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# THINK KENTUCKY

MAGAZINE

MARCH 2017

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## THE GOVERNOR'S GOAL

Kentucky as the  
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Manufacturing Hub of  
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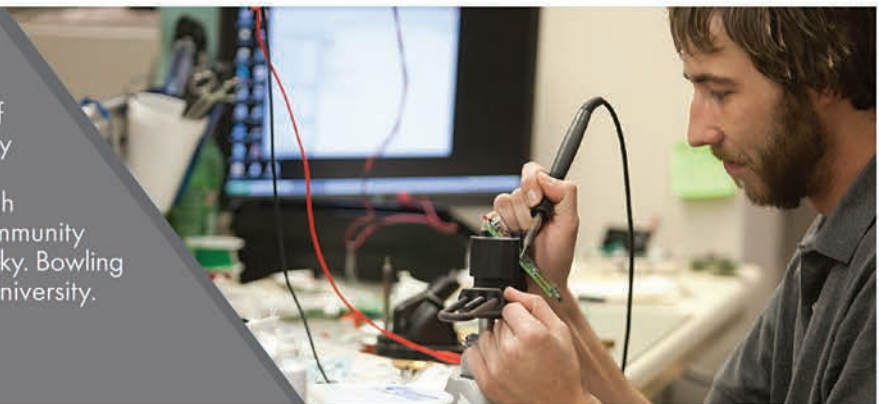
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A photograph of two students in a laboratory setting. On the left, a Black male student wearing glasses and a blue polo shirt is looking at a robotic arm. On the right, a white male student in a grey polo shirt is also looking at the same robotic arm. There are two white robotic arms in the foreground, one of which is holding a small object. The background features large windows and industrial equipment.

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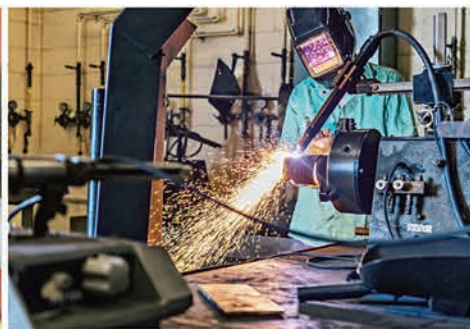
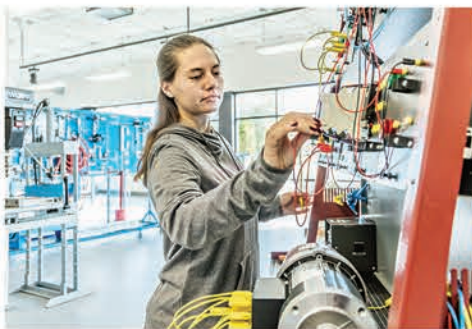


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Photo courtesy of Ford Motor Company

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Photo by Marvin Young

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Photo courtesy of Ohio River Bridges Project

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Kentucky Economic Development Guide is published annually by Conway,  
6625 The Corners Parkway, Suite 200, Peachtree Corners, GA 30092 USA.

PRINTED IN USA. ©2017 Conway

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### Cutting the Red Tape

Gov. Bevin's Red Tape Reduction Initiative promises to eliminate as many as one-third of Kentucky's administrative regulations within the next three years.

### Right-to-Work

Kentucky shows investors it's open for business as it becomes the 27th right-to-work state.

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# TRANSFORMING KENTUCKY

by RON STARNER



Kentucky Gov. Matt Bevin signed right-to-work legislation into law in the first week of January.

Photo courtesy O'Neil Arnold



# Moving with speed, precision and a laser-like focus, Gov. Bevin is cutting red tape, empowering workers and elevating the pro-business stature of the commonwealth.

**K**entucky Gov. Matt Bevin wasted little time this year in delivering on one of his major campaign promises. Barely a week into January, the governor signed into law House Bill 1 making Kentucky a right-to-work state.

By preventing union membership from being used as a condition of employment, the law gives employees at unionized workplaces the freedom to choose whether or not to join and financially support collective-bargaining organizations.

Prior to the governor's signature, Kentucky was the only Southern state in the union not to have right-to-work status.

But that's not all. Within the first week of the 2017 legislative session, Gov. Bevin signed into law House Bill 3 repealing Kentucky's prevailing wage requirement and Senate Bill 6 preventing unions from collecting dues without the written consent of employees.

All three measures are considered landmark victories for pro-business advocates and signal a new direction for public policy toward industry and workers in Kentucky.

The Kentucky Economic Development Guide recently caught up with the governor for the following extensive interview.

**Let's start with the big news first. Kentucky is now a right-to-work state. What will this mean for Kentucky, and for your plans to bring more jobs to the state?**

**Gov. Bevin:** It expands the playing field on which we are able to operate. Based on studies I have seen, many companies will

not expand in or locate to a non-right-to-work state. Why fish in a pond that is two-thirds the size of everyone else? Now we have joined every other state in the South and a majority of states in America and given proof to the fact that we are intent on becoming a hub of excellence for engineering and manufacturing.

**A year ago, you brought to the Kentucky Governor's Office a businessman's perspective. How would you characterize your first year in terms of growing and expanding business in Kentucky?**

**Bevin:** The proof is in the pudding. I have met with many CEOs who are already here and others who are looking at coming here and I share with them my vision for Kentucky — to be that crown jewel, to be that hub of excellence. They want to see these things happen.

I think our progress over the past year has been phenomenal. We have not just said things. We have done things. Things like Red Tape Reduction. We early on said we were going to cut 30 percent of all red tape affecting business. One newspaper in our state mocked and ridiculed it. Then, when we did it, they said it had not had a profound impact. But they agree that we cut hundreds of unnecessary regulations. And it made a believer of businesses all over.

Business people just get things done. I am not going to be doing any 5-year plans or blue-ribbon panels or any of the rest of that nonsense. I am committed to actually making change in Kentucky and moving with a sense of urgency and a laser-like focus.

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**You have made it a goal to make Kentucky the engineering and manufacturing hub of excellence in America. What does that mean, and how will you accomplish it?**

**Bevin:** I speak about continental Europe. If you know anything about global manufacturing, where would you start in Europe? One hundred percent of the time, you would say Germany. They have created a brand image and they have proven it. When I ask people the same thing about America, there is no one state that owns it. I want Kentucky to be the undisputed state that comes to mind. I want them to think of Kentucky first. I want them to think instinctively that they should start in Kentucky. We are going to accomplish it by delivering on the promises we have made. First, we have to get rid of red tape. Secondly, we have to make sure we have a highly trained

workforce. Give people the certifications they need. Keep energy prices low. Don't tax the producers. And move more to a consumption-based tax environment.

**You have met with a lot of business executives in the past year — the top automaker CEOs at the North American International Auto Show, Hannover Messe Trade Fair in Germany, Heli Expo, and you have talked with countless execs while recruiting them to Kentucky. What has your message been and how has it been received?**

**Bevin:** I tell them that I am a businessman and I come from your world. I have never previously been an elected official. I do understand their world. I understand doing cost-benefit analysis before spending capital. I

# BOLD YESTERDAY. BOLD TOMORROW.

1819

Centre College founded—*Forbes* 2016 listing of “America’s Top Colleges” ranks it #5 among liberal arts colleges in the South and #18 of all Southern colleges and universities.

1883

The Queen & Crescent rail line from Cincinnati to New Orleans is completed through Danville, today the largest terminal of Norfolk Southern’s line between Cincinnati and Chattanooga.

1925

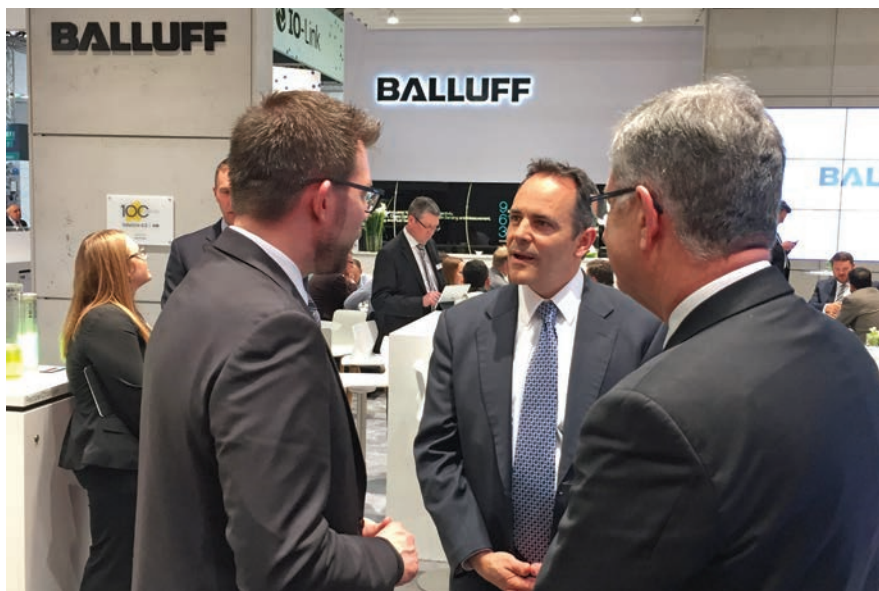
Dix River Dam formed Kentucky’s deepest lake, Herrington Lake, making the Danville area “drought-proof.” Today we have a new, 12 MGD water treatment plant.

understand what ROI really means.

I am determined to break down the barriers to entry that preclude us from making the right decisions. I am committed to making Kentucky the most business-friendly state in America.

We will become that hub of excellence. Stay tuned. Keep watching. See if we are not making the kind of progress you want. Expect to find my cabinet secretaries more willing to take your calls than any other cabinet secretaries in America. The onus is on us to deliver.

**A big part of your message in the past year has been to make Kentucky the most business-friendly state in the country. And recently, you have spoken of taking aggressive new steps due to what you have called a new pro-business legislature in Kentucky. Can you elaborate on some of your plans?**



Gov. Bevin speaks with Balluff officials during the 2016 Hannover Messe Trade Fair in Germany. Balluff has a facility in Florence, Ky.

Photo courtesy of The Kentucky Cabinet for Economic Development



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**Gov. Bevin signed three major pro-business bills into law in early January.**

Photo by Marvin Young

**Bevin:** Some have already started to come to fruition. We just passed historic legislation in the first week by moving with a sense of purpose and urgency. That has never been seen before in Kentucky history. We passed three powerful pro-business bills. Number one is right-to-work. Number two is the repeal of prevailing wage statutes in this state, which artificially inflated the cost of building things. And number three was the paycheck protection bill. People now have to opt in rather than opt out to have dues taken out of their paycheck to be a member of a union. We now empower the worker. The worker in Kentucky now has more power than they ever had before. Employers want strong

and empowered workers who make decisions for themselves. Fourth is the pension transparency bill. It creates an environment where the taxpayer knows what's going on with his or her money.

We are taking aggressive steps in other areas too, including the \$100-million workforce development fund to ensure we have the most highly trained workforce in America. Then there is the apprenticeship program, where 1,100 companies have agreed to offer some form of apprentice training. We want to have the most advanced and successful one in America. A dual-credit program is available to every high school student in Kentucky. It is free to them and grants credit toward post-secondary degrees or certifications.

**“Tax reform, pension reform, education reform and tort reform are coming. We are going to eliminate the inventory tax. We are going to get rid of the death tax. Everything will be on the table. Some sacred cows will stay sacred. Some will be turned into hamburger.”**

— Kentucky Gov. Matt Bevin

Tax reform, pension reform, education reform and tort reform are all coming. We are going to eliminate the inventory tax. We are one of only seven states left that even have it. It is very antithetical to manufacturing. We are going to get rid of the inheritance tax. Only six states have it. We drive capital out of the state. There are many other examples. Everything will be on the table. Some sacred cows will stay sacred. Some will be turned into hamburger. We have more than 300 tax expenditures — loopholes to our tax law — and we exempt more revenue than we bring in every year. I am committed to making those things happen. We are going to modernize our tax code. We will be more conducive to doing business in our state.

**You have spent much time eliminating barriers to business growth. One of those is the Red Tape Reduction Initiative. Can you explain what that is about and how it is helping business?**

**Bevin:** I gathered 120 people from around the state — people in business and government — we brought in liberals and conservatives. We talked about how they are personally affected by unnecessary red tape. Everybody had a story to tell. The Mercatus Center studied that and found that Kentucky has 30 percent more red tape than the average state in America. We are one of the five most highly regulated states in America. This is not a good thing for business attraction.

We got dozens of different organizations to sign on. I sent a lapel pin to every lawmaker — the cutting-the-red-tape pin — and I asked them to wear it. Red Tape Reduction is good for everybody. It is about making it easier

to operate in Kentucky. We repealed or modified hundreds of pieces of legislation. This is something that won't stop. We will be cutting 30 percent of all red tape in the next three years. Go to [RedTapeReduction.com](http://RedTapeReduction.com) and look at it. People can give us their ideas there.

**Kentucky is in the middle of a workforce development revolution, with an emphasis on workforce training and your new \$100-million Work Ready Skills Initiative. How does it work?**

**Bevin:** That is one of the most transformative and powerful tools we have added to the tool chest. When I first proposed it, it was immediately attacked by the other party. But this is something that is not political. Everybody needs jobs. First, it is competitive. There is no predetermined geographic location. It goes where it can best produce results. Every successful application must have three parts — three entities that must work together — the local high school, the local post-secondary school and the local business community. No application will be successful if these institutions do not sit down and agree together on the skills that are needed and how they will deliver those. If they can agree on that, this will transform Kentucky. I also required that the state never pay for 100 percent of the idea. Locals must have at least 10 percent of their own skin in the game. We require that as a minimum. This ensures that they have a vested interest. Who gets these projects? Initially, we had more than \$500 million in requests. We are down to about \$100 million in requests. This will not be the last time we do it. In 2018, we will reopen the budget and move even more money.



**“I am determined to break down the barriers to entry that preclude us from making the right decisions. I am committed to making Kentucky the most business-friendly state in America.”**

— Kentucky Gov. Matt Bevin



Gov. Bevin celebrates the grand openings of Eurofins (Top) Genscape (Left) and Constellium-UACJ (Above).

