing would lead to more jobs, a bigger tax base and less dependence on fossil fuels, which can damage the environment. Positioning Kentucky as a green manufacturing hub, while perhaps a counterintuitive move in a state whose three greatest industries are bourbon, horse racing and coal, could thrust America to the forefront of energy innovation.

"We're not in Arizona with eight solar hours a day, and we're not in the Windy City," Holland said. "But (Kentucky) has this huge manufacturing base, and we should be making the wind turbines and solar panels instead of buying them from China."

Holland is well aware that adopting green energy will not necessarily come quickly or easily without the nudge of some type of an incentive, but he remains optimistic.

"I feel like we're a bit behind the curve," Holland said, "but the great thing about it is that once we really decide to do it, we will kick butt and eventually catch up. It will happen." ■

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





### HVAC, LIGHTING CHOICES CAN BE TRICKY

Efficiency savings won't be realized if the system is too complex

BY TYLER WILSON AND RALPH WHITLEY

**H**ISTORICALLY, initial cost was the dominant factor in selecting a mechanical, electrical and plumbing (MEP) system in Kentucky since the state enjoyed very low utility costs. However, utility costs are escalating everywhere, and system efficiency can no longer be ignored.

Typically, about 40 percent of business electrical budgets go to HVAC and 30 percent to lighting, totaling more than \$80 billion annually. Designs have been changing the past 10 years.

Selecting a building MEP system today is a complex decision that should be based on an owner's energy and maintenance goals – and level of expertise. Generally, as system efficiency increases, so does its complexity. A high-efficiency MEP system can be compared to a European sports car, with peak performance realized only with proper maintenance and owner attention.

Good MEP selection decisions require weighing all the variables, and many owners lack the expertise to fully understand the pros and cons of specific HVAC and lighting choices. Parameters such as initial cost, annual energy savings, annual maintenance and system complexity should be considered. It's usually advisable to consult an unbiased professional engineer to determine the optimum system to meet performance and maintenance goals of a project.

Many owners have fixed budgets and minimal staff to devote to the maintenance

of complex MEP systems; these requirements are often overlooked during project planning because of the allure of the newest technology. High-efficiency systems do not just “run themselves” and often have computer-based controls that are too complicated for some owners. An owner tends to abandon project energy goals when it turns out they cannot devote adequate resources to the task. Any mechanical or electrical system that isn't properly maintained or operated is likely to result in unanticipated costs and unrealized energy savings.

Three high-efficiency “green” HVAC systems today are chilled-beam, geothermal heat pump, and variable refrigerant volume (VRV). All can be similar in cost, exceed modern energy codes and allow for individual occupant control. All also vary in complexity, service requirements, operational characteristics and mechanisms.

Air-cooled VRV systems transfer heat from a refrigerant circulated by inverter-driven compressors. Many owners and staff prefer VRV systems because they are familiar with refrigerant requirements and low maintenance needs. These air-cooled systems, however, are less energy efficient than geothermal heat pumps.

Geothermal pumps exchange heat between refrigerant and water that is circulated through an underground well field ranging from 200 to 450 feet deep. These systems are well established in Kentucky,

familiar to many owners and maintenance staffs, have a proven efficiency record, and are many engineers' standard choice for a high-performance “green” building.

Chilled-beam systems are new to this region but are gaining momentum. While the visible “beams” portion of the system is relatively simple, the mechanical room backbone can be complex. It is important owners and staff fully understand a chilled-beam HVAC system prior to selecting one for their facility. While efficiency projections are promising, it will be several years before data is available to fully evaluate costs.

Energy-efficient lighting offers a considerable opportunity for energy savings. Fluorescents are three to five times more efficient than incandescent lamps and last 10 to 20 times longer, but there are many fluorescent technology options.

Fluorescent systems present complex decisions related to lamp type (T8, T5 and compact fluorescent), ballast type (rapid start, instant start, and programmed rapid start); efficacy (lumens per watt), color temperature, color rendering index, life and lumen maintenance, availability, switching, dimming capability and cost.

Additionally, emerging lighting solutions include LED lighting and induction-lamp systems whose lamp life is five times that of fluorescents. Currently, their efficacies are the primary limitation to significant adoption by users.

Meanwhile, lighting-control components are now required in Kentucky under the International Energy Conservation Code. Two primary control options are timed low-voltage systems and those using infrared and ultrasonic occupancy sensors to turn lights on and off. These options present inherent differences in complexity.

Today's energy systems can include emerging renewable technologies such as photovoltaic arrays. While the current investment required for a photovoltaic array may not provide a “payback” sufficient for most owners – unless government funding is obtained – the price for this technology is dropping and should be considered for future projects.

In this era of escalating utility costs, energy efficiency is arguably the most important factor when assessing MEP system options. However, it is critical also to consider system complexity and maintenance staff capabilities before making a decision whose impact will last 20 to 30 years. ■



*Tyler Wilson and Ralph Whitley are principals with Shrout Tate Wilson Consulting Engineers in Lexington.*



*The \$35 million Gary A. Ransdell Hall at Western Kentucky University was designed by RossTarrant Architects of Lexington to achieve LEED certification. A&K Construction of Paducah was general contractor.*

## Construction Goes to College

Kentucky higher ed finds new finance channels; \$1.8 billion in capital projects since recession hit has sustained builders

BY DEBRA GIBSON

**S**INCE 2008 Kentucky colleges and universities have been responsible for at least \$1.85 billion in construction projects. It's been oxygen for commonwealth contractors during a recession that choked off much of their former sources of work.

"I don't know if the majority of those in the construction industry have ever seen a climate this grave and dire," said Richard Vincent, executive vice president of American General Contractors of Kentucky. "Kentucky's universities are not just economically significant but are vital to the construction industry."

While residential and commercial real estate sectors staggered under surplus inventories and financing for large multi-use developments disappeared, higher education has generated more than 100 projects in the past few years.

The new college and university facilities are needed for an array of reasons and will serve an equally large array of needs, from student housing to advanced new academic programs.

The largest project has been the \$532 million Phase I of the UK Albert B. Chandler Hospital, a high-tech 12-story facility. Finished on time and under

budget, its first patients arrived in late May on floors six and seven, which are specially designed for acute, progressive and intensive care. In fact, at this time it is probably the most technologically advanced hospital in the world.

During the past three years, construction workers have put in 2.5 million-plus paid hours, with private sector payroll topping \$72 million. And construction continues on eight operating rooms expected to open in January 2012. More than \$200 million more will be spent in phases through the rest of the decade finishing out remaining floors. Eventually there will be 512 private rooms and up to 27 surgical suites.

"At the height of the project there were 400 or more employees working," Vincent said. "That's the kind of economic impact these projects have. And it's not just for Lexington – the project had subcontractors from Louisville, Morehead, across the commonwealth. The impact is felt across Kentucky, not just locally."

Meanwhile, University of Louisville officials broke ground in November on a \$20 million 160,000-s.f. first phase of its ambitious Nucleus project. It is envisioned to grow into a \$2.3 billion life sci-

ences research park over the next 30 years that will integrate UofL's academics and research into the metro area's vibrant healthcare sector.

Nucleus' first structure, expected to be finished in 2012, will be closely tied to the International Center for Long-Term Care Innovation – Innovate LTC – a joint project of leading members of Louisville's \$27 billion aging-care cluster to foster innovation within and develop talent for that key business sector. Innovate LTC is to be an anchor tenant of the research park.

In higher education across the state, some of the recent and current projects could be considered basic essentials. New housing facilities, electrical generators and facility renovations are needed to attract students in today's ultra-competitive college market and to accommodate escalating numbers of students.