Photos courtesy Office of Creative Services

**When you are in front of a business executive who is considering Kentucky for a new or expanded facility, what is your message to them?**

**Bevin:** That talk is cheap and actions matter. I am a business person who understands their needs. Expect us to be responsive. Expect me to be personally engaged. I give them my personal cell phone number. We just brought in a company that needs highly educated employees. It was my personal involvement with the CEO that made the difference. I call him even now. I ask him — is there anything you are not getting? I tell them the things we are doing. I tell

them about my background. I tell them to buckle up and keep watching. We are just getting started. And I ask questions. What do you need? What do you want? Ask us for any and everything you need.

**Any final thoughts?**

**Bevin:** Kentucky is changing for the better. The business environment is getting better. People here can see it and feel it. A European company was going to build a facility in Mexico. They are now going to build in Northern Kentucky with a \$75 million investment instead. That is a huge plus for us. People are starting to see that we are not just talking. We are taking action.

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metal workers** due to  
our region's coal and steel  
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development

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by SAVANNAH KING

**Right-to-work law is expected to facilitate opportunities for economic development in Kentucky.**

When Kentucky’s lawmakers voted in January 2017 in favor of a proposed right-to-work bill, they essentially hung a blinking neon “open-for-business” sign in the window.

With Gov. Matt Bevin’s signature, Kentucky became the 27th right-to-work state in the US. The legislation outlaws mandatory labor union enrollment as a condition of employment.

“I think when you look at Kentucky and the states that we compete against, a lot of times we punch above our weight,” says Brad Thomas, economic development associate manager for Kentucky’s Touchstone Energy Cooperatives, which serve 87 counties in Kentucky. “That’s based on the fact that we have a lot of things going for us. When you look at our logistics, availability of water, low electric rates, workforce development and apprenticeships, Kentucky has a lot of things going right for us in the economic

development world. I think 2017 is going to be a great opportunity. Right-to-work is going to make people take a look at us and realize how many things our state has going for them.”

The new law is expected by many to be a game-changer for the state’s economic development efforts as investors will often only consider right-to-work states for investment projects, Thomas explained.

“If you don’t check that box, you’re eliminating yourself,” Thomas says. “What we know is economic development is a process of elimination. If someone can take a big question like that to knock you out of contention, they’re going to do it.”

But now, Kentucky will be able to vie for projects that otherwise would have located elsewhere by default.

“It creates a lot more opportunity to be considered,” says Mike Mullis, business management consultant with JM Mullis

These are promising numbers for a state focused on becoming the epicenter of advanced engineering and manufacturing. With 60 percent of the nation's population within a day's drive, Kentucky is ripe for more development — particularly from the automotive sector, says Kentucky Rep. Jim DeCesare, chairman of the House Economic Development and Workforce Investment Committee, who represents

“We have great opportunities here. We have great infrastructure, a great workforce,” DeCesare says. “We can provide the things that industry needs to not only get their goods manufactured but also to get their goods distributed around the United States and the world. We’re perfectly situated so that the next auto manufacturer that decides they need a new plant, and there are some that are looking around, we’re going to be part of the conversation now.”





# Cut the Tape

**Eliminating  
burdensome  
regulations**

**I**t's a common complaint. Too much red tape in government. Kentucky Gov. Matt Bevin has heard it too, but he is doing something about it.

In July 2016, Gov. Bevin unveiled the Red Tape Reduction Initiative, a program to eliminate as many as one-third of Kentucky's administrative regulations within the next three years.

"As a business owner, I understand firsthand how difficult it can be for a new or growing business to be aware of, understand and comply with every government regulation," Gov. Bevin said. "While some regulations are very necessary and protect the public safety, others can stifle economic growth, impose unnecessary costs on businesses and impede private sector investment. These costs all get passed through to the consumer. I constantly hear from business owners that confusing government mandates and red tape are huge challenges for them. This suffocating red tape is a problem that must be fixed and, with the help of all Kentuckians, we intend to do just that."

by JOE LILLY

Kentucky's initiative is based on a similar effort in Canada, and the early results have been extremely successful. In just the first six months, nearly 30 percent of the state's regulations were reviewed, and nearly 700 of them — 54.8 percent — needed either repeal or amending.

Kentucky's business leaders have been encouraged by the progress of the initiative so far.

"The Red Tape Reduction Initiative has set the tone that Kentucky's government

wants to assist manufacturers and businesses to be successful," said Greg Higdon, president and CEO of the Kentucky Association of Manufacturers. "This is a very positive development."

"We have actually been surprised — and pleased — with the progress that has already been made," added Gay Dwyer, vice president of government affairs with the Kentucky Retail Federation. "The fact that so many existing regulations have been either repealed or proposed for repeal indicates the Bevin Administration's commitment to removing unnecessary burdens on Kentucky businesses."

"I've been amazed at the pace of the work being accomplished on the Red Tape Reduction Initiative," explained Steve Stevens of the Kentucky Association of Realtors. "I commend Gov. Bevin for his strong push in this effort and the state's agencies for their diligence."





Gov. Bevin also has taken the unique step of asking members of the public for suggestions on regulations to be cut or amended. Thousands of people have visited [RedTapeReduction.com](http://RedTapeReduction.com) and have suggested hundreds of regulations that should be reviewed.

The Red Tape Reduction Initiative will continue to gather momentum in 2017 as more of the regulations are scrutinized, scrubbed and scratched. Lawmakers are even being encouraged to start looking at outdated or onerous state laws that, in addition to regulations, need attention. And there are indications Kentucky's action are gaining traction in Washington.

"Let's hope that the Red Tape Reduction Initiative will be seen by the next administration in Washington, D.C., where they will follow Gov. Bevin's lead," added the Association of General Contractors' Ron Wolf.

*Kentucky Gov. Matt Bevin, center at podium, discusses his Red Tape Reduction Initiative during a news conference in Louisville. Through [www.redtapereduction.com](http://www.redtapereduction.com), the public can submit individual regulations for review.*



*President Donald Trump displays a "Cut the Tape" lapel pin Gov. Bevin gave him while discussing the initiative.*





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# ‘We Are Redefining Who Kentucky Is’

The new Secretary of the Kentucky Cabinet for Economic Development is dotting the two I’s: innovation and iteration.

by RON STARNER



Terry R. Gill Jr., Secretary of the Kentucky Cabinet for Economic Development

When Gov. Matt Bevin named Terry R. Gill Jr. as secretary of the Kentucky Cabinet for Economic Development

Dec. 14, it was a clear signal that the interests of business and industry would be elevated to the highest levels of importance in the Bevin administration.

“Kentucky is poised for unparalleled success in the years ahead,” Gov. Bevin said as he made the appointment in Frankfort. “Thanks to a new pro-business majority in the legislature and our focus on eliminating bureaucratic red tape, Kentucky is becoming more business-friendly by the day. Terry brings integrity, business competence and a passion for economic development that will foster a stronger environment for job creation in every region of Kentucky.”

Gill most recently served as president of One-TouchPoint, a \$140-million marketing services organization where he

was responsible for growth and M&A initiatives resulting in the creation of the largest privately held marketing services and technical printing company in the region.

Prior to that, Gill served as the vice president of EnterpriseCorp, the arm of

Greater Louisville Inc. that is focused on increasing the number of high-potential companies headquartered in the Louisville and Southern Indiana market. Before coming to EnterpriseCorp, he served as president and CEO of FetterGroup.

A graduate of the University of Kentucky, Gill recently took time to share his vision and priorities for Kentucky with the Kentucky Economic Development Guide.

**What experiences from your extensive business and marketing background can you bring to your job as secretary of Economic Development? How will the cabinet act differently to market and promote Kentucky now that you are in charge?**

**SECRETARY TERRY GILL:** I am coming from the perspective that we serve 4.4 million customers and we have a fiduciary responsibility to steward this business to get a maximum return for our shareholders — the taxpayers. My approach is to focus on two things — innovation and iteration — and they go hand in hand. We must identify the need and then formulate a way to satisfy that need. We must find out what is working and then iterate.

I am taking a very honest approach to the work that we have done. Not everything has worked as well as we have liked. How well are we doing serving our internal and external customers? We will find that out and then make the necessary changes to perform even better.

# 300 / 17,500



Since the Bevin Administration took office, more than 300 new or expanding manufacturing, service or technology-related facilities have been announced. Together, they are expected to create more than 17,500 new jobs and result in some \$3.4 billion in investments in Kentucky.

**You've mentioned that right-to-work gives Kentucky another key advantage in attracting new jobs to the state. How do you plan to capitalize on this news and market it to your target audiences?**

**GILL:** We are redefining who Kentucky is. It is an intentional effort to become widely recognized in North America as the epicenter of engineering and manufacturing and success. We are exceptional in automotive and aerospace. We have wonderful advantages in this state. There is a reason Amazon, DHL, FedEx and UPS all have major facilities here. We must capitalize on that and build the brand.

**You have considerable experience in helping early and second stage companies in Greater Louisville grow. What can Kentucky do as a state to foster the growth and development of these firms on a more consistent and statewide basis?**

**GILL:** In most early stage companies, capital becomes one of the primary constraints. There is traditional capital and there is human capital. You must have the right capital structure on both sides of the equation. We must make sure the Cabinet is paying attention to both. Financial capital is easier to solve than the human capital side.

Significant Governor's initiatives on workforce are helping our engineering and manufacturing customers. The Governor has launched a \$100-million

initiative to make sure we have the most highly trained workforce in the US. He also has strengthened the state's apprentice program and as a result, hundreds more companies are already offering apprenticeships. Our KY FAME student/apprentice program is a national model, and our one-stop workforce development assistance for companies provided training for 5,000 companies and 95,000 people last year alone. We are headed in the right direction.

**“Kentucky is small, yet we have extraordinary assets and we are world class in many industries. We are redefining who Kentucky is.”**

— Terry R. Gill Jr., *secretary of Kentucky Cabinet for Economic Development*

**How do you define success in economic development for the commonwealth of Kentucky? Do you have any tangible goals that you want the state to achieve over the next 3 to 4 years?**

**GILL:** We will establish measurable goals including job creation and net investment. We will measure the impact of attracting new businesses into the state, and we will measure business expansion. We will be successful only to the extent that the entire state is successful. We are going to overlay our Cabinet with a dashboard that measures impact relative to stated goals. If we do that the right way, it allows us to get back to the concept of innovate and iterate.

We must have a method of



**“The reaction of business to what Gov. Bevin is doing has been overwhelmingly positive. Business owners and business leaders all look at this changing environment in the state as a huge win for Kentucky.”**

— Terry R. Gill Jr., *secretary of Kentucky Cabinet for Economic Development*

measuring progress. Then we pivot and execute. The Governor comes out of the private sector; he and I are kindred spirits. We look at it from a business perspective. He is absolutely committed to having Kentucky on a path toward becoming the shining star of engineering and manufacturing excellence. Some of it is based on our success at continuing to attract these companies to the state.

The reaction of business to what Gov. Bevin is doing has been overwhelmingly positive. Business owners and business leaders all look at this changing environment in the state as a huge win for Kentucky. We have worked exceptionally hard to overcome disadvantages, but the Governor is not stopping there. The Red Tape Reduction Initiative is one of his priorities. We are cleaning up outdated or unnecessary regulations and eliminating those that are overly burdensome on business. Soon, we will take on tax reform. All of these initiatives will make the state more competitive and attractive to business.


**How will Kentucky boost its collective efforts to attract more foreign direct investment under your leadership as cabinet secretary?**


**GILL:** First, we will take an assessment of what FDI has occurred thus far. Why did they make that decision? Why did they choose Kentucky? What other companies in that space should we be talking to? We will build on the success we have had so far. We want to be widely recognized as the leader on the global stage. We had a meeting with a Chinese company recently about this. We have offices in Japan and Germany. We will open other offices globally and establish a presence in other markets.

**How can Kentucky position itself to become the hub of engineering and manufacturing excellence that Gov. Bevin envisions? What must change in Kentucky for that to happen?**

**GILL:** First, we must be sure that we have the proper climate. We must have all the necessary legislative initiatives to create that climate. Workforce development is a key part of that. We need a technically skilled workforce. We must have the support of secondary and post-secondary institutions to make sure we are supplying the properly skilled individuals. We also want to attract recent college graduates and young professionals. We want them to look at Kentucky and all its assets. We want to attract them to come here and start their career, and we want to keep the extraordinary talent we already have here.

**One innovative program in Eastern Kentucky is helping people transition from work in the coal mines to work in writing software code as developers. What else can the state do to help its citizens transition to the 21st century economy?**

**GILL:** It is a perfect example of an innovative solution. Louisville's Ankur Gopal, the founder and CEO of Interapt who created that program, is spot on. And this is an important point. The marketplace determines the skill set that is needed today and in the future. The skills needed are changing rapidly. Ankur keeps an ear on the marketplace and it influences the curriculum he is using to train the developers. We recognize that where there is success, we must support it. The key question is, how do we scale that up? 



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# Ready for Prime Time

**Amazon's \$1.5B investment in Northern Kentucky is the latest sign that business climate improvements are paying big dividends in the Bluegrass State.**



by RON STARNER

**W**hen Amazon announced on Jan. 31 that it would invest nearly \$1.5 billion to establish a centralized air hub in Northern Kentucky, the news confirmed what many site selectors were already thinking: Kentucky is ready for prime time.

More than 2,700 Amazon workers will call Hebron in Boone County home when all is said and done, as the world's largest e-commerce retailer sets its sights on also becoming one of the world's largest and most efficient shippers.

The 50-year lease on 900 acres at the Cincinnati/Northern Kentucky International Airport

(CVG) will help the Seattle-based company meet demand from Amazon Prime members for fast, reliable delivery. It will also be the largest capital investment in the history of the region.

"As we considered places for the long-term home for our air hub operations, Hebron quickly rose to the top of the list with a large, skilled workforce, centralized location with great connectivity to our nearby fulfillment locations and an excellent quality of living for employees," says Dave Clark, Amazon senior vice president of worldwide operations. "We feel strongly that with these qualities as a place to do business, our investments will support

Amazon and customers well into the future. We couldn't be more excited to add 2,000-plus Amazon employees to join the more than 10,000 who work with us today across our robust operations in Kentucky."

Last year, Amazon entered into agreements with two carriers to lease 40 cargo airplanes dedicated to support Prime members with fast, free shipping. Today, 16 of those planes are in service for Amazon customers with more planes rolling out over time. Amazon's Prime Air hub at CVG will support the company's dedicated fleet of Prime Air cargo planes by loading, unloading and sorting packages.

Gov. Matt Bevin, who spent



The Amazon Prime Air hub at the Cincinnati/Northern Kentucky International Airport is a capital investment of nearly \$1.5 billion and a potential employer of more than 2,000 workers.

Photo courtesy of Amazon

much of his first year in office overhauling Kentucky's business climate to make it more inviting for expanding firms, called it a signature win for his state.

"Given our already existing strength in the areas of logistics and distribution with UPS and DHL, Amazon's decision further solidifies Kentucky as the leading global logistics center in North America, says Gov. Bevin. "In terms of economic impact, we calculate the project will create several thousand direct and indirect jobs."

Dan Tobergte, president and CEO of Northern Kentucky Tri-ED, is calculating the potential effects of Amazon's decision.

"Northern Kentucky relishes

the decision of Amazon to establish an air hub at the Cincinnati/Northern Kentucky International Airport," Tobergte said. "We are still digesting the immensity of this \$1.49 billion project and the impact it will have on the Northern Kentucky community, region and the commonwealth."

### CVG Played Pivotal Role

No one was happier to receive the news from Amazon than Candace S. McGraw, CEO of the CVG Airport.

"We've worked hard to ensure CVG is a great place to do business and we couldn't be more pleased that Amazon recognized those efforts with plans to build

a top-in-class air cargo hub at our airport," she says. "A vibrant airport improves the economic vitality of the region, and adding thousands of new jobs through establishing this hub at CVG will certainly be transformational for the local economy and local businesses."

The global air hub at CVG will support Amazon's rapidly growing network of 149 fulfillment centers worldwide, plus more than 20 sortation centers, where the company uses algorithms, robotics, machine learning and other technological innovations to increase delivery speeds for customers. These expansions in technology and real estate footprint enabled





**An employee at one of Amazon's 11 fulfillment centers in Kentucky completes an order.**  
Photo courtesy of Amazon

Amazon to grow its global revenue to more than \$136 billion in 2016, up from \$107 billion in 2015.

The company did this while delivering a far greater number of orders itself, and it plans to further invest into its expanding logistics network. The CVG hub will make this happen sooner, says McGraw.

"Amazon advised of several factors important to them, including site availability and infrastructure," she says. "CVG owns more than 7,500 acres of property, four runways and plenty of taxiways. CVG is a cost-effective airport, and access to three major highways and an ability to access a large population within hours' drive time" were crucial factors.

The ability to bring the project to market quickly helped sway the deal in CVG's favor.

"CVG has committed to invest \$5

million in infrastructure improvements," McGraw adds. "A key part of our five-year strategic plan is leasing land for development. We have additional land still ripe for development."

The Kentucky Cabinet for Economic Development sealed the deal by making Amazon eligible to receive up to \$40 million in state incentives over 10 years. Gov. Bevin took a personal and active involvement in negotiations to land the project, which began as a multi-state site search more than six months prior to the Jan. 31 announcement.

"A variety of reasons factor into business expansion and growth in our state," explains Gov. Bevin. Every situation, and every company, is unique. In terms of the Amazon hub specifically, Kentucky's central location, strong logistical capabilities, available labor force and Amazon's existing operations in the state — including a footprint of



11 fulfillment facilities, 10,000 full-time employees and history going back nearly 20 years — played important roles in Amazon's selection process."

The company has stated that the average hourly wage at the new air cargo hub in Hebron will be \$26 plus benefits.

### **How Kentucky Laid the Groundwork**

John Bevington, deputy commissioner for business development for the Kentucky Cabinet for Economic Development, says Amazon needed a willing partner who could make things happen swiftly.

"Amazon is a quick-moving company," he says. "They move products quickly and they move their business quickly. It was an intense six to eight months. They needed a partner that could move at the pace they wanted to move."

The search was wide but focused.

"It is fair to say that Amazon looked

at a handful of airports that could handle the type of capacity they needed," Bevington adds. "CVG and the planning they had done over the years — that showed that they were prepared for this opportunity. That preparation facilitated us moving toward the top of their sites in the US. It came down to three finalist locations."

CVG beat out the two other locations to land the prized deal. While the incentives, aimed at lowering the company's cost of doing business in Kentucky was a factor, the trust factor sealed the deal, Bevington says.

"They located their first fulfillment center in Campbellsville, Kentucky in 1999," he says. "Today, Kentucky employs the second-most Amazon workers of any state, with only Washington employing more. I think that relationship is important in establishing the trust and rapport that establishes the

confidence in the process. Confidence in confidentiality, the speed in our work and our ability to do everything on their list in a streamlined fashion — all of that was very important."

Terry Gill Jr., secretary of the Kentucky Cabinet for Economic Development, says that Kentucky's historic leadership position in logistics was another deciding factor.

"Before adding job number one at Amazon's Prime Air hub, our thriving distribution and logistics industry already captured the eyes of the world. Now we have its complete attention," Gill says. "For decades, Kentucky's distribution and logistics industry has been one of the state's pillars, employing more than 50,000 people full time at 400-plus facilities. As the Prime Air hub substantially comes on line in the coming years, increasing the industry's jobs, infrastructure and resources, we fully

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expect a new wave of interested companies considering locations and expansions in the Northern Kentucky region and beyond. Kentucky can now easily be considered a critical hub for air logistics, not just for the United States, but also for the world.”

**“We have been using the term transformational to describe this project. What has happened in Louisville with the UPS Worldport can happen here in Northern Kentucky. Delta, DHL and Amazon hubs are all here. We anticipate a lot of spinoffs to be located near the Amazon Prime Air hub after it opens.”**

— Dan Tobergte, *president and CEO of Northern Kentucky Tri-County Economic Development Corporation*

## A Game-Changer for a Region

Tobergte said the significance of the Amazon investment cannot be overstated.

“We have been using the term transformational to describe this project,” he says. “What has happened in Louisville with the UPS Worldport can happen here in Northern Kentucky. Delta, DHL and Amazon hubs are all here. We anticipate a lot of spinoffs to be located near the Amazon Prime Air hub after it opens.”

The air cargo hub is just the beginning of the real impact of this deal, Gov. Bevin notes.

“We know more than 70 companies, including manufacturers and warehousing operations, have located in greater Louisville since UPS announced its Worldport air hub,” he says. “We expect to see similar regional growth in Northern Kentucky as a result of the Amazon expansion. We also project Amazon’s Prime Air hub will generate hundreds of millions of dollars annually in new payroll and GDP.”

In the long term, Amazon will likely grow its employment and investment at CVG. They may also potentially expand their existing fulfillment centers in Kentucky as their package-volume increases, meaning even more jobs for the region and increased economic impact. In short, this announcement promises to be transformational for Kentucky’s logistics and distribution industry for many years to come.

“Improving Kentucky’s business climate is a top priority for our administration,” Gov. Bevin adds. “We’ve worked diligently on this from day one, introducing measures to cut red tape, as well as creating initiatives and providing dollars to improve the job readiness and training of our workforce. I remain passionately committed to making Kentucky the nation’s most business-friendly state. If you like the kind of positive progress we have made thus far, keep your seatbelt fastened, because there is much more to come!”



# FROM KENTUCKY TO THE WORLD

**Logistics firms and the major customers they serve find access and mobility in Kentucky.**

by ADAM BRUNS

**A**mazon is not the only company investing serious capital and creating a plethora of jobs in the Bluegrass State's distribution sector. From Shepherdsville to Ashland to Paducah to Hebron and everywhere in between, Kentucky is filling up with logistics operations.

It's no accident that nearly 15 percent of the more than 350 corporate facility projects in Kentucky tracked by Site Selection magazine since January 2015 have included a distribution or warehouse component. Those projects have created more than 3,000 new jobs across the commonwealth, and brought a cumulative capital investment of well over \$1 billion.



Major investors include DHL, which in 2015 announced a major expansion of its hub at the Cincinnati/Northern Kentucky International Airport (CVG), an area serviced by Tri-ED, the Northern Kentucky Tri-County Economic Development Corporation. FedEx in recent years built new facilities in Lexington, Louisville and Northern Kentucky, and in the Louisville-area city of Shepherdsville in Bullitt County. Eby-Brown and GameStop invested in facilities not far from UPS WorldPort.

Kentucky's major logistics hubs are big reasons why it attracts shipping-dependent companies, including

approximately 50 million international shipments annually, the CVG hub handles shipments bound for the US, Canada, Mexico and Latin America.

FedEx, which maintains operations across the commonwealth including a distribution station in Paducah and a freight operation in London in Eastern Kentucky's Laurel County, is in growth mode as its package volume doubled in the past decade. It announced a \$200-million distribution center in Northern Kentucky near its 500-employee ground package operation. FedEx also is expanding its freight facility in Lexington and opened a new East Louisville Ground Station in 2016. From its East Louisville facility, FedEx Ground offers one-day service as far south as Birmingham, north to the Wisconsin boarder and east to Pittsburgh.

Meanwhile, in Louisville, Bob Waitkus, UPS operations manager for Ohio Valley District ground operations, helps oversee 5,300 employees within a district that employs 15,000 UPS staff members across most of Kentucky, all of Illinois and half of Ohio. His responsibilities extend to four regional centers and 23 other facilities in his half of the district, which he returned to in 2011 after an earlier stint in Louisville from 1997 to 2006 during his 38 years with the company.

"When I came back in 2011, things had really accelerated," he says, not just with UPS and its WorldPort growth, but in the area generally. "The economic engine seemed to have gone into full gear," including the number of e-commerce and service operations appended to the UPS network like capillaries to a main artery.

More than 150 end-of-runway companies have located in Louisville to be close to UPS, says Jim Mayer, public relations manager for UPS Airlines. They run the gamut from health care (medical device distribution, for example) to any retail good that can be quickly ordered and shipped. Products can be inserted into packages as late as 1:30 in the morning, and be delivered as soon as seven hours later in some locations.



Photo courtesy of UPS



Photo courtesy of DHL



Photo courtesy of DHL

manufacturers and warehousing operations. As well, the hubs themselves continue to expand. UPS recently announced a \$309-million expansion of its Centennial ground package sorting facility (separate from WorldPort) and DHL with its \$108-million Americas Hub expansion.

In fact, DHL has expanded eight times since 2009. That adds up to 2,400 employees, 50 million international shipments annually and investments totaling \$281 million. The DHL Express global hub sits at the heart of the DHL US network, with flights connecting customers from more than 220 countries and territories worldwide to every corner of the US. In addition to global hubs in Hong Kong and Germany, the CVG hub completes the backbone of the DHL intercontinental network. Processing



**“The bridges opening up here are going to let the area breathe.”**

— Bob Waitkus, *UPS Operations Manager,  
Ohio Valley District ground operations*

The Centennial expansion is occurring a decade after it was built in 2007 as UPS celebrated its 100th anniversary. The ground package sorting hub is at the front door of WorldPort, so “Customers have the total portfolio here with warehousing,” says Waitkus. “They can move volume through the air and ground network, and touch a vast majority of the population within one to two days of transit.”

Dovetailing with the UPS investment, transiting the Greater Louisville area just got a whole lot easier with the opening of the \$2.3-billion Louisville-Southern Indiana Ohio River Bridges Project in late 2016.

Waitkus says the improvement in traffic is noticeable — and trackable — already.

“I can tell you that in and out of this area is much more fluid for the operating hubs I partner up and work with. And that helps the customers. UPS is always a big supporter of investment in infrastructure,” he says. “The bridges opening up here are going to let the area breathe. It’s been a huge win from my perspective.”

Waitkus also points out that Greater Louisville is not alone. Infrastructure expansion and improvement is occurring along I-75 down to the Tennessee state line, and along east-west corridors as well. “The state seems to be making some things happen,” he says. (For more, about the state’s advancements in infrastructure, see p. 38.)

## A LOGISTICS SPREAD

Distribution and logistics facilities are finding Kentucky homes not only in the state’s most populated cities, but across the commonwealth. Just in 2016 alone, Kentucky saw more than 1,800 new full-time jobs announced in its distribution and logistics industry with projects across the state totaling \$541 million. Among them are:

- **Butts Foods**, a supply chain warehouse serving independent restaurants and large food processors, announced plans to build a \$3.5 million-plus facility in Franklin, in South Central Kentucky’s Simpson County. The company anticipates the project will create up to 30 jobs.
- **Amazon’s** first Kentucky fulfillment center, established in 1999 in the central city of Campbellsville, is getting an \$11 million investment, expected to add 150 jobs. The facility receives items available on Amazon’s site into its inventory and ships them to customers.
- **Beam Suntory**, the spirits company and owner of the Jim Beam brand, announced a nearly \$10.3 million investment aimed at its manufacturing and distribution facilities in Frankfort, Kentucky’s capital.
- **Core-Mark International**, one of the nation’s largest marketers and suppliers of fresh and frozen foods to convenience stores with 30 centers across the US, is expanding its distribution facility in Leitchfield, in Grayson County — halfway between Louisville and Bowling Green along the I-69 corridor — with a \$3.1-million, 76-job investment.
- In Eastern Kentucky’s Wolfe County, **Lion Apparel** announced it will add 32 jobs as it expands its services. The facility, located in Hazel Green, specializes in protective equipment for police and firefighters, including turnout gear, helmets, gloves and chemical and biological protective wear.
- Two companies in Nelson County’s picturesque Bardstown announced expansions. **Demipac**, a plastic-packaging specialist, is adding 32 jobs with a \$5.2 million investment. **HEC Manufacturing**, which designs, builds and distributes returnable custom steel racks and pallets, announced a \$1.6 million investment that is adding 15 jobs.