Others are monuments to the time-honored understanding that good



*The \$30 million Center for Health, Education & Research building at Morehead State University was completed in 2010. The architect was Hastings+Chivetta. Messer Construction was the contractor.*



## Kentucky Higher Education Capital Projects

SCHOOL	# PROJECTS	COMPLETION DATE	COST
Asbury University	1	2011	\$12.6 million
Campbellsville College	5	2010-11	\$4.5 million
Centre College	1	2012	\$15.0 million
Eastern Kentucky University	2	2011-12	\$97.2 million
Georgetown College	1	2011	\$2.0 million
Kentucky State University	2	2011	\$5.6 million
Lindsey Wilson College	3	2010-11	\$4.0 million
Midway College	3	2010-12	\$7.9 million
Morehead State University	2	2010-11	\$54.0 million
Murray State University	4	2008-2011	\$39.0 million
Northern Kentucky University	2	2008-2011	\$121.7 million
Spalding University	2	2010-11	\$10.2 million
Sullivan University	4	2008-11	\$34.2 million
Transylvania University	1	2010	\$9.2 million
Univ. of the Cumberlands	6	2010-12	\$11.0 million
University of Kentucky	20	2009-2013	\$816.0 million
University of Louisville	20	2010-13	\$250.8 million
University of Pikeville*	1	2012	\$30.0 million
Western Kentucky University	4	2010-2012	\$59.8 million

\* Pikeville College officially becomes the University of Pikeville on July 1



*The \$540 million Albert B. Chandler Hospital (including a parking structure across the street) has been the largest single project in Kentucky since its 2007 groundbreaking. Two patient care floors with 128 beds opened in late May with eight operating suites to follow later this year. It will eventually have 512 beds and up to 27 operating suites in 1.2 million s.f. at a total estimated cost of \$760 million, all paid for with funds generated by UK HealthCare.*

investments will ultimately lead to better times. Northern Kentucky University's \$5.8 million Griffin Hall and phase two of the University of Kentucky's \$18.6 million Digital Village showcase new ways universities are preparing students for the electronically led world.

Still others make the universities more energy efficient, some even paying for themselves through energy savings.

At the University of Louisville, a \$21.7 million energy reduction project was funded solely through anticipated savings in energy costs. A similar project is underway at UK.

### Impact beyond campus

Many of the facilities address community needs as well as those of the university.

In Pikeville, a two-phase, \$20 million medical school project will help alleviate the shortage of primary-care physicians and significantly impact healthcare in Eastern Kentucky and central Appalachia, according to University of Pikeville President Paul E. Patton. The project includes a \$2 million Clinical Skills Training and Evaluation Center at the university's School of Osteopathic Medicine.

In this ever-more-connected world, the projects also directly impact other sectors of the economy. For the construction industry, for example, campus construction has been an economic lifeline.

"There were not a whole lot of \$100 million projects (referencing the UK hospital) even before the recession," Vincent said. But there was work. "Three years ago, there would typically be four general contractors bidding on a project. Now you see 14 bidding on that same project. The profit margins are nonexistent."

The amount of construction on campuses is especially remarkable since the

Kentucky General Assembly has not appropriated any funds for capital construction on public university campuses since 2008, with the exception of four emergency situations.

Part of why building is still possible without new appropriations lies in the nature of capital construction, said Sheron Jackson, associate vice president of finance for the Council on Postsecondary Education. It takes at least three to five years to get a capital construction project – defined by the state as costing at least \$600,000 – from General Assembly appropriation to university approval to architectural plans to construction to usage. Many projects now being completed were approved prior to 2008 and are just now ready for use.

This, however, doesn't explain all the construction taking place. As tradi-

tional funding has been slashed, university presidents have responded by becoming increasingly creative and entrepreneurial.

### Building a new fiscal attitude

When Western Kentucky University's Gary A. Ransdell became WKU's president in 1997, the burning question on his mind at that time was what students wanted most. Their answer was clear: better residence halls.

However, residence hall fees were just enough to cover the basics: debt service, staff, day-to-day operation and modest repairs. A bigger problem was that WKU still owed \$22 million on the residence halls, with no debt relief for 12 years and full debt relief 27 years away.

Ransdell had meager options. The General Assembly expects dormitories to be self sufficient and Ransdell and his



*The \$13 million James Richmond College dormitory at Murray State University was completed in 2009.*



## CONSTRUCTION

board had already agreed to pursue legislative funding only for academic buildings anyway.

"We knew we needed to raise new capital, pay off existing debt to the state so we could afford to finance new debt, and physically transform the buildings themselves without disrupting the revenue stream that would finance our current and future debt," Ransdell wrote in *Trusteeship*, a publication of the Governing Boards of Universities and Colleges. "We also needed to create an independent structure through which new debt could be issued and serviced."

Ransdell and his board decided to do something no university had done. WKU would relinquish ownership of its residence halls through an intricate plan.

The new president created a Student Life Foundation (SLF) in 1999 and incorporated it as a nonprofit, nonaffiliated, tax-exempt Kentucky corporation. To allow the university to recapitalize and renovate its residence halls, the SLF was structured exclusively as a supporting organization for WKU's Foundation. Excess funds generated by the SLF could be paid to the Foundation, and the Foundation would use the funds to benefit the university.

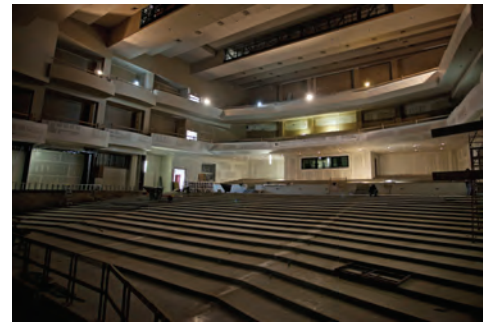
This was a novel move, but the legislature's Capital Projects and Board Oversight Committee approved it. Within two weeks, the SLF purchased 17 of WKU's 18 residence halls. (One was reserved for a different purpose.) It then issued \$65 million in tax-exempt bonds pledged against dorm bed rentals. Bond proceeds paid transaction and renovation costs, and established operating and repair reserves for the SLF. The university redeemed all outstanding housing and dining bonds, taking all of its debt off state books. At the end of the SLF debt life, the university has an option to buy the buildings back or continue the management agreement.

"The whole transaction is invisible to students because the Office of Resident



*Above: The \$64.6 million first phase of the Science Building at Eastern Kentucky University was designed by Ommi Architects of Lexington. Denark Construction is general contractor. The 174,000-s.f. building will open this fall. A second phase of the project will cost \$64 million also.*

*Right: The 2,012-seat \$32.8 million EKU Center for the Arts will open this fall. The architect is Sherman Carter Barnhart, and the general contractor is D.W. Wilburn Inc.*



Life manages the resident properties," Ransdell said. "We were able to take a poor-quality living environment on campus and turn it into state-of-the-art living environment. It was entrepreneurial and a little risky, but it worked."

To Ransdell's knowledge, this plan has never been tried on another university campus. However, presidents at other Kentucky schools are also using creative ways to fund much-needed projects.

### Out-of-the-bell-tower thinking

The University of Louisville has been particularly creative when it comes to student housing, CPE's Jackson said.

"UofL identified locations adjacent to its campus and encouraged private developers to come in and build," she said. "Then they entered into an agreement with the university to send them students. This has saved UofL millions of dollars because they didn't have to spend money to build new housing for students."

Collaboration is also a key, according to Jackson.

"Murray State University and Paducah are collaborating on a \$10 million academic facility adjacent to the Western Kentucky Community and Technical College (formerly Paducah Community College)," Jackson said. This is possible because Murray's county and city government agreed to issue \$10 million in local debt to get it done. This is a request that would have come to the

Commonwealth of Kentucky in 2010-12, but state government was unable to address the request because of the economic downturn and lack of funding available for capital construction."

Sometimes students even get into the act.

Morehead State University (MSU) instituted a special student fee to help fund a \$24 million Recreation & Wellness Center that will open this fall. The facility will include basketball courts, a swimming pool with sundeck, a walking track, racquetball courts, multi-purpose rooms and a fitness center. Out front will be a playing field.

The concept, design and funding of the building, MSU President Wayne D.



*The \$18.6 million Davis Marksbury Building at the University of Kentucky is part of the school's Digital Campus project.*



*The \$6.8 million renovation of College High Hall at WKU was completed in 2010.*





*Griffin Hall, the \$52.8 million College of Informatics building at Northern Kentucky University is scheduled to open this year. It will feature state-of-the-art electronics to assist students in electronic media broadcasting, computer sciences and business informatics.*

Andrews said, came from the student body. Bonds to finance the design, construction, and equipping of the building will be retired with new fees students voted on themselves to fund construction.

A similar project is going on at the University of the Cumberlands, where they are in phase two of an \$8 million Health and Wellness Center and spending \$2 million on athletic fields.

Creative thinking is nothing new to Kentucky's private and proprietary colleges, of course. With no legislative financial support or ability to sell bonds, all their funding must come from private sources.

"We either have to save it or go to the bank and borrow it," said Sullivan University Chancellor Al Sullivan. He founded his thriving institution in 1962 as a one-year business college but today has 6,000 students pursuing certificates, associate and bachelor degrees, at least seven master's tracks and four doctoral programs.

Despite having to finance privately, the university has three major projects either recently completed or in progress.

And while private colleges and universities receive no direct state funding, occasionally they receive federal funds for facilities that serve a genuine public purpose (health and science facilities, etc.). For example, Centre College just received more than \$1 million from the National Science Foundation to renovate the labs in its science facility, after it had invested \$20 million in private funds to expand the building by 40,000 s.f.

Ultimately, whether it is being first or being best, being innovative or being prepared, construction on campus – like the coursework being done there – is about preparing for the future, and the future is about change.

"Universities have to have facilities to remain competitive," UGC's Vincent said.

And thank goodness they've come up with ways to keep up. ■

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

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Second- and third-generation family members and managers of Miller Lumber Co. in Augusta, Ky., are, left to right, Scott Miller, Caroline Miller, William E. "Skip" Miller and Craig Miller.

# Mixing Family and Business

Successful multi-generational operations require knowing where personal and professional conflict is likely to arise

BY JUDI BAILEY

ONE of the greatest values of our commonwealth is maintaining a happy healthy family, but what happens if you mix family with business? It makes for some interesting dynamics.



Bob Tiell, Director, Career Services and Workforce Development, Jewish Family and Career Services

"You have to address unique issues that other businesses don't have," says Bob Tiell, director of career services and workforce development with the Jewish Family and Career Services in Louisville. "Relationships may gum things up and cause more serious

problems. They may undo the business by keeping it from shifting from one generation to the next."

It happens often since some 70 percent of all companies are family-operated, according to Tiell.

Family loyalties can muddy up career planning. Tiell tells about a gentleman who was getting ready to leave his family's business. The man had an emotional commitment to the company and suffered a great deal of anxiety about how to talk with his father about it.

Other major family-business issues owners deal with, Tiell said, include minimizing sibling rivalry, carving out functional work roles and identifying each member's principal talents and skills.

"Each family business has its own challenges," he said. "Communication issues in the family, communication issues with non-family employees, lack of a succession plan, no formal quali-

cations to be in the business and no planned leadership development are a few of the possible issues."



William 'Skip' Miller, President and Owner, Miller Lumber Co.

William E. "Skip" Miller, president and owner of Miller Lumber Co. in Augusta, admits he doesn't do the best job with communication.

"I probably should learn to listen to these new guys, be more open to technological

change," he said. Himself a second-generation participant in the business, Miller's two sons Craig and Scott work for him. A potential fourth-generation employee, Grayson Miller, age 4, likes to walk the lumber yard most mornings before heading to daycare, Miller said.

"It's rewarding to be a part of a multiple-generational business where we are bucking the trend," he said.

"The trend" Miller references is this: The first generation typically works hard at the business, the second generation slacks off, and the third gives up the business. There is no evidence of that occurring at Miller Lumber, however.



Carol Lowery, Clinical Psychologist, Family Psychology Services

Carol Lowery, Ph.D., a clinical psychologist with Family Psychology Services in Lexington, says how people are doing in their personal lives spills into their work even if family members are not involved. "But it's much more emotionally involved and

often counterproductive in a family-operated business," Lowery said.

"We see patterns of stressed-out communication," she said. "When that happens, a blaming pattern ensues: Dad becomes more critical of the kids, which in turn affects the work environment.

"Family members need to become aware of how they communicate when they are under stress."

Another example Lowery offers is that of the family father who has run the business for 20 years. The next generation wants to have more input into the



business practices, but parents have trouble letting go of the traditional practices that seemed to have worked for them.

On the flip side, family-run operations can offer a great deal of pleasure as well.

"I'm a very blessed person," said Rich Engle, owner of J&R Outboard in Louisville. One of the benefits of a family business for him is complete and utter trust.

"I don't have to worry about a dime missing," Engle said.

He and his wife, Betty, own the business, which they started in 1969. Their son, Doug, runs one aspect, their daughter, Sheri Inclan, another. Although Engle doesn't have a written-in-stone succession plan, the general thought is that the siblings will serve as co-CEO of the company.

"I try to let them make their own decisions," Engle says, "and they're usually right."

Kathleen Hoyer, director of the Family Business Center of the University of Louisville, warns of the importance of recognizing the dual systems involved. One system, or governance, is the strategy for the family. The other is the strategy for the business.



*Kathleen Hoyer,  
Director, UofL Family  
Business Center*

talents can take them and how they will be evaluated.

In the business governance there should be an independent board of directors including non-family members for greater objectivity. This keeps the business from being influenced by fluctuations in the family relationships.

Hoyer mentions that generational succession used to assume the first son inherited the business. "It's not true anymore. But there can be problems when a founder divides the company equally, then they all scramble for power. Eventually the business gets sold because the parent doesn't want to make the choice of successor."

The best regional example for this, Hoyer points out, was the *Courier-Journal*

"In general," Hoyer says, "you need to prevent family dynamics from dictating business strategies."

Hoyer suggests having some kind of a family council where members communicate how they can participate in the business, where their

newspaper in Louisville. Robert Worth Bingham took over full ownership in 1920, then when he began to consider a successor, old sibling rivalries emerged as a power struggle between the children. Instead of appointing one of them to follow in his footsteps, Bingham sold the publication to Gannett in 1986.

Picking a successor isn't easy due to the potential of hurt feelings. An example Hoyer gives is if a female is identified as having the best potential to run the company, older siblings or male siblings are likely to react negatively.

"One of the things that matters most," says Tiell, "is adopting a policy for hiring in a new family member. It's recommended that a family member first work for someone else. They need to have a place for skill-building, maybe earn a college degree. This needs to be spelled out to every family member not yet part of the business."

Clearing away messy entanglements and providing safe avenues for communication allow families to work together in the creation and succession of a harmonious family business. ■

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## The Obama Administration's No Job Zone



The President talks about creating jobs but in Appalachia his EPA is destroying jobs.

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# Still Building in Kentucky

Despite recession and aftermath, Commonwealth has billions in active building projects

BY MARK GREEN

**T**HOUGH the recession and financial crisis of 2008 were brutal and the recovery has been weak, many commonwealth capital projects continue to move forward. Though far from optimal, conditions in Kentucky's construction sector are better than most probably assume.

More than \$1 billion in privately funded healthcare projects have kept thousands of construction workers employed during and since the recession hit. Financed by hospital revenue, the \$540 million Phase I of the Albert B. Chandler Hospital at the University of Kentucky began accepting patients in late May; its build-out continues through the rest of the decade. Owensboro Medical Health System is midway through a \$385 million hospital construction project, and Central Baptist Hospital in Lexington has begun a \$200 million expansion.

Featured separately on pages 28-31, higher education in Kentucky has had more than \$1.8 billion in capital construction the past few years.

In addition to building construction, the Kentucky Transportation Cabinet since late 2007 has initiated 126 highway and bridge construction, renovation or maintenance projects of more than \$1 million. Those contracts totaling \$1.369 billion were won by 54 companies.