# KENTUCKY'S DRIVE TO THRIVE

*Photo courtesy of Ohio River Bridges Project*

**No matter what mode you're moving in,  
Kentucky aims to beat the traffic with  
forward-thinking transportation solutions.**

by ADAM BRUNS

**M**oving cargo in the United States is only going to get tougher, say the experts, as more people order more goods, and more vehicles deliver those goods to more places.

It only makes sense for any region seeking to be competitive in economic development to get out in front and make its infrastructure an asset rather than a liability.

The U.S. Bureau of Transportation Statistics (BTS) and Federal Highway Administration (FHWA) in January 2017 released freight projections that show that ton-miles on the US transportation system will grow to 7.6 trillion ton-miles in 2045, up nearly 50 percent from 5.1 trillion ton-miles in 2015. (A ton-mile is the movement of one ton of freight for one mile.)

Due to its economic development leadership, as well as its central location, Kentucky's getting more than its share of those tons on its 27,586 miles of state-

maintained roadways — including 575 miles of parkway, 3,871 miles of state primary highways and 842 miles of interstate.

Jefferson County — home to Louisville — hosts 96 miles (11 percent) of those total interstate miles. So it makes sense that the \$2.3-billion Ohio River Bridges Project was a long-term infrastructure priority for Kentucky, Indiana and all the local economies in the region.

“It’s pretty historic,” says Patty Dunaway, a 26-year veteran with the Kentucky Transportation Cabinet. “It’s monumental for all of us across the state.”

The project is really multiple projects:

- The I-65 Abraham Lincoln Bridge and the improved I-65 Kennedy Bridge — together providing 12 lanes of I-65 traffic connecting Downtown Louisville and Southern Indiana.
- The Lewis and Clark Bridge, connecting the Gene Snyder Freeway in Prospect, Kentucky (just northeast of the city) with State Road 265 in Utica.

Dunaway says a recent meeting of freight leaders brought immediate positive feedback.

“Having the new bridges means better access. Timely delivery is important to them,” she says, “and having that other bridge on the east end helps them out.”

But it’s not the only thing the Kentucky Transportation Cabinet is doing to help out companies. Highway interchange and widening projects along I-75, I-275 in Northern Kentucky, I-65 and the blooming I-69 corridor (again in partnership with Indiana) are all important — with safety coming first, and economic opportunity a close second.

The list of projects to come includes extending and widening the Mountain Parkway through Eastern Kentucky, a future 70-mile I-65 spur from Owensboro to Bowling Green along the current William H. Natcher Parkway and yet another partnering effort with

Indiana to upgrade a major bridge over the Ohio River in Henderson.

Even as the state watches its dollars and cents, Dunaway says the Cabinet knows how to put federal transportation funds and grants to highest and best use, and the door is always open to community and company leaders. A new interchange in Scott County near the Toyota plant in Georgetown is a case in point.

“Before this interchange opened to traffic, motorists were burdened by longer commutes and heavy congestion,” says Kentucky Transportation Cabinet Secretary Greg Thomas of the opening of that \$35-million interchange in December 2016. “This project will help relieve some of those issues and improve the flow of traffic in this busy corridor and at the same time, open up more economic development opportunities in the area.”



**Annualized average daily traffic**  
reached a new  
**record of 143,287**  
**vehicles per day along**  
**I-75** in Northern **2015**  
Kentucky in

“We believe when good ideas are shared, great things happen,” says Wil James, president of Toyota Motor Manufacturing Ky (TMMK). “This is a wonderful example of government, community and business working together to advance this region.”

### Data Driven

Backing all that networked transport infrastructure is a high-caliber network of data.

The Kentucky Transportation Cabinet earned a 2016 Computerworld Data+ Editors’ Choice Award for the Intelligent Transportation System (ITS) it created with data partners Waze and ESRI to respond in a more timely, cost-efficient manner to extreme weather events.





**“One thing Governor Bevin has charged the Cabinet with is to consider economic development and job growth in all of our projects as we prioritize our work.”**

— Patty Dunaway, *state highway engineer, Kentucky Transportation Cabinet*

Chris Lambert is a systems consultant within the Kentucky Transportation Cabinet. In his case, IT not only stands for information technology, but intelligent transportation.

“A lot of states track trucks,” he says of the Cabinet’s fleet of salt trucks and other vehicles. “I said, ‘It doesn’t help me to know where it is if we don’t know what it’s done.’”

The ITS tracks all 94,000 roadway segments across the commonwealth in almost real time, not only delivering road condition data, but letting taxpayers know how much it costs.

The Cabinet plans to roll out complete automatic vehicle location technology on all of its 1,400 vehicles soon, and the ITS expects to cut its refresh rate from every 10 minutes to every five. Lambert sees the Cabinet evolving into a role as data facilitator, aggregating data and processing capabilities to give citizens and companies tools to make them more efficient.

## All Modes, All the Time

Efficiency also applies to using every mode available.

Kentucky has almost 2,000 miles of navigable waterways, and the state is bordered by the Mississippi River to the west, the Ohio River to the north, and the Big Sandy River and Tug Fork River to the east. The state is home to 12 active or developing public riverports. Jefferson Riverport International has been in Louisville for 30 years, and recently welcomed facility investments from Kentucky Trailer and, in 2015, from Coca-Cola Bottling Co. Consolidated, whose new distribution center brought 350 new jobs with plans for 150 more. The riverport also has plans for further land development.


Henderson County Riverport offers river and rail access, and with its adjoining industrial park, encompasses 276 acres. Located at the confluence of the Tennessee-Tombigbee Waterway,

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**KENTUCKY LAKE**  
THE SOUTH'S GREAT LAKE

ECONOMIC DEVELOPMENT  
in Marshall County

the Ohio River and the Cumberland River, the Paducah-McCracken County Riverport is less than 50 miles from the Mississippi River, and is the nation's northernmost ice-free riverport facility. Since 1978, the Hickman-Fulton County Riverport, located in the geographic center of a major grain producing area, has served as the only public port on the east side of the Mississippi River in Kentucky.

Smoother travel by air counts for a lot, as well.

Gov. Matt Bevin announced in July 2016 that 34 general aviation airports across the state will receive \$20 million over the next two years to fund overdue airport pavement renovations.

"Every year, hundreds of individuals and companies consider bringing their business to Kentucky. Many of them travel here on corporate jets and land at one of our non-commercial airports," says Gov. Bevin. "First impressions about Kentucky's business communities are made starting from the moment an aircraft touches down. For this reason, investing in general aviation airport infrastructure is not merely cosmetic — it's vital to strengthening the health of Kentucky's economy."

General aviation contributes over \$1.6 billion to the state's total economy, supporting 9,400 jobs and \$454 million in labor income. Moreover, manufactured aviation components account for Kentucky's number one export.


Louisville Regional Airport Authority officials in December celebrated the completion of \$9.5 million in public space improvements at Louisville International Airport.

Cincinnati/Northern Kentucky International Airport (CVG) in March 2016 launched two new land development initiatives, including a lease agreement with AeroTerm, US Inc. for development of a 25,000-square-foot multi-tenant cargo building on approximately 11 acres, and a lease agreement with VanTrust Real Estate, LLC for development of commercial warehouse and distribution facilities on

41 acres.


"The geographic position of CVG is a highly desirable and strategic location for land developers," says Candace McGraw, CEO, Cincinnati/Northern Kentucky International Airport. "These projects create win/win/win opportunities for the airport, the

community and developers. The airport receives new revenue streams, which lowers the cost of operations for airlines and tenants, the community sees job growth and economic development, and developers have access to over 75 percent of the US population within 600 miles of the airport."




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CITY	DISTANCE
1. Atlanta, GA	321
2. Birmingham, AL	318
3. Charlotte, NC	398
4. Chicago, IL	377
5. Cincinnati, OH	176
6. Columbus, OH	282
7. Indianapolis, IN	197
8. Lexington, KY	92
9. Louisville, KY	81
10. Memphis, TN	331
11. Nashville, TN	128
12. St. Louis, MO	346





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Photo courtesy of Ford

# The \$100-Million Commitment

by RACHEL DURAN

## Groundbreaking workforce initiatives provide training for employers' workforce while forging stronger relationships between employers and educators.

**C**ompanies considering a move to Kentucky or an expansion project there should know the state dedicates itself to training the next-generation workforce — with a little help from its industries.

A workforce game changer came with the passage of the \$100-million Work Ready Skills Initiative last year by the Kentucky General Assembly and Gov. Matt Bevin. It promises to further widen the commonwealth's pipeline of skilled workers and strengthen partnerships between employers and education institutions.

It is also one of a number of initiatives energizing collaborations between the private and public sectors like never before when it comes to training the commonwealth's workers.

Governmental leadership is "showing itself as very responsive to meet those needs," says the Kentucky Cabinet for Economic Development's Workforce Development Director Josh Benton. "Four or five years ago, these relationships between the private sector, education and government didn't necessarily exist or they were fractured. We are working collaboratively and seeing positive results that are beneficial for everybody."

### Partnerships Open New Doors

Kentucky is aggressively investing in workforce training and skills enhancement through its new Work Ready Skills Initiative. The \$100-million fund will support specific projects that will increase and

improve the infrastructure of technical education in Kentucky.

In the first round of grants in early 2017, 25 projects from throughout the state were approved for funding, totaling some \$65 million. The awards range from as little as \$30,000 for equipment upgrades to as much as \$15 million for a new

training facility. All projects will involve construction and renovation of facilities or the purchase of new equipment aimed at providing workforce training and education in Kentucky's top five growth sectors of advanced manufacturing, transportation and logistics, business services and information technology, healthcare and construction trades.

The approved projects also spanned the entire state. From \$3.8 million in funding for Paducah Public Schools in Western Kentucky to nearly \$2.9 million for Hazard Community & Technical College in Eastern Kentucky, communities across the commonwealth are already reaping the benefits of the Work Ready Skills Initiative. In fact, the state already plans to fund another \$35 million in projects before the end of 2017.

"The Work Ready Skills Initiative has created a

tremendous buzz and energy around the whole state among employers, educators and elected officials. Everywhere I go, people are excited about the opportunity to improve their communities through education and careers in technology in high-demand sectors. These great jobs are waiting to be



**In 2016, the Kentucky  
Community and Technical  
College System's  
Workforce Solutions  
program served**

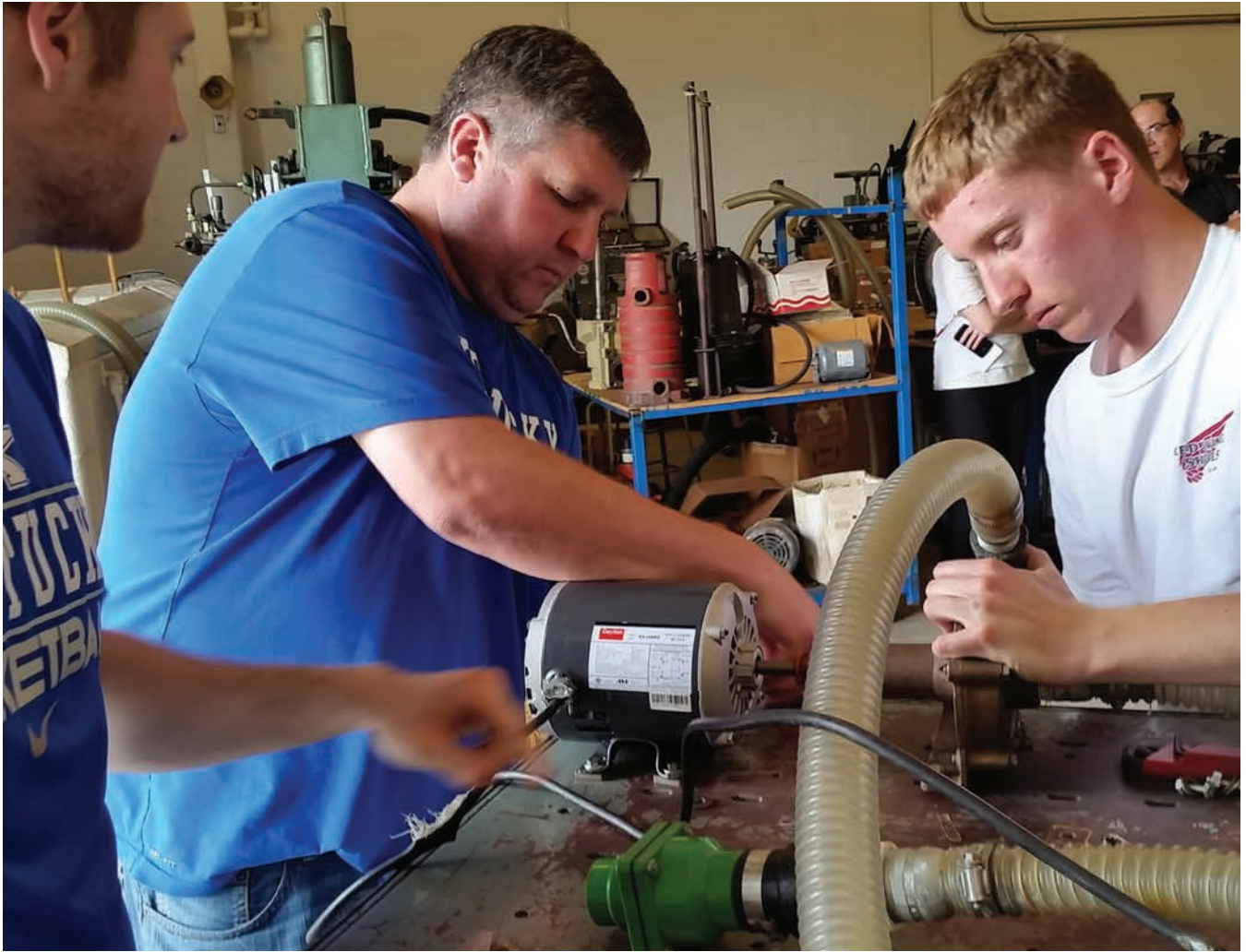
**5,579**

**companies, training**

**41,513**  
**people.**

Source: KCTCS





**Students receive training in industrial maintenance skills at Elizabethtown Community and Technical College.**

Photo courtesy of Elizabethtown Community and Technical College

filled by qualified Kentuckians and that's what this initiative is all about," said Education and Workforce Development Cabinet Secretary Hal Heiner, who leads the initiative.

### **Innovating the Delivery of Workforce Training**

Kentucky's leadership has fostered the creation of several workforce training programs, including the recently announced Work Ready Kentucky Scholarship, which supports students studying in one of the five major sectors and who need to earn less than two-year training credentials, Benton says.

Other initiatives include the Kentucky Federation for Advanced Manufacturing Education (KY FAME), where students attend class part of the week and work for an employer part of the week; and the Kentucky Skills Network, which brings to bear the resources of all workforce-related agencies to assist in training efforts.

The KY FAME programming got its start in Georgetown, home to Toyota's largest plant in North America. Since 2015, KY FAME has grown from 16 manufacturers and approximately 40 students in one

chapter (which had operated for several years), to nine chapters, with 130 participating manufacturing firms, sponsoring between 300 and 400 students, Benton says.

To date, almost all FAME graduates work full time for the company that sponsored them. The retention rates of these students is 75 percent.

"When you look at retention rates of college freshmen, across the board, between 45-to-50 percent drop out," Benton notes. "Students in the program realize the career opportunities and they stick with it."

For businesses, "KY FAME allows them [companies] to be part of an organization that is collectively recruiting the next generation of skilled manufacturing employees," Benton says.

Businesses will also appreciate the resources that comprise the Kentucky Skills Network, where network partners identify a company's training needs, match them with relevant resources and deliver the training. For Champion Petfoods, a Canadian company that was locating its first operation in Kentucky, network partners assisted the

company in collecting and pre-screening applications and resumes, hosted hiring events and posted the company's job openings.

Benton says training is being provided to employees by Southcentral Kentucky Community and Technical College.

Another innovative workforce program has emerged from Eastern Kentucky. An advanced computer numeric control (CNC) training facility at eKentucky Advanced Manufacturing Institute (eKAMI) is taking shape in Paintsville.

CNC training is used across various manufacturing industries, including automotive and aerospace, Haas Automation created this program to address the workforce challenges of manufacturers.

The program is a roughly 16-week advanced course including 15 weeks of technical education and one week of soft skills training. Graduates, many of whom are laid-off coal miners, are being quickly employed.

### Dynamic College System a Key Partner

The largest provider of workforce training programs in the commonwealth is the Kentucky Community and Technical College System (KCTCS). Its 16 colleges and 70 campuses provide a "wide range of academic and technical content ... focused on the workforce needs of the state, especially those of local employers," said KCTCS President Dr. Jay Box. Each college has a dedicated Workforce Solutions staff to deliver training services.

The KCTCS offers certifications, associate degrees and partnerships with the state's universities to support the pursuit of advanced degrees. The system is also the largest provider of dual education credits to the state's secondary students.

Box said the KCTCS constantly updates its training programs to support expanding, new or relocating businesses.


"The recent implementation of a broadband technology program at Big Sandy Community and Technical College was a result of industries approaching KCTCS with a need for highly trained broadband employees," Box notes.

New training initiatives include apprenticeship-style work-and-learn programs in advanced manufacturing, healthcare and finance, among others, Box adds.


Heiner says the Work Ready Skills Initiative will further ensure training is relevant to employers' needs. The employer and education partnerships that don't receive funding awards have formed the connections needed to build workforce training pipelines.

"We have begun a conversation across the state that will make us nimble and more flexible in identifying the skills needed for those types of skills and trades," Heiner says. "We can say what the workforce will look like and how we can adapt to produce what you need to be a successful company in Kentucky."


# HAZARD-PERRY COUNTY KENTUCKY




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www.HazardPerryKY.com

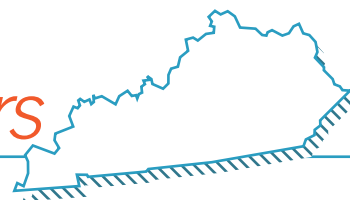
### Need Workers? Think Hazard-Perry County, KY...

Our community has an unmatched level of available skilled workers. As part of the One East KY region, we are working diligently to ensure our community is ready for your next project through business-friendly municipal programs, shovel-ready industrial property and innovative training opportunities at Hazard Community & Technical College to validate the skills of our former coal workers that call this region home.





# Kentucky *by the Numbers*



## Top 2016 Announcements by Investment

COMPANY	CITY	INVESTMENT US\$M
General Motors Corp.	Bowling Green	\$290,000,000
FedEx Ground Package System Inc.	Independence	\$199,300,000
Safran Landing Systems	Walton	\$150,300,000
Westlake Vinyls Inc.	Calvert City	\$130,000,000
UPS	Lexington	\$118,000,000
Thai Summit Kentucky Corporation	Bardstown	\$110,000,000
Clariant Corporation	Louisville	\$65,400,000
Toyotetsu America Inc.	Somerset	\$62,900,000
More Than A Bakery LLC	Versailles	\$57,100,000
Champion Petfoods USA Inc.	Auburn	\$55,300,000

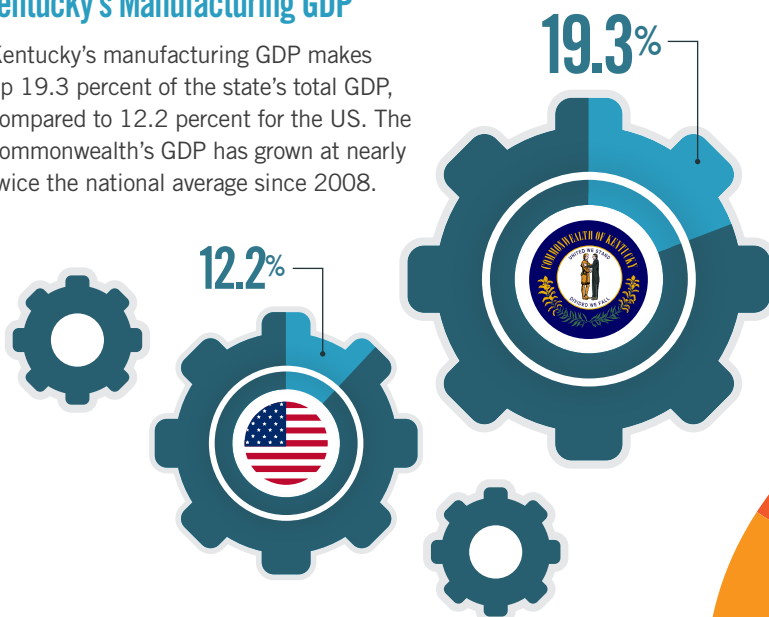


Kentucky has the second-lowest cost of living in the United States.

—CNBC 2016

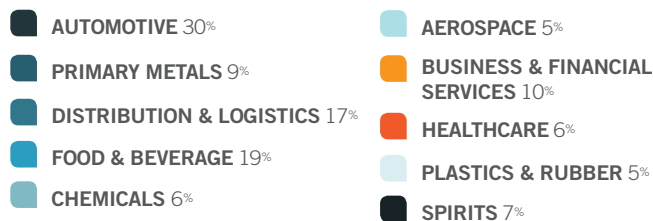
## Kentucky's Manufacturing GDP

Kentucky's manufacturing GDP makes up 19.3 percent of the state's total GDP, compared to 12.2 percent for the US. The commonwealth's GDP has grown at nearly twice the national average since 2008.



"Kentucky gets an 'A' rating for manufacturing and logistics strength in the US."

—Ball State University research

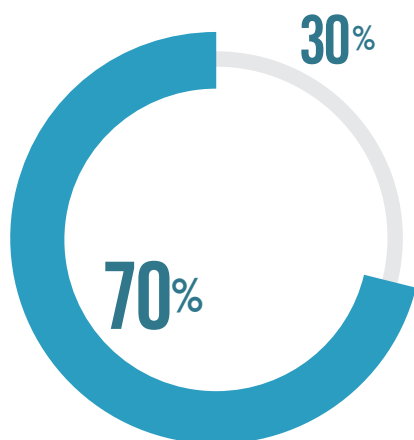
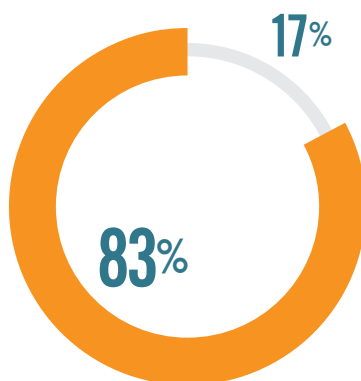


2016 Investment Projects by Sector

## 2016 Project Announcements

Total Projects: 312

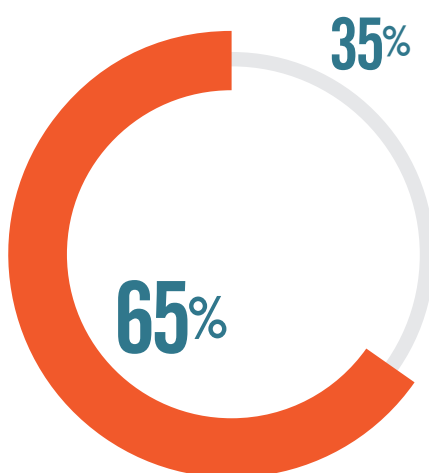
- EXISTING INDUSTRY EXPANSIONS
- NEW LOCATIONS



## 2016 Capital Investments

Total Investment: \$3,108,845,319

- EXISTING INDUSTRY EXPANSIONS
- NEW LOCATIONS



## 2016 Jobs Announcements

Total New Jobs: 16,190

- EXISTING INDUSTRY EXPANSIONS
- NEW LOCATIONS

## Top 2016 Announcements by Jobs

COMPANY	CITY	NEW JOBS
Charter Communications	Louisville	1,297
Computershare Inc.	Louisville	850
Alorica Inc.	Owensboro	830
Evolent Health	Louisville	647
General Motors Corp.	Bowling Green	620
SOURCEHOV Inc.	Mount Vernon	600
Clinical Trial Services Inc.	Covington	500
NTT Data Service Delivery Center	Louisville	500
Linak US Inc.	Anchorage	413
RxCrossroads LLC	Louisville	400

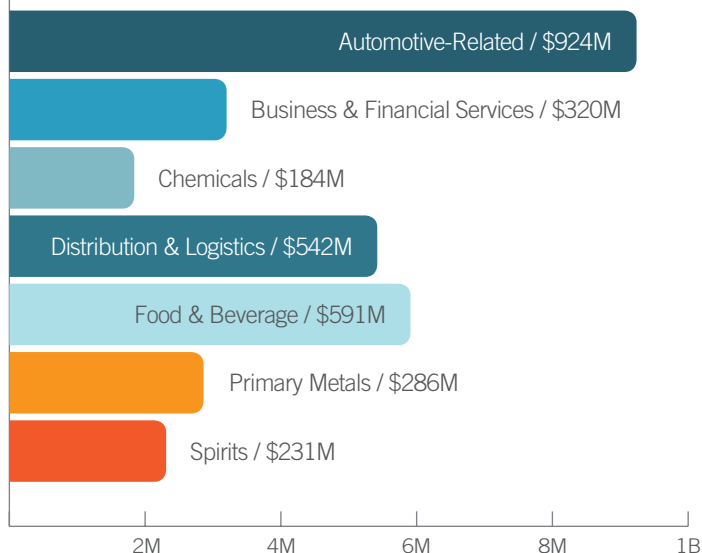
## Manufacturing Employment

	Manufacturing.....	248,979
	Motor Vehicle and Parts ....	62,055
	Food and Beverage.....	34,339
	Fabricated Metal .....	21,332
	Machinery .....	20,269
	Paper and Printing .....	18,118
	Plastics and Rubber .....	16,756
	Chemical.....	12,337
	Primary Metals .....	11,740
	Electrical Equipment .....	10,875
	Wood Products.....	10,642
	Computer Electronics .....	5,201
	Furniture .....	4,067
	Aerospace Products.....	3,029
	Apparel .....	1,295
	Other.....	16,924