The 10 largest recent state transportation contracts are:

- \$66.4 million – Paducah-Smithland Road (US 60) in McCracken and Livingston counties – Kay & Kay joint venture with Haydon Bridge
- \$49.4 million – Watterson Expressway I-265 Westport Road in Jefferson County – Hall Construction of Kentucky
- \$45.6 million – Mountain Parkway in Wolfe County – Hinkle Contracting
- \$44.8 million – Wolfpit-Laurel Branch (US 460) in Pike County – Elmo Greer & Sons
- \$39.2 million – Lexington Road (US 27) in Garrard County – The Allen Company
- \$39.1 million – Tennessee State Line-Elizabethtown Road in Edmonson and Barren counties – Scotty's Contracting and Stone
- \$38.2 million – Louisville-Lexington Road (I-64) in Shelby and Jefferson counties – Gohmann Asphalt and Construction
- \$37.5 million – Owensboro-Maceo Road (US 60) in Daviess County – Yager Materials
- \$36.0 million – Pikeville-Virginia State Line Road (US 4) in Pike County – Hi-View
- \$35.9 million – Louisville-Covington Road (I-71) in Gallatin County – Eaton Asphalt Paving Co.



GM Corp. photo

A \$130 million expansion and update will prepare the long-time home of the Chevrolet Corvette to produce the next generation of the iconic sports car for the 2012 model year. Here, a plant worker inspects a new 2011 Corvette on the assembly line.



A Ford Explorer rolls off the former assembly line at Ford's Louisville Assembly Plant. A \$600 million total rebuild of the facility will make it into what Ford officials say will be the most advanced flexible vehicle assembly plant in the world, able to retool swiftly and produce up to six separate vehicles simultaneously.



Owensboro Medical Health System's replacement 477-bed, \$385 million hospital project is slated for completion in spring 2013. The 760,000-s.f. hospital will be sited on a 150-acre health campus. KLMK Group is the owner's representative, providing project management services. Hammel, Green and Abrahamson (HGA) is architect. Smith Seckman Reid Inc. is providing mechanical, electrical and technology engineering, and Bryant Engineering Inc. (BEI) of Owensboro is civil engineers. Turner Universal is construction manager.



Southland Christian Church is undertaking a \$30 million transformation of the former Lexington Mall property into a new church campus. Demolition is underway for what will be 84,000 s.f. of adaptive reuse and addition of a 49,000-s.f. worship center. The site plan, shown in an artists rendering, includes a plaza, water feature and parking for 1,800 vehicles. EOP Architects is the designer.





Groundbreaking took place in November 2010 on the \$20 million Phase 1 of the University of Louisville Nucleus life sciences research park. The eight-story 160,000-s.f. building is scheduled for completion in 2012. Arrasmith, Judd, Rapp, Chovan is architect and Sullivan & Cozart is construction manager.



Central Baptist Hospital in Lexington broke ground in fall 2010 on a \$200 million 337,000-s.f. expansion, at left a seven-story facility to include 40 ICU beds, 44 private beds, a cancer center, a women's center with delivery room and imaging services. It is scheduled for completion in late 2012 or early 2013.



Groundbreaking took place May 11 for a new \$20 million Glasgow State Nursing Facility. Designed by Lexington-based CMW Inc., the one-story, 72,000-s.f. building will have 100 beds. The contractor, D.W. Willburn in Lexington, expects to complete work by early fall 2012.



Groundbreaking was held April 14 for Asahi Bluegrass Forge Corp. at a new Madison County site. Denham-Blythe Co. Inc. began construction of the \$20.3 million, 70,000 s.f. facility in March and expects completion in November. Asahi Bluegrass Forge manufactures wheel-hub parts for the automobile industry. From left to right: John Cromika, Asahi Forge America; Mack Ishigaki, Asahi Bluegrass Forge; Denis Steiner, Denham-Blythe Company, Inc.; Rita Smart, Kentucky State Representative; Mark Asahi, Asahi Forge Company; Seichi Asahi, Asahi Forge Company.



Denham-Blythe Co. Inc. designed and constructed a 64,000-s.f. addition for Country Oven Bakery in Bowling Green. The project began in the spring of 2010 and was completed in January of 2011. The project construction costs were \$9 million, but the total investment from Kroger was around \$25 million. The bakery produces cakes, cookies and other treats that are shipped out to Kroger stores across the nation.



Construction is under way in Winchester on a new Clark Regional Medical Center, which was purchased in mid-2010 by Brentwood, Tenn.-based LifePoint Hospitals. LifePoint is replacing the existing 100-bed facility with a \$60 million, 132,000-s.f. hospital. Construction began last year and is expected to take 18 to 24 months.



Groundbreaking took place in July 2010 for a \$20 million building at University of Louisville – ShelbyHurst Research and Office Park. The four-story 125,000-s.f. structure adjoining the UofL Shelby Campus is slated for late 2011 completion. It is the first structure at the 200-acre office park, which is a partnership between the UofL Foundation and developer NTS. KlingStubbins is architect.



A \$38.1 million project on I-64 in Jefferson and Shelby counties was completed by Gohmann Asphalt and Construction Inc.



## KENTUCKY CONSTRUCTION



Construction is underway on a new 230-bed 300,000-s.f. hospital on the University of Kentucky's Coldstream Research Campus in northwest Lexington. The \$129 million facility will be the new home of 185-year-old Eastern State Hospital, which serves 80 Kentucky counties. It will provide inpatient psychiatric treatment, forensic mental health services, and care for persons with brain injuries and psychiatric disabilities.



A \$44.8 million project on U.S. 460 at Wolfpit-Laurel Branch in Pike County is being constructed by Elmo Greer and Sons.



The \$60 million St. Joseph – Mount Sterling hospital opened in mid-June. The 40 private bed, 114,000-s.f. hospital was built on a 30-acre campus.



Work continues at Cardinal Hill Rehabilitation Hospital in Lexington on a \$43 million expansion. When completed, the three-story, 158,173-s.f. addition will bring the hospital's bed capacity to 208.



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## BONEHEAD STIMULUS NEVER WORKS

The current approach has burned companies and consumers alike

BY LAWRENCE KUDLOW

WITH a flamboyant downgrade of the outlook for economic growth, jobs and profits, the month-opening 280-point Dow plunge to launch the so-called June stock swoon is a warning shot across the bow.

The Dow tanked alongside a batch of dismal economic data. The ISM manufacturing index, ADP employment, Case-Shiller home prices and consumer confidence are all pointing to 2 percent growth or less, rather than the kind of 5 percent growth we ought to be getting coming out of a deep recession.

The economy now looks like a Government Motors engine that's stalling out. Or perhaps, with energy and food inflation, and housing deflation at the same time, the economy is acting like a pinball machine on permanent tilt.

There's a key message here: Big-government stimulus never works.

First there was the massive Barack Obama stimulus spending. Then QE1. And now QE2 is winding down. And what did we get for all this? Slower growth over all, paltry job creation, more energy and commodities inflation, continued housing deflation, and virtually no new business start-up entrepreneurship.

We know the Obama spending package failed to create a 7 percent to 8 percent unemployment rate, as advertised. And now we're learning that the Fed's QE2 has actually done more harm than good.

All that money-printing stimulus worked to depreciate the dollar and jack-up commodity prices, especially oil and gasoline, but also food. So both companies and consumers have been punished.

Some demand-side boneheads on Wall Street want the Fed to move to QE3, allegedly to fight a stalling economy. But if the central bank prints another \$600 billion or so, all that will do is sink the greenback another 10 percent and drive oil and gasoline prices higher and higher. And that, in turn, will slow business and consumers even more.

The Japanese disaster is undoubtedly playing a role in the manufacturing slump — probably a bigger role than most economists predicted. Production supplies are scarce or nonexistent, especially for autos and electronics, but also for many other sectors of the economy.

Then, of course, there's all the bad weather: hurricanes, tornadoes and floods have depressed all kinds of economic activity here at home.