## Investment Trends by Sector 2016



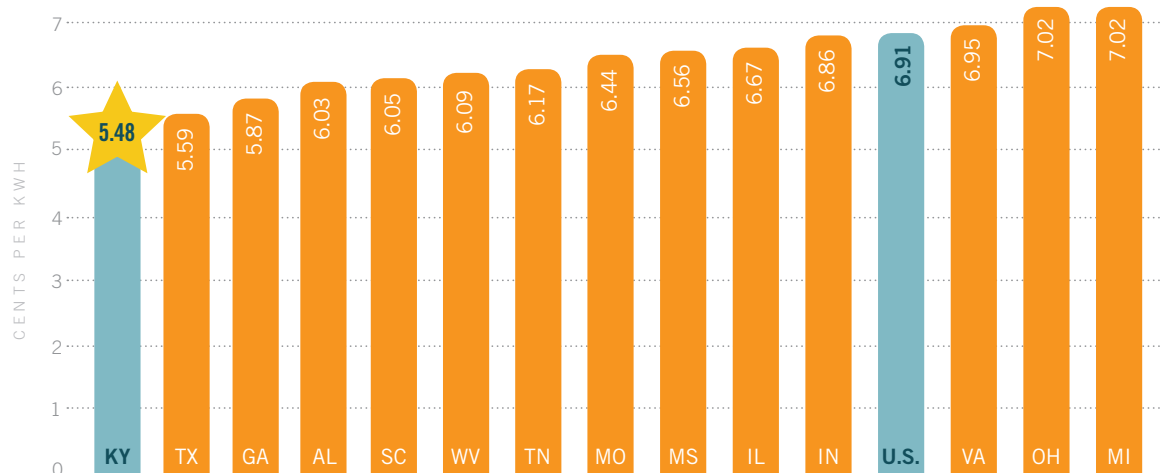
## Nearly 500

Kentucky companies  
have international roots,  
that represents

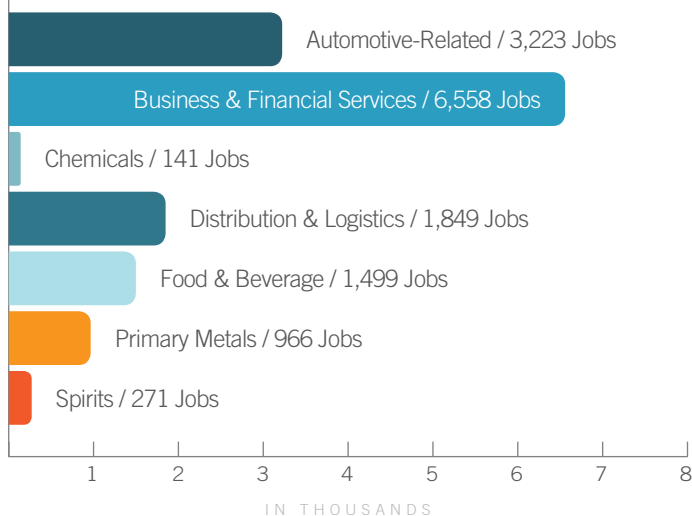
**34 countries**



## Industrial Electricity Average Price



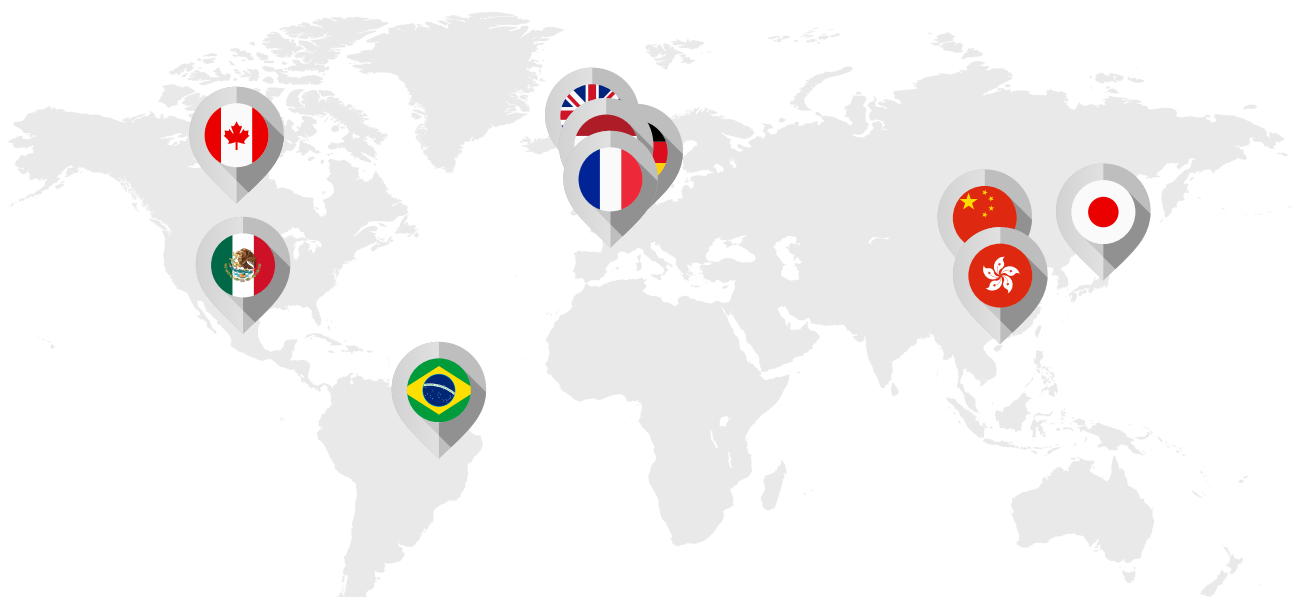
## Jobs Announcement Trends by Sector 2016



## Average Weekly Wages

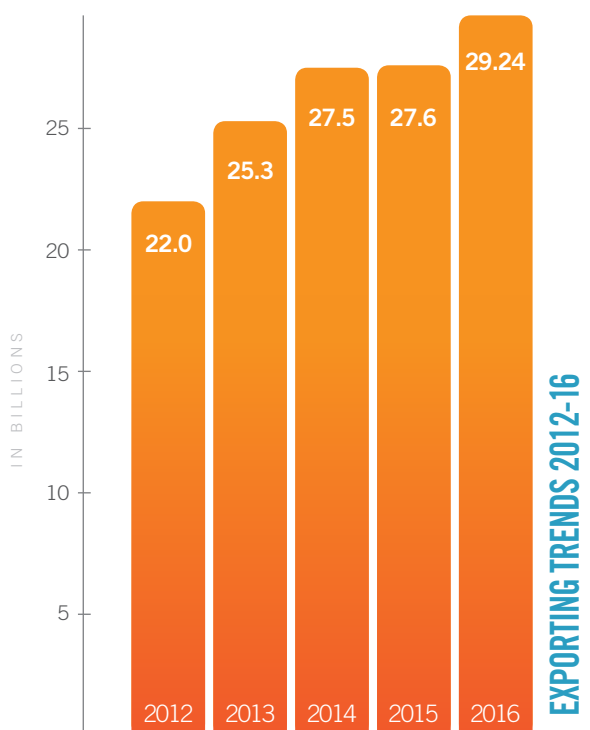
TOP AUTOMOTIVE PRODUCING STATES	ALL PRIVATE INDUSTRY	MANUFACTURING
United States	\$965	\$1,170
<b>Kentucky</b>	<b>\$801</b>	<b>\$1,023</b>
Michigan	\$908	\$1,155
Ohio	\$859	\$1,050
Indiana	\$816	\$1,058
Alabama	\$806	\$994

*All data provided by the Kentucky Cabinet for Economic Development unless otherwise noted.*



## Top 2016 Trading Partners

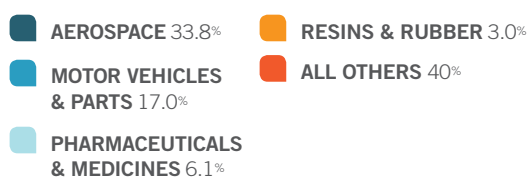
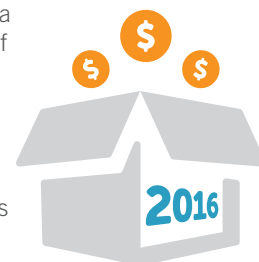
COUNTRY	ANNUAL AMOUNT	COUNTRY	ANNUAL AMOUNT
Canada	\$7,472,310,242	China	\$1,783,288,993
United Kingdom	\$2,836,242,801	Japan	\$1,066,608,066
France	\$2,833,462,593	Germany	\$999,963,429
Mexico	\$2,239,960,569	Netherlands	\$971,445,535
Brazil	\$2,044,787,860	Hong Kong	\$867,181,654



Kentucky's 2016 exports set a new all-time annual record of

**\$29.24  
BILLION**

in sales of Kentucky products and services.







# Cruising *Past* Milestones

**Time flies when new facilities and expansions are on the horizon, as they have been for more than 100 years.**

by MARK AREND

**The aluminum-bodied Ford Super-Duty trucks are being manufactured in Louisville.**

Photo courtesy of Ford Motor Company

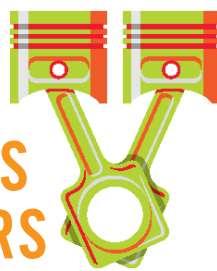
**K**entucky's recent passage of right-to-work legislation will likely add horsepower to an industry already ripping down the fast lane. Automotive OEMs and suppliers – producers of the commonwealth's second biggest export category (worth nearly \$6 billion) – didn't let the prior lack of that measure stop them from investing. In fact, throughout the last 100 years, automotive companies invested enough to make Kentucky one of the nation's leading producers of motor vehicles.

Like the enormity of its four vehicle manufacturing plants — Ford Motor Co. operates two in Louisville, Toyota Motor Manufacturing Kentucky's flagship US plant is in Georgetown and General Motors builds Corvettes in Bowling Green — the scale of Kentucky's

automotive industry takes a moment to sink in. Consider these findings from Kentucky Cabinet for Economic Development reports:

- Kentucky's vehicle output doubled between 2009 and 2017 to more than 1.35 million units without adding a new OEM plant.
- Automotive businesses directly employ nearly 100,000 workers at more than 500 establishments in Kentucky.
- Kentucky announced 70 new or expanding automotive-related facility projects in 2016, representing investments of nearly \$935 million and more than 3,300 projected new jobs.
- About one-fifth of the state's exports are tied to the automotive industry.
- Two-thirds of Kentucky's counties contain an automotive industry employer.

# KENTUCKY'S AUTOMOTIVE MANUFACTURERS AND SUPPLIERS CONTRIBUTE \$6.1 B IN PAYROLLS ANNUALLY



Ford began producing Model T's at a Louisville plant in 1913. Today it operates two in Kentucky's largest metro: the 6-million-square-foot Kentucky Truck Plant, opened in 1969, which produces Ford Super Duty trucks (Motor Trend magazine's 2017 Truck of the Year), Expeditions and Lincoln Navigators and employs 7,850; and the Louisville Assembly Plant, which opened in 1955, where 4,960 workers manufacture Ford Escapes and Lincoln MKC crossovers. The truck plant saw a \$1.3-billion investment in December 2015 and a 2,000-worker addition.

Toyota Motor Manufacturing Kentucky, known as TMMK, may not trace its Bluegrass heritage to pre-World War I, but it did just mark, in June 2016, the 30-year anniversary of its Georgetown plant, which employs nearly 8,000. TMMK — Toyota's largest operation in North America — began producing Camry sedans in 1988. It still does, as well as Camry Hybrids, Avalons, Avalon Hybrids, four-cylinder and V6 engines and other components. In 2015, the plant began producing the Lexus ES 350 — the first US Toyota facility assemble Lexus vehicles. TMMK can produce up to 550,000 vehicles annually.

Construction is underway on a new production engineering campus — with completion expected in 2017 — which is adding about 300 engineering positions to TMMK. The 250,000-square-foot building includes a state-of-the-art test lab and provides innovative work space for approximately 700 employees. The expansion represents an \$80 million investment.

Toyota executives are considering a major plant makeover during the next three years that would include significant changes, such as renovation or replacement of equipment and



**The 2017 Chevrolet Corvette, made exclusively in Bowling Green, Ky.**

Photo courtesy of The Kentucky Cabinet for Economic Development





A Toyota team member  
assembles an Avalon in  
Georgetown

Photo courtesy of Toyota

construction of a new paint shop. The plant is also evaluating opportunities to implement new technologies that would streamline production, improve parts handling and logistics

**KENTUCKY RANKS  
1ST IN  
U.S.**



**LIGHT VEHICLE  
PRODUCTION  
ON A  
PER CAPITA BASIS**

and increase production flexibility. As of 2015, TMMK's workforce constituted 1.3 percent of the state's total employment, and its payroll of more than \$1.9 billion accounted for 1.6 percent of Kentucky's total compensation.

GM opened its Bowling Green Assembly Plant in 1981; it employs 900 at the facility, but that number will grow to nearly 1,200 thanks to a \$290 million investment announced in June 2016. The previous year saw nearly \$500 million in new investments announced, including a new paint shop. The site is also home to the GM Performance Build Center, where Corvette fans can build their own engines and customers can watch

their sports cars being built. As well, Bowling Green hosts the National Corvette Museum, which attracted more than 225,000 people across the world in 2016, and the NCM Motorsports Park.



Lexington is what a great place to do business looks like.  
A city with smart, educated talent, thriving in a community with a high quality of life.

# HERE'S OUR PROOF

**#1 Chamber of the Year 2016**

—Association of Chamber of Commerce Executives

**#9 Percentage of Population with an  
Advanced Degree**

—US Census Bureau

**#11 Percentage of Population with a  
Bachelor's Degree**

—US Census Bureau

**#24 World's Smart Cities**

—National Geographic

**Commerce  
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ECONOMIC DEVELOPMENT



visit [LocateInLexington.com](http://LocateInLexington.com) for more proof why you should locate your business here.





**“The fact that a number of our automotive companies are reaching key milestones is testimony to the commitment those companies have to our state.”**

— Dave Tatman, executive director,  
Kentucky Automotive Industry Association

## Supply Side Economics

Suppliers, too, are celebrating milestones in Kentucky. With more than 500 in the Bluegrass State, most for multiple decades, dozens are marking operating anniversaries every year.

German automotive component manufacturer Mubea North America first established a plant in Florence, Ky. in 1982. Through multiple expansions, its campus now employs 1,400 people, ranking it one the state’s largest automotive suppliers. The company’s newest plant — Mubea Tailor Rolled Blanks — opened only a few years ago and, in early 2017, executives announced a \$65 million investment to double the facility’s capacity.

Its parent company in Germany celebrated its 100th anniversary in 2016. Mubea North America joined in with an event for thousands of employees, family and community members. As well, it used the occasion to tout the success of state-and-industry-partnered apprenticeship programs it participates in as methods to ensure a supply of workers for its Kentucky operations. Today, its apprentices are training in various fields, including industrial maintenance, machining, mechatronics and tool and die making. The apprenticeship programs include an innovative partnership with nearby Gateway Community & Technical College, where apprentices receive classroom education to complement their on-the-job training.

At that time, Mubea North America CEO Doug Cain called the company’s current apprentices and graduates a cornerstone of the company’s future success. He challenged other industry leaders to make a similar investment toward Kentucky’s workforce: “As the manufacturing community in Kentucky at-large cannot operate as if we are in a ‘zero sum’ game, we must individually and collectively commit to investing in the future of our workforce. With our \$2.5 million annual budget for the apprentice program, we believe that it is essential for our future that we develop skilled talent.”

Munich, Germany-based iwis also turned 100 in 2016. It opened a chain-drive manufacturing facility in 2015 in Murray, a city in Western Kentucky’s Calloway County. The \$12.5 million, 119,000-square-foot facility employs 75 workers.



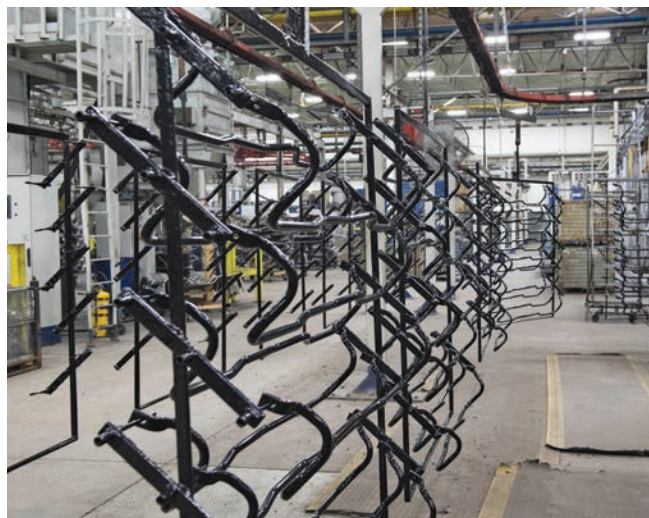
**An employee at Air Hydro Power in Kentucky measures lengths of rubber hose. The company provides automation solutions for the automotive industry.**

Photo courtesy of The Kentucky Cabinet for Economic Development

Toyota supplier Toyotetsu, which turned 70 in 2016, operates facilities in Somerset (780 employees) and Owensboro (550 employees), making structural automotive stampings and assemblies. The Somerset plant is currently receiving \$63 million in upgrades, including higher-tech equipment and manufacturing space, which company leaders expect to generate up to 100 new jobs.

“Kentucky continues to set a blistering pace in automotive production and related support areas,” says Dave Tatman, executive director of the Kentucky Automotive Industry Association, the primary state association designed to unite Kentucky’s automotive manufacturers, suppliers and service providers. “A lot of things play to our advantage in that regard — access to markets, the highway system, access to rail and others. Given that we continue to see low gas prices and stable economic growth, I believe we’ll have another very strong year for the automotive industry in Kentucky.”

“The fact that a number of our automotive companies are reaching key milestones is testimony to the commitment those companies have to our state,” adds Tatman. “If automotive sales have plateaued, the view is not too bad from up here. We’ll continue to see some growth, certainly in the global automotive market, and that bodes well for Kentucky.”



**Mubea, in Northern Kentucky, makes a variety of products for the automotive industry.**

Photo courtesy of The Kentucky Cabinet for Economic Development

# DISCOVER

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# Disruption Isn't a DISADVANTAGE

Next-generation  
automotive technology  
is taking shape in  
**Kentucky's new  
enclaves of innovation**

by MARK AREND

**T**he future of automotive manufacturing has as much to do with *how* vehicles will be built as *which* vehicles will be built. Electrified, hybrid and self-driving cars already are in production — many in the Bluegrass State — or soon will be as the requisite technologies and regulatory frameworks mature. Kentucky is already the largest automobile-producing state per capita. Less known is its emerging strength as a center for automotive and manufacturing research — sustainable and disruptive technologies in particular. When distributed manufacturing and wearables on production lines became commonplace in the automotive industry, remember some of these innovations are Kentucky born.

Distributed manufacturing, for example, is particularly disruptive in that it challenges traditional supply chains that even today can be inefficient and inflexible. And it's what Lexington-based MakeTime is all about. Founded by entrepreneur Drura Parrish, MakeTime is an online, on-demand CNC (computer numerical control) machining marketplace that puts idle machines in

one location to work for a company needing the production time in another. It is part of the future of advanced manufacturing, and it is taking shape in the heart of Kentucky horse country.

Lexington also is home to the University of Kentucky, which is a partner in the Institute for Advanced Composites Manufacturing Innovation (IACMI). UK's research focuses on low-cost, high-strength carbon fibers for lightweight composite structures to improve vehicle efficiency. The institute's overall goal is to drive the use of advanced polymer composite materials, create jobs and boost American manufacturing.

The University of Louisville is another of several institutes of higher learning in Kentucky that conducts automotive-related research. U of L serves as headquarters for a five-university consortium working on efficient vehicles and sustainable transportation systems (EV-STs). This industry/university corporate research center (I/UCRC) was facilitated in mid-2016 by a nearly \$300,000 grant from the National Science Foundation.

Addition of the new center to Kentucky's

Ankur Gopal, CEO of Interapt, is developing new technologies for the automotive and other industries, including wearable technology.

Photo by Heather Overman



## “iGear works closely with roughly 50 automotive plants in Kentucky.”

— Don Korfhage, *President, iGear*

Communication Systems (next generation ANDONs, for example) are the impetus behind Squeaks,” says Korfhage. “Kentucky automotive manufacturers’ desire to have richer, more directed and collaborative communication was 100 percent the reason we built Squeaks.”

Toyota’s expertise — and its manufacturing facility in Georgetown — has been particularly significant, says Korfhage.

“Our presence in Kentucky, coupled with our long-standing successful relationship with Toyota and other automotive manufacturers, is the foundation of our long-term success. I believe strongly in success first at home, then success beyond. In the next three-to-four months, we are finalizing key ‘wearable’ features of Squeaks on a plantwide project at Toyota, at which point we plan to launch globally this summer.”

This would not be the only developer of wearable technology with a Louisville address. Interapt develops workplace technologies — mobile apps primarily, for smartphones, tablets, Google Glass, wearables and other connected devices. Interapt CEO Ankur Gopal explained the company’s mission to the Kentucky Automotive Industry Association’s AutoVision conference attendees in September 2016:

“Interapt’s role in the smart factory is in the humans working alongside machines category. We believe wearables [technology] is at a tipping point with wearables looked at as a tool. Just like you’d wear a toolbelt or a hard hat to work, you’re going to start wearing wearables to help you do your job more effectively and better.”

Such enterprises have a better-than-average shot at success, says Tatman.

“We have a very solid manufacturing base, particularly as it relates to automotive — more than 500 plants around the state,” he points out, so, there are plenty of opportunities for collaboration with the corporate community as new — however disruptive — technologies take shape. “Many of those are headquartered here in Kentucky.”

Even if they’re not, their senior managers learn quickly about the automotive innovation unfolding in the commonwealth and encourage those operations to participate in its development. Today, more opportunities exist to do so than ever before.

automotive sector advances industry leaders’ agenda significantly.

“We are working toward the objective of trying to become more of a research area as well as applied manufacturing, where we have great things going on,” says Dave Tatman, executive director of the Kentucky Automotive Industry Association (KAIA).

### Tomorrow’s Applications Today

A case in point is iGear, also in Louisville, which markets data exchange platforms for manufacturing operations. In short, iGear systems enable manufacturing equipment to communicate. Ford Motor Co. and BMW are among its automotive industry clients. The company’s latest innovation is Squeaks, which takes the concept a step further. It enables machines to communicate with people — more importantly, with the right people.

Input from people in Kentucky’s automotive industry is central to iGear’s strategy, according to Don Korfhage, iGear’s president. iGear works closely with roughly 50 automotive plants in Kentucky including Toyota, several Dana Corporation facilities, Century Aluminum, Martinrea and Ford.

“Candidly, our work with Toyota on Visual



# *The State of* INDUSTRIOUSNESS



**Governor aims to  
make Kentucky the  
hub of engineering and  
manufacturing excellence.**

by CAROL CARTER

**Gov. Matt Bevin, center, celebrates the expansion  
of Dr. Schneider Automotive Systems  
in Russell Springs, Ky.**

Photo courtesy of Kentucky Cabinet for Economic Development

**K**entucky Gov. Matt Bevin wants to make the state of Kentucky synonymous with engineering and manufacturing.

He detailed his bold vision recently during a speech to the Kentucky Association of Manufacturers:

“We are going to ensure that Kentucky becomes ... the engineering and manufacturing hub of excellence in North America. Bar none. That anybody who wants to manufacture something in the United States in particular, in North America more broadly, would say, ‘Well, we certainly have got to look at Kentucky.’”

Several companies recently expanded in the state, proving that the governor has a point.

Gov. Bevin appeared at a ceremony celebrating a 66-job, \$9.3-million expansion of the Danville campus of Meggitt Aircraft Braking Systems, known as MABS. The company relocated its wheel and brake maintenance and repair operations to Central Kentucky’s picturesque Danville from Akron, Ohio.

MABS provides carbon braking systems to airline operators, aircraft manufacturers, private aircraft owners, charter operators, government and military operations and both distributors and repair stations. Employing just shy of 200 people, MABS located its carbon brake manufacturing facility in Danville in 2005. In 2011, it added an assembly and distribution operation. With the recent event, MABS again committed to the state.

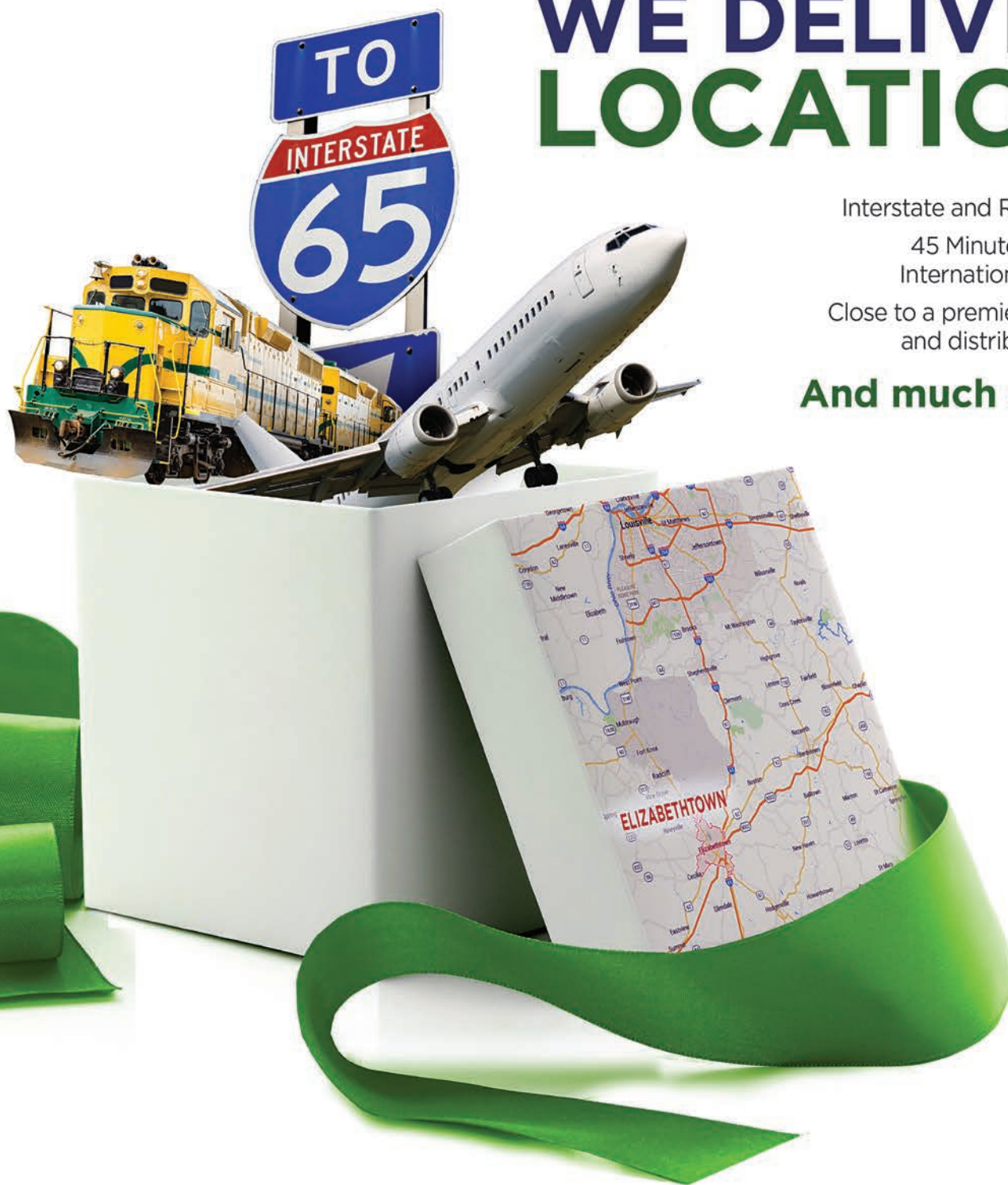
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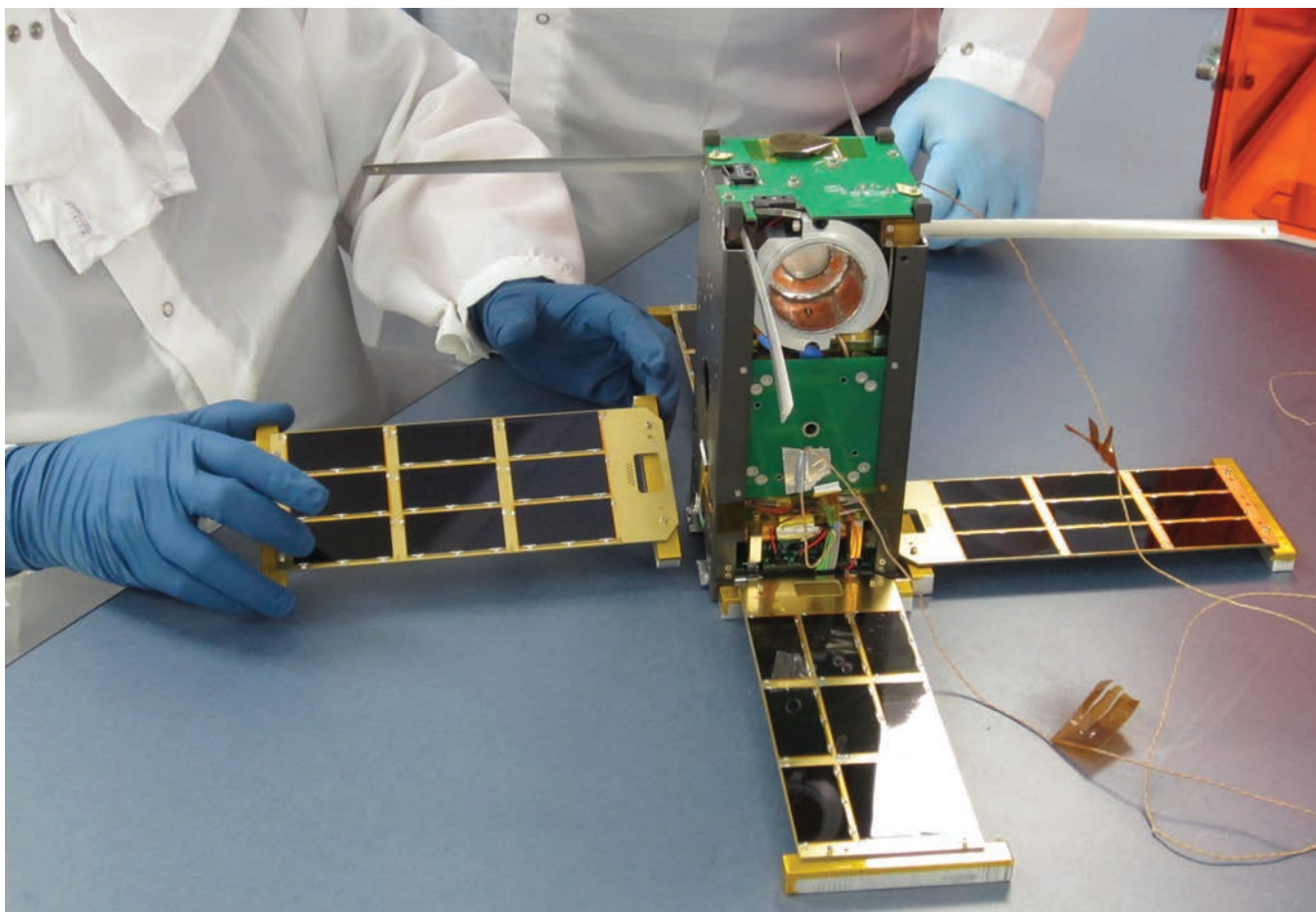
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**Microsatellites are produced at Morehead State University in Morehead, Ky. This disruptive technology has been used on several space missions.**