There also are jitters about the ongoing saga in Greece. The potential for a Greek bond default and various credit-agency downgrades are taking a toll on stock markets around the world.

But this whole boom-and-bust monetary policy, with its blatant disregard for King Dollar, is a snare and a delusion. Stabilize the greenback by linking it to gold. Then move to the supply-side: Slash individual and business tax burdens, roll back enormous regulatory costs, and stop the merciless threat of higher future taxes.

If there was a serious pro-growth movement in Washington to accelerate tax-reform overhaul and pin back regulatory barriers like the National Labor

Relations Board war with Boeing, the EPA war against energy and the Obamacare threats that are too numerous to count, that just might revive the animal spirits. But what we know for sure is that small businesses are barely hiring today, and that brand new startups are few and far between.

What's lacking here is confidence.

No, we're not going into a double-dip recession. The most important indicator is the Treasury yield curve, which is still very steeply sloped. And businesses are profitable. Those profits have been the backbone of what little growth we've had in the last two years. And they're the mother's milk of the stock market.

But the point is, without real growth policies, there's not much to cheer about in the market or the economy. We're muddling along. It could even be called a growth recession.

The June 1 280-point Dow drop is cry for help. Is anybody listening? ■



Lawrence Kudlow is CEO of Kudlow & Co., an economic and investment research firm in New York City.

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# THE LANE LIST

## HIGHEST PAID CEOs IN KENTUCKY

By annual compensation; publicly held companies

COMPANY	CEO	ANNUAL COMPENSATION	TOTAL COMPENSATION
<b>Yum! Brands (YUM)</b>	David Novak	\$6,470,000	\$14,610,000
<b>Brown-Forman (BF-B)</b>	Paul Varga	4,690,000	7,690,000
<b>Omnicare (OCR)</b>	John Figueroa*	na	na
<b>Ashland (ASH)</b>	James O'Brien	3,120,000	8,870,000
<b>Humana Inc. (HUM)</b>	Michael McCallister	3,080,000	6,150,000
<b>Lexmark International (LXK)</b>	Paul Rooke	2,580,000	5,990,000
<b>Tempur-Pedic International (TPX)</b>	Mark Sarvary	2,200,000	3,220,000
<b>Kindred Healthcare (KND)</b>	Paul Diaz	1,340,000	4,750,000
<b>General Cable (BGC)</b>	Gregory Kenny	825,000	3,780,000
<b>PharMerica (PMC)</b>	Greg Weishar	736,174	2,580,000
<b>Papa John's International (PZZA)</b>	John Schnatter	703,231	2,610,000
<b>Almost Family (AFAM)</b>	William Yarmuth	529,000	1,230,000
<b>S.Y. Bancorp (SYBT)</b>	David Heintzman	664,300	1,060,000
<b>Texas Roadhouse (TXRH)</b>	G.J. Hart	600,000	1,740,000
<b>Churchill Downs (CHDN)</b>	Robert Evans	512,500	7,370,000
<b>Boardwalk Pipeline Partners (BWP)</b>	Stanley Horton**	na	na
<b>Community Trust Bancorp (CTBI)</b>	Jean Hale	512,208	643,312
<b>Sypris Solutions (SYPR)</b>	Jeffrey Gill	510,436	668,742
<b>Delta Natural Gas (DGAS)</b>	Glenn Jennings	450,000	725,659
<b>Republic Bancorp (RBCAA)</b>	Steven Trager	429,100	471,389
<b>Bank of Kentucky (BKYF)</b>	Robert Zapp	375,166	476,976
<b>Farmers Capital Bank (FFKT)</b>	Lloyd Hilliard Jr.	320,288	343,155
<b>Investors Heritage Capital (IHRC.OB)</b>	Harry Waterfield II	253,355	626,735
<b>Industrial Services of America (IDSA)</b>	Harry Kletter	0	1.02M
<b>U.S. Computer Services (CSVI)</b>	Stephen Powless	na	na

Sources: Thomson Reuters, Salary.com

\*Appointed Jan. 1, 2011, compensation info not yet public. Predecessor's annual comp \$4.02M

\*\*Appointed May 11, 2011, compensation info not yet public. Predecessor's annual comp \$787,000



David Novak  
Yum! Brands



Paul Diaz  
Kindred Healthcare



Paul Varga  
Brown-Forman

## STOCK PERFORMANCE OF KENTUCKY'S LARGEST PUBLICLY HELD COMPANIES

Ranked by change in price from May 31, 2010 to May 31, 2011

COMPANY (TICKER)	MAY 2009	MAY 2010	52-WEEK RANGE	RETURN
<b>Tempur-Pedic International (TPX)</b>	\$33.20	\$65.04	\$25.56-65.14	95.9%
<b>Humana Inc. (HUM)</b>	46.05	80.53	43.59-80.83	74.9%
<b>Kindred Healthcare (KND)</b>	15.51	24.54	11.50-28.99	58.2%
<b>Bank of Kentucky (BKYF)</b>	16.00	24.88	14.15-25.00	55.5%
<b>Yum! Brands (YUM)</b>	40.95	55.32	38.25-56.98	35.1%
<b>General Cable (BGC)</b>	31.16	41.75	21.68-49.32	34.0%
<b>Papa John's International (PZZA)</b>	24.83	33.13	22.51-34.75	33.4%
<b>Computer Services Inc (CSVI.PK)</b>	20.75	27.65	19.15-29.75	33.3%
<b>Churchill Downs (CHDN)</b>	33.53	43.68	30.33-46.45	30.3%
<b>Ashland (ASH)</b>	53.61	68.34	42.77-69.46	27.5%
<b>Brown-Forman (BF-B)</b>	56.83	72.48	54.25-73.73	27.5%
<b>Omnicare (OCR)</b>	25.11	31.44	19.14-33.01	25.2%
<b>Ventas (VTR)</b>	46.95	56.40	44.29-57.45	20.1%
<b>Texas Roadhouse (TXRH)</b>	14.60	17.23	11.94-18.52	18.0%
<b>Delta Natural Gas (DGAS)</b>	29.20	31.74	26.34-33.99	8.6%
<b>S.Y. Bancorp (SYBT)</b>	23.44	24.56	22.49-25.80	4.8%
<b>Boardwalk Pipeline Partners (BWP)</b>	27.85	29.10	27.04-34.23	4.5%
<b>Community Trust Bancorp (CTBI)</b>	26.82	27.48	24.50-30.35	2.5%
<b>Farmers Capital Bank (FFKT)</b>	6.82	6.72	4.50- 7.89	-1.5%
<b>Republic Bancorp (RBCAA)</b>	23.15	20.46	16.81-26.44	-11.6%
<b>Sypris Solutions (SYPR)</b>	4.43	3.91	2.89- 6.20	-11.7%
<b>Almost Family (AFAM)</b>	36.37	30.21	23.50-40.76	-16.9%
<b>Lexmark International (LXK)</b>	37.55	29.78	28.39-48.07	-20.7%
<b>PharMerica (PMC)</b>	16.01	12.34	6.88-16.45	-23.0%
<b>Industrial Services of America (IDSA)</b>	16.87	10.47	9.23-21.18	-37.9%



Michael McCallister  
Humana



Jean Hale  
Community Trust Bancorp

Source: bloomberg.com; reuters.com



## SPOTLIGHT ON THE ARTS

### Kentucky Artisan Center at Berea Named Best of the Midwest Travel Destination

THE Kentucky Artisan Center at Berea and five other Berea attractions are featured in *Midwest Living* magazine's 2011 Best of the Midwest® travel edition. This publication highlights editors' top pick travel destinations throughout the Midwest. In recommending Berea, the editors point to Berea's "centuries-old crafts culture," which has earned it the title of Folk Arts and Crafts Capital of Kentucky.

The editors recommended visiting the Kentucky Artisan Center at Berea to "get an overview of the extensive local crafts." Other recommended Berea

locations include the Berea Welcome Center, Berea College, The Boone Tavern Hotel and Restaurant, Main Street Café, and Snug Hollow Farm.

"We are proud to be among the many attractions that make Berea, Ky, a very appealing and unique destination for Kentuckians as well as travelers from around the country," said Victoria Faoro, executive director of the Kentucky Artisan Center at Berea.

The Kentucky Artisan Center at Berea is an agency in the Tourism, Arts & Heritage Cabinet of the Commonwealth of Kentucky.



### KAC Offers Cultural District Certification

COMMONWEALTH communities of all sizes and demographics are encouraged to apply to the new Kentucky Cultural District Certification Program, developed to stimulate and promote local cultural, economic, community and social assets.

Certification can mean increased tourism marketing and economic activity via a branded state program. Cultural district committee members will receive training and professional development; technical assistance from partner state agencies and national experts in arts and cultural economy; access to grant and incentive opportunities; and assistance with planning signature events (such as gallery hops, downtown open houses and festivals).

More than 100 U.S. cities have implemented or are planning cultural districts – positioning the arts and culture as a center of revitalization efforts. A cultural district is a well-recognized, labeled, mixed-use area of a community featuring a high concentration of cultural amenities that attract local residents and visitors alike.

The Kentucky Arts Council will offer an information session for interested communities along with technical assistance in developing an application. Letters of intent are due July 1.

Guidelines, instructions and application are available at [1.usa.gov/kacCulturalDistricts](http://1.usa.gov/kacCulturalDistricts). Contact Chris Cathers, program branch manager, at [christopher.cathers@ky.gov](mailto:christopher.cathers@ky.gov) or (502) 564-3757, ext. 474.

### Public Work of Art Unveiled at KFC Yum! Center

THE Louisville Arena Authority has unveiled "Further," a public work of art by Al Price of Al Price Studio in Phoenix, Ariz., at the KFC Yum! Center. The three-dimensional stainless steel sculpture was commissioned by the Arena Authority for approximately \$213,000. It is suspended from aircraft cable that spans 200 feet along the west side of the facility on the Main Concourse.

"'Further' is an outstanding work of art that beautifully blends with the space and overall design of the KFC Yum! Center," said Dan Ulmer, chair of the construction committee for the Louisville Arena Authority. "We applaud Mr. Price's insightful and creative design that captures the spirit of the city and modern feel of Louisville's newest state-of-the-art arena."

"I am very pleased to see 'Further' in its official home," said Lori Meadows, executive director of the Kentucky Arts Council and chair of the Artist Selection Committee. "It has been a pleasure to be part of the process, from its beginning to selecting the final design that will be viewed and enjoyed by patrons of the KFC Yum! Center."

The sculpture can be seen during all events at the KFC Yum! Center.

### Arts Events Around the State

#### **Celebration! Studio Art Quilt Associates (SAQA)**

National Quilt Museum, Paducah  
Through July 12  
[quiltmuseum.org](http://quiltmuseum.org)  
(270) 442-8856

#### **Kentucky Guild of Artists & Craftsmen: Works by Juried Members**

Kentucky Artisan Center at Berea  
8 a.m.-5 p.m. through Aug. 20  
[kentuckyartisancenter.ky.gov](http://kentuckyartisancenter.ky.gov)  
(859) 985-5448

#### **"Annie"**

Jenny Wiley Theatre, Prestonsburg  
8:15 p.m. June 24-26  
[jwtheatre.com](http://jwtheatre.com)  
(606) 886-9274

#### **Love and Things Like Love and Interior Resurfacing**

Lexington Art League  
Loudon House, Lexington  
Through July 10  
[lexingtonartleague.org](http://lexingtonartleague.org)  
(859) 254-7024

#### **"Ain't Misbehavin'"**

Music Theatre Louisville  
The Kentucky Center for the Performing Arts  
Bomhard Theater, Louisville  
7 p.m. June 24-July 2  
[kentuckycenter.org](http://kentuckycenter.org)  
(502) 562-0100

#### **Want to know more?**

For details about arts and cultural events and activities taking place in Kentucky, visit [artsCouncil.ky.gov](http://artsCouncil.ky.gov).



Lori Meadows is executive director of the Kentucky Arts Council.

# High Lonesome Turns 100

Kentucky kicks into celebration mode to honor Bluegrass great Bill Monroe

BY KATHERINE TANDY BROWN

If he were still alive, Bill Monroe would be 100 years old on Sept. 13, 2011. Unfortunately for the world of music, he passed away in 1996, just a few days short of his 85th birthday. Folks from around the world have such reverence for this Rosine, Ky., native remembered as the “Father of Bluegrass Music” that they’ll be flocking to Western Kentucky to celebrate the date anyway.

Come September, both the International Bluegrass Music Museum (IBMM) at RiverPark Complex in Owensboro and the Bill Monroe Homeplace in Rosine are partnering to roll out one amazing musical welcome mat. The event will feature a series of master concerts presenting as impressive a roster of bluegrass performers as you’re likely to see gathered in one place, commemorative activities in the house where Monroe learned his licks, and jamming in every available corner from dawn till dusk and way beyond.

On Saturday, Sept. 10, Rosine will remember its favorite son with a glance back to young Bill’s era during Homeplace Life Day at the family farm, where costumed guides will ply old-fashioned trades and crafts. That Sunday, a reverent tour of the Rosine Methodist Church, the site of Monroe’s funeral, will be followed by a gospel service and music at Rosine City Park.

And on Tuesday, his actual birthdate, fans can toast the master of pickin’ with a slice of birthday cake and a side of bluegrass jamming.

But it will be from Sept. 12-14, when festivities roll about 45 minutes down the road to Owensboro, that history will be made. During the museum’s Bill Monroe Centennial Celebration, every active member of the Bluegrass Hall of Fame and their bands will perform in a series of concerts. Honored guests include many of the earliest bluegrass musicians and the Blue Grass Boys, who played with Monroe in his band. A number of those, such as Lester Flatt, Earl Scruggs, Stringbean (David Akeman) and Del McCoury, became bluegrass legends in their own right.

“This will be the biggest lineup of bluegrass bands in history,” said Gabrielle Gray, the museum’s executive director. “It will take three days to get that many bands onstage.”

Along with these all-star performances, there will be two stagings of an original musical, “The Life and Times of Bill Monroe;” a display of Bluegrass Boys’ memorabilia; an exhibit of the works of artists who were influenced by Monroe; and two other Centennial exhibits already on display. In addition, a documentary eight years in the making will premiere in which, through their own memories and tales, the musicians who knew him best create a large-as-life Monroe in a remarkable film.

Monroe was the youngest of eight children born to a music-loving farm family in Rosine. Early on, he became proficient on mandolin, guitar and vocals and in 1934 joined two other siblings to form the Monroe Brothers, but soon replaced them with a larger string ensemble named the Blue Grass Boys. By 1939, he had been inducted into the Grand Ole Opry in 1939 and for the next 50 years, Monroe combined his inspirations with the talents that passed through his band to create and mold the bluegrass sound celebrated today.

Actually, the Bill Monroe 100th Birthday Celebration is a yearlong tribute to bluegrass music and a lively observance of the influence this homegrown genre has had across the globe. Since January, bluegrass festivals and centennial events have kept fingers pickin’ and toes tappin’ across the commonwealth and will continue through the fall.

One of those, the Rosine Barn Jam-boree, has been going on for years in a big ol’ barn on the National Register of



*The late Bill Monroe is considered the “Father of Bluegrass Music.”*

Historic Places, where music and dancing hold sway every Friday at 7 p.m.

Progressive bluegrass bands take the RiverPark stage June 23 through 25 at the IBMM’s annual ROMP (River of Music Party) rather than traditional groups, as the latter will have scads of stage time in September.

“We wanted to illustrate the broad influence that bluegrass has had on acoustic music as we know it today,” Gray explained.

One of only a scant handful of musical genres original to America, bluegrass has a sound that originated from a melting pot of world music – Scotch-Irish, African, jazz, black and white Southern gospel, and blues – that Monroe blended into an exciting new form, named for his own band. That, in turn, has given birth to other musical styles as progressive, old-time and jazz bands, which explains the broad appeal of bluegrass and the reverence given the talented Monroe.

“You know, I never wrote a tune in my life,” he once said. “All that music’s in the air around you all the time. I was just the first one to reach up and pull it out.”

To learn more about this remarkable man, his music and the festivities honoring him, peruse the sidebar websites.

Even if you can’t make it to Western Kentucky in September, you can still be a part of the action. Across the state on Sept. 13th, bluegrass music lovers in every city, hill town and hollow are asked to go outdoors and sing Monroe’s “Blue Moon of Kentucky” exactly at “high lonesome” noon CST (Monroe’s home time zone) to pay homage to this great musician and beloved Kentuckian. Start practicing now! ■

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

### Share a Slice of Bluegrass Cake

**Bill Monroe 100th Birthday Website**  
[billmonroe100birthday.com](http://billmonroe100birthday.com)

**Bill Monroe Homeplace (Rosine)**  
(270) 274-9181  
[jerusalemridgefestival.org](http://jerusalemridgefestival.org)

**International Bluegrass Music Museum (Owensboro)**  
(888) MY-BANJO (692-2656)  
[bluegrass-museum.org](http://bluegrass-museum.org)

**Ohio County Tourism Commission**  
(270) 274-1090  
[visitohiocountyky.org](http://visitohiocountyky.org)

**Owensboro-Daviess County Convention and Visitors Bureau**  
(800) 489-1131  
[visitowensboro.com](http://visitowensboro.com)



## Upcoming Events across Kentucky



### Francisco's Farm Invitational Fine Art and Craft Festival

*Equus Run Vineyards  
1280 Moores Mill Road  
Midway  
June 25-26, 10 a.m.-5 p.m.  
franciscosfarm.org*

Held on the beautiful Midway College campus, this annual fine arts and crafts fair features 150 artists from 15 states, live music, children's art activities, a public art project, and Francisco's Gallery - an exhibition of the Artistic Wealth of Woodford County. Admission is \$5 per car; Saturday visitors can return on Sunday for free.

### The Search for Shaker Treasures

*Shaker Village of Pleasant Hill  
3501 Lexington Road, Harrodsburg  
June 25, 10 a.m.-4 p.m.  
(800) 734-5611  
shakervillageky.org*

Ever wonder about the history, craftsmanship, and background of the candle stand in your living room? Did your grandma hand down an old rocking chair with stories that it was made by the Shakers? Bring in your Shaker furniture, seed boxes, chair tape, photos and other artifacts for authentication and informal appraisal by a leading Shaker authority. There is no charge for the event.

### 15th Annual Duncan Hines Festival

*Various locations in Bowling Green  
July 8 & Aug. 12  
(270) 703-9145  
duncanhinesfestival.com*

Selected in 2010 as a top event by the Southeast Tourism Society, this event includes a concert in the park, an art exhibit, Adventures in Good Baking Contest and the very popular Uncle Duncan's Duck Derby! Proceeds from the event benefit a number of nonprofit agencies.

### 10th Annual Forecastle Festival

*Belvedere Festival Plaza  
Louisville  
July 8-9  
forecastlefest.com*

The Forecastle Festival combines the hardest working Midwest bands, legions of emerging artists and multitudes of progressive environmental organizations into one festival that's all about music, art and activism. Check out the website for goings on at this event that was named "one of the top 101 things to do in America" by *Spin* magazine, and recently hailed by The Discovery Channel as the "the cream of the crop" of Midwest festivals.

### 75th Lexington Junior League Charity Horse Show

*338 Blueberry Road  
The Red Mile  
Lexington  
July 11-16  
(859) 252-8014  
lexjrleague.com*

Held at the historic Red Mile Racetrack, the Lexington Junior League Charity Horse Show is the first leg of the American Saddlebred Triple Crown. Nearly 1,000 exhibitors travel from all over the world to compete for \$70,000 in prize money at the world's largest outdoor Saddlebred horse show.



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## SIXTH Business Summit and Annual Meeting

Charting a new course for Kentucky's future

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Louisville Marriott Downtown



**John Schnatter**

Keeping the Main Thing, the Main Thing: The Papa John's Story



**James Fallows**

Dirty Coal, Clean Future



**Margaret Spellings**

Education in America



**Joe Scarborough**

Politics & Morning Joe



**Mika Brzezinski**

For an agenda and registration information please visit our website at [kychamber.com/businesssummit](http://kychamber.com/businesssummit).

## Back to Work: Job Growth in the Forecast

**M**ANY in business and economics believe that as Louisville goes, so goes Kentucky, and it's largely true. Roughly a fourth of all Kentuckians live in Jefferson County, and thousands of others commute there daily to work. Louisville is our primary economic engine.

As such, it was good news early this month when University of Louisville economist Paul Coomes advised that he expects the 13-county Louisville area to create 10,000 jobs this year, according to a Courier-Journal report on his economic forecast testimony to Louisville Metro council members preparing their fiscal 2012 budget.

Coomes, one of Kentucky's foremost economic analysts, said manufacturing, professional services and the hospitality industry will generate the most jobs in the 13-county Louisville metro area – nine Kentucky and four Indiana counties.

Calling his forecast "the best economic news Louisville has had" in several years, Coomes told council

members the area had lost nearly 30,000 jobs since 2000 even though there had been gains in education, government and healthcare during the decade. Those gains were offset by the loss of 32,000 manufacturing and 10,000 retail jobs, especially after the deep recession and financial crisis struck in 2008.

Kentucky and Louisville in particular are seeing significant job growth in manufacturing, which is turning into a bright spot for the still-weak U.S. economy. Ford Motors plans to hire 1,800 more workers for its Louisville Assembly Plant, which is undergoing a \$600 million renovation that will make it the most advanced and flexible production site anywhere.

Ford's commitment last December to not only maintain but expand its major operations here is attracting more members to the commonwealth's 400-strong vehicle supplier sector. GM's recently announced \$130 million upgrade and expansion in Bowling Green is having a similar effect. Toyota is hiring several hundred more workers in Georgetown.

Meanwhile, General Electric has added hundreds of assembly workers in Louisville of late to manufacture new, more efficient generations of appliances.

But Ford, GE and GM are only the most prominent members of many manufacturers being attracted to Louisville

and elsewhere in Kentucky by skilled and dedicated work force and a competitive economic development incentive program in Frankfort.

And the better news on recent and anticipated job growth is the positive ripple effect it creates. Payroll growth puts more money into circulation for all businesses, and it will begin relieving the massive fiscal headache state and local public officials have had the past few years.

The Courier-Journal's report states that occupational and business net profits taxes account for 53 percent of general fund dollars in Mayor Greg Fischer's proposed \$503 million budget. The Lane Report's cover story in March 2010 was about the fiscal difficulties local governments all over Kentucky were facing as a result of job losses. Public officials across the state have cut and rebalanced their budgets multiple times since.

The tide is coming back in, however. State government reports tax receipts running 5 percent ahead of expectations for fiscal 2011. Coomes told Louisville officials to expect 3.1 percent growth in occupational license revenue for 2012.

And that's very encouraging news for all Kentuckians: An estimated 40 cents of each tax dollar collected in Jefferson County flows out to the rest of the state. Let's get to work.



Paul Coomes,  
Economist,  
University of Louisville

### The Real Daniel Needham



Daniel Needham

**A**N incorrect photo was published earlier in the year of Daniel Needham, managing director of Assurance Investment Partners, which is parent company of Arison Insurance Services. The photo used was indeed Daniel Needham, but it was the wrong Daniel Needham. Sorry about that, everyone.

## Kozarovich Joins The Lane Report

**V**ETERAN journalist and media publisher Steve Kozarovich has joined Lane Communications Group as associate publisher in the company's Louisville office.

Kozarovich most recently served as publisher and executive editor of *The New Albany (Ind.) Tribune* and *Southern Indiana Business Source* magazine. As a member of the media for more than 15 years, Kozarovich managed newsrooms in Louisiana, Connecticut, Indiana and New York. Staff in each state were each honored with a press association's or company's "Newspaper of the Year" recognition – a reflection of overall quality and public service.

"We're excited to add an experienced and accomplished publishing veteran like Steve to our team. He will improve our presence in Louisville and help us better serve our clients in Kentucky's largest and most vibrant market," Publisher Ed Lane said.

"As an avid reader of *The Lane Report* during my publishing role in Southern

Indiana, I'm excited to offer my skills to the team of such a highly respected and quality organization," Kozarovich said. "A bonus is having the opportunity to continue working and living in this region that I've come to love during the last six years."

Steve and his wife Lisa, a long-time journalist and Louisville native, have one daughter.

Lane Communications publishes *The Lane Report*, a monthly statewide business magazine; *BG – A Way of Life* magazines in Louisville and Lexington, featuring content for emerging leaders and young professionals; and a variety of business-to-business and specialty publications. *The Lane Report* began publishing in 1985.



Steve Kozarovich



## UK Ranks 6th in Top 100 Social Media Colleges in Nation

CONGRATULATIONS to two Kentucky schools for being named among the Top 100 Social Media Colleges in the United States. UK jumped five slots in the newest rankings to No. 6, while Transylvania University is also in the top 100 at No. 92.

### The Top 10 Social Media Colleges

1. Johns Hopkins University
2. Harvard University
3. University of Notre Dame
4. Columbia University (New York)
5. Ohio State University
6. **University of Kentucky**
7. Stanford University
8. Emerson College (Boston)
9. Louisiana State University
10. U.S. Military Academy (West Point)

Berea College had been No. 94 in the previous rankings.

The StudentAdvisor.com site rankings compare more than 6,000 federally recognized U.S. colleges and universities and post-secondary schools in terms of their mastery of public social media methods, tools and websites. It looks at how active and effective each school is at engaging their audiences on Twitter, Facebook, YouTube and other social media tools, such as iTunes and podcasts, taking into account the size of each school and other metrics to gauge overall reach and effectiveness.

The evaluators especially liked UK's SeeBlue interactive virtual tour. It is pretty cool; check it out at [seeblue.com/?partner=uky#/home](http://seeblue.com/?partner=uky#/home).



## Louisville Featured in NYT Travel Section

A recent *New York Times* feature article "36 Hours in Louisville" [see it at <http://tiny.cc/ix9hr>] shines the national spotlight on some of the many possibilities found in our fair state's largest city. As the article says, "Louisville retains its easy charm – a glass of fine bourbon and good conversation aren't hard to find." Among the business entities mentioned are:

Hillbilly Tea; The Muhammad Ali Center; Churchill Downs; Actors Theatre of Louisville; Kentucky Center; Louisville Orchestra; Louisville Ballet; Hard Rock Cafe Louisville; Seelbach Hilton Louisville; Heine Brothers' Coffee; 21C Museum Hotel; and Brown Hotel.

We're sure readers of *The Lane Report* have known how fascinating our state's largest city is for a long time. Glad to hear the folks in the Big Apple are figuring it out also, and spreading the word via what many people consider our national newspaper of record. And the rest of the state's not bad, either!

## Another Blue Chipper

OUR annual Kentucky Blue Chip 25 list, which appeared in the May issue, has been remiss in not including a major corporation in the commonwealth business community, PharMerica Corp.

Spun off from Kindred Healthcare in 2007 as a result of a merger with AmerisourceBergen Corp., the Louisville-based entity is a leading institutional pharmacy company that services facilities mostly in the long-term healthcare sector. It also provides pharmacy management services to hospitals.

PharMerica (NYSE: PMC) is a Fortune 1000 operation with revenue of \$1.847 billion for 2010, ranking it the ninth largest publicly held company based in Kentucky. That's pretty darn big.

Net income for 2010 at PharMerica was \$19.2 million. Its market capitalization is \$344.65 million. Greg Weishar is CEO of PharMerica, which operates 97 pharmacies in 43 states. Leaving PharMerica off the Top 25 list was a hard pill to swallow

## Brown-Forman Income: The Rest of the Story

INCORRECT revenue and net income figures for Brown-Forman were included in our Kentucky Blue Chip 25 list in the May issue of *The Lane Report*. The Louisville-based wine and spirits giant had revenue of \$3.226 billion in fiscal year 2010 and net income of \$449 million.

Brown-Forman's rank as the eighth-largest publicly held Kentucky-based company was correct, as was all the other information for the company in our list.

Brown-Forman's fiscal year ends on April 30, a detail that apparently was not appropriately taken into account by our usually reliable source of financial information for publicly held companies.

## KENTUCKY PEOPLE

### SOMERSET: PAUL DUNNINGTON HONORED WITH SKED 'DIFFERENCE MAKER' AWARD



Hundreds of people from across Southeast Kentucky gathered last month to honor Wayne County native and community leader Paul Dunnington for his 25 years of consecutive service to the Southeast Kentucky Economic Development Corp. Dunnington is one of the original members of the SKED board of directors and has held every office on the SKED executive committee, including being elected president twice. U.S. Representative Hal Rogers (left), who created SKED in 1986, presented the Hal Rogers Difference Maker Award to Dunnington at the celebration, which was held at The Center for Rural Development in Somerset.

### LOUISVILLE: PGA SENIOR ELITE GATHER AT THE ALI CENTER CHAMPIONS DINNER



Eleven Senior PGA champions and PGA champions continued a longstanding tradition during the Champions' Dinner the evening of May 24 at The Muhammad Ali Center in Louisville. Defending Senior PGA Champion Tom Lehman (seated, immediate left of the Alfred S. Bourne Trophy) hosted the dinner, which was attended by: (front row, from left) Mark Brooks (1996 PGA Champion), Jay Haas (2006 and 2008 Senior PGA Champion), Hale Irwin (1996, 1997, 1998 and 2004 Senior PGA Champion), Mike Reid (2005 Senior PGA Champion), and Michael Allen (2009 Senior PGA Champion). (Back row, from left) Fuzzy Zoeller (2002 Senior PGA Champion), John Jacobs (2003 Senior PGA Champion), Denis Watson (2007 Senior PGA Champion), Larry Nelson (1981 and 1987 PGA Champion) and Hal Sutton (1983 PGA Champion).

### LEXINGTON: ACS PRESENTS COLLEGE SCHOLARSHIPS TO KENTUCKY STUDENTS



Five Kentucky students have been awarded college scholarships from ACS as part of the business process outsourcer's partnership with The Winners For Life Foundation. Each of the five students will receive \$1,000 per semester, with a maximum total award of \$4,000, to attend Bluegrass Community and Technical College. During the past three years, ACS, which is one of Kentucky's largest private employers, has raised more than \$50,000 to assist students attending BCTC. Pictured here at the award presentation are (l-r) Veronica Hall; Connie Harvey, ACS group president; Kendra Slusher; Ann Vezina, ACS group president; Brookelyn Ponder; Dylan Lake; and Dr. Augusta Julian, president of Bluegrass Community and Technical College. Also receiving a scholarship but not pictured is Seth Pittman.

### STATE: STUDENT COMPETITION HELPS IDENTIFY KENTUCKY ENTREPRENEURS



The Kentucky Cabinet for Economic Development awarded \$100,000 in prize money this spring to state university students who developed plans for 20 new Kentucky companies as part of the fourth annual "Idea State U." The goal of the competition, which drew approximately 75 students from all eight Kentucky public universities, is to identify and support the next generation of Kentucky innovators and entrepreneurs. Cuddle Clones, a UofL College of Business team took first place in the graduate division this year's event. Pictured here (left to right) are Cuddle Clones team members Jennifer Graham, Adam Greene, Erich Squire and Jillian Himler.



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