Photo courtesy of Kentucky Cabinet for Economic Development

“We’re thrilled to expand the MABS Danville campus. Every time we’ve invested here, the community and state have reaffirmed this is the right location for future growth,” said MABS President Luke Durudogan during the expansion announcement. “As we continue to evaluate our global footprint, we see the potential for additional opportunities in Boyle County.”

The expansion will help the company meet current and future demand from new clients, including providing components for the Canadian Bombardier C-Series aircraft and Gulfstream 650 Business Jet.

Another aerospace company, Safran Landing Systems, broke ground in fall 2016 on a \$100-million-plus expansion of its aircraft wheel and brake components plant in Walton, in Northern Kentucky.

Expected to create about 80 jobs, the expansion adds production capacity for carbon brakes.

It is projected to be completed by the end of 2017.

MABS and Safran are among the companies that make up Kentucky’s largest export category by dollar amount — aerospace products and parts, according to the Cabinet for Economic Development.

During 2015, the state exported more than \$8.7 billion of aerospace products. In 2016, the state’s aerospace companies exported in excess of \$10.8 billion in products, putting the category more than 24 percent ahead of the 2015 total.

In addition to aerospace, Kentucky is recruiting new investment by other manufacturers and also engineering-related industries. People and

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The decline in coal presents an unparalleled opportunity for industry to locate in east Kentucky. Over the past 12 months, the coal workforce has been assessed by 3<sup>rd</sup> party consultants. Their findings? A workforce that easily transitions into metalworking manufacturing due to their immense skill base, transitional skillsets, second-to-none work ethic and mechanical aptitude. 90% of the workers prefer to remain here. Leading to a combined effort of nine counties to aggressively pursue the recruitment of new industry and diversification.

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**Safran Landing Systems Kentucky in Walton, Ky., produces carbon brakes.**

Photo by Peter Taylor / CAPA Pictures ©

organizations outside of Kentucky are taking note. Indeed, the 2016 Conexus Manufacturing and Logistics Report Card for the United States gave Kentucky an “A” grade in manufacturing industry health.

### **New Plants**

Kentucky is home to nearly 4,500 manufacturers, many of which had adapted and even developed cutting-edge techniques and processes for their respective fields.

A South African company, Hansens Aluminum LLC, plans to build a manufacturing plant in Henderson to make extruded aluminum automotive components. At the new plant, the company will install a specialized aluminum extrusion press, the first of its kind in the US.

In August 2016, Midea America Corp., a subsidiary of one of the world’s largest appliance makers, broke ground

on a research and development center in Louisville. The \$10-million facility is projected to create up to 25 jobs.

In Knox County in Eastern Kentucky, Euro Sticks Group — maker of ice cream and coffee stir sticks — is building its first North American plant where it will use local beech logs and high-tech production machinery to produce up to 2 billion sticks annually. Euro Sticks’ decision to locate a plant in Kentucky followed Gov. Bevin’s April 2016 economic development mission to Europe and his visit to the company’s flagship facility in Saint-Sauveur, France.

“Abundant beech resources and the availability of quality manpower were major factors in our decision to locate our new plant in Kentucky. We also received a warm, professional welcome from the local Corbin team,” Euro Sticks President and Owner Frédéric Debacker said during the announcement. “We look forward to operating a

successful manufacturing operation that contributes to the Kentucky economy.”

## Expansions

In January, Kayser Automotive Systems announced plans to add 100 jobs as part of its expansion into a 60,000-square-foot facility in Fulton in Western Kentucky. The German family owned business manufactures automotive components for automakers and tier-one suppliers in the US.

“Expanding our current facility in Fulton, Ky. is the best solution for Kayser Automotive Systems, Fulton County, the surrounding communities, as well as the State of Kentucky,” said Kayser CEO Stefan Schutte. “Due to fast increasing

products for Bentley, Lamborghini, Ford, Mercedes, BMW and Volkswagen, among others. At the Russell Springs plant, the company makes fresh air vent systems and window frames.

## The Plan

In addition to support provided by the Kentucky Cabinet for Economic Development, the state’s emphasis on manufacturing is aided by the “Kentucky Trained. Kentucky Built.” initiative, an apprenticeship-style program focused on workforce training. Gov. Bevin and Labor Sec. Derrick Ramsey announced the campaign in September 2016 as an effort to help new program sponsors tap into the potential that apprenticeships have for their



**“We are going to ensure that Kentucky becomes ...  
The engineering & manufacturing  
hub of excellence  
in North America.”**

— Governor Matt Bevin

business, we outgrew our current facility and needed space to meet our customers’ demands. Expanding in Fulton not only enables us to be efficient using existing infrastructure but also capitalizing on one of our most treasured assets, our dedicated employees.”

Two years after Dr. Schneider Automotive Systems opened its plant in Russell Springs in Southcentral Kentucky, the company held a June 2016 grand opening for an expansion, doubling both the size of its plant to 116,000 square feet and the workforce to 300. The expansion brings the German company’s investment in Kentucky to nearly \$43 million. The company supplies

workforce needs. The campaign provides technical and marketing expertise to enable the Labor Cabinet to better identify key stakeholders who might benefit from a local apprenticeship pipeline.

Through multiple programs, both statewide and regionally, Kentucky is ensuring its workforce matches the needs and exceeds the expectations of current and future engineering and manufacturing employers.

During his speech to the Kentucky Association of Manufacturers, Gov. Bevin noted that no state “owns” manufacturing excellence in this country. But, he added, “Kentucky is going to own it.”



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# KENTUCKY'S SHINY FUTURE IN PRIMARY METALS IS NOW.

by CAROL CARTER

**I**n a word association game, few would blurt out “aluminum” in response to the prompt, “Kentucky.” But the fact is Kentucky has among the greatest capacity to produce aluminum of any state in the nation, according to the US Geological Survey.

Aluminum accounts for \$2 billion of the state’s gross domestic product, according to the Kentucky Cabinet for Economic Development. And 160 aluminum-related facilities in Kentucky employ approximately 20,000 workers.

It’s one part of the state’s thriving primary metals industry, which includes recyclers and producers of iron, carbon and stainless steel, copper and other metals. As well, the industry encompasses dozens of companies that process refined ingots into flat-rolled coils, sheets, wire, flat and round bars and other forms. Still more companies in the industry cut, stamp, extrude, galvanize, cast, weld and treat those products for further manufacturing.

Kentucky’s primary metals industry employs 27,000 people at more than 220 facilities across the commonwealth. They range from 1,000-plus employee titans to family owned small businesses. In 2016, the industry announced plans to add nearly 600 jobs through 34 new locations and expansion projects.

Given demand for metal from its significant manufacturing sector, the state’s position as a gateway between the Midwest and South’s industrial hot beds, and its offering industrial electricity at the lowest price east of the Mississippi, it’s no wonder the commonwealth continues to recruit and grow primary metals suppliers.

Investments in metals facilities shot upward in recent years. One factor driving growth is tighter fuel efficiency requirements for passenger vehicles, which is causing auto manufacturers to use more lightweight aluminum and thinner, higher-strength steel.

Gov. Matt Bevin is well aware of the trend, noting Kentucky is committed to remaining ahead of the curve as the industry evolves.

In the third quarter of 2016, Constellium-UACJ, a \$150-million aluminum auto body sheet plant, opened in Bowling Green, in Southcentral Kentucky. The 65-employee plant produces finished aluminum body sheets and distributes them to major auto manufacturers across the nation.

A related company, Tri-Arrows Aluminum Inc., manufactures aluminum coils at its joint-venture operating mill at Logan Aluminum in Southwest Kentucky’s Russellville.

An ongoing \$240-plus million expansion at

Opposite:  
*North American Stainless*  
Photo by O'Neil Arnold courtesy of Kentucky Cabinet for Economic Development

the Logan Aluminum mill is adding more ingot-casting capacity. As well, the company is installing equipment to produce thicker, automotive-body-grade alloy. The plant — which employs more than 1,000 people — has previously focused on producing coils for the beverage can industry but is moving into automotive supply, thanks to new demand. The expansion is adding nearly 200 jobs.

“These investments provide the base for continuing industry leadership for Logan Aluminum as the aluminum marketplace transforms over the coming years,” company President Randy Schumaker said at the project’s outset.

For Japan’s Kobe Steel Ltd., Kentucky provided the ideal location for a new aluminum-extrusion and fabrication facility, which officials announced in May 2016. The \$46.7 million plant, Kobelco Aluminum Products & Extrusions Inc. (KPEX), is under construction next to a sister aluminum-forging plant in Bowling Green. It is creating just over 100 jobs.

“We’ve been supplying aluminum bumper materials to Japanese automakers since the 1990s, and now KPEX will enable us to provide our customers here with the same quality products to meet their requirements for lightweight components,” says Executive Vice President Akira Kaneko, who heads the Aluminum & Copper Business at Kobe Steel. “And through KPEX, we look forward to contributing to Bowling Green with capital investment, manufacturing growth and more jobs for people in the community.”

In Northwestern Kentucky’s Union County, an area of the state serviced by Kyndle, a regional economic development organization and chamber of commerce, family owned Pride Industries Inc. is adding 10 jobs as it builds production capacity for aluminum composite metal wall panels. ACM panels are in growing demand in the commercial building industry.

Also in Kyndle’s region, Henderson-based Gibbs Die Casting is expanding its North American Manufacturing Complex with a \$10 million investment creating 46 full-time jobs. The company supplies aluminum die-cast, machined and assembled components for the automotive industry and certain non-automotive customers.

In addition to aluminum businesses, Kentucky is home to more than 40 steel and iron production companies employing more than 7,300 full-time workers.

In the Eastern Kentucky town of Wurtland, Steel Ventures Inc., an affiliate of Steel of West Virginia

Inc., is building out an existing facility to establish a \$16 million galvanizing and distribution operation that will employ 65 people. The company announced the investment in fall 2016.

Company leaders noted the Kentucky location was key for both receiving and distributing products. From Wurtland, the new plant will meet the demand for galvanizing both regionally and nationwide. The company will coat a variety of products including truck trailer cross members, I-beams, guardrail posts, complex fabricated assemblies and parts. The plant will receive product from Steel of West Virginia’s Huntington facility as well as other businesses and plants in the surrounding region.

**“These investments provide the base for continuing industry leadership for Logan Aluminum as the aluminum marketplace transforms over the coming years.”**

— Randy Schumaker, *president of Logan Aluminum, Inc.*

“Our administration is committed to helping breathe new life into the Eastern Kentucky economy,” Gov. Bevin said at the time of the announcement. “Significant investments from companies like Steel Ventures are essential to achieving that goal. These newly created jobs will greatly benefit the region and grow Kentucky’s metals industry.”

In Winchester, between Lexington and Eastern Kentucky, CONNTECH Engineered Solutions is expanding with a \$2 million investment. It produces steel and aluminum products for various infrastructure uses, including bridge decking, retaining walls and drainage products.

On the large-scale melting and rolling end of steel production in Kentucky, Nucor Steel Gallatin operates a 450-employee plant in Ghent, on the Ohio River between Louisville and Cincinnati. A \$37.5 million upgrade scheduled for completion this year includes a fortified dock and new conveyor system and from the river to the mill to move direct-reduced iron pellets in bulk. Using DRI iron will improve consistency and quality in Nucor’s flat-rolled steel coils.

As the future unrolls, more companies will find opportunities to process Kentucky-made primary metals into end-user goods. That gives state leaders confidence the commonwealth will continue attracting new investments in the robust and growing industry.





# Good for Health

**Advances in medicine are taking shape as the biopharmaceutical sector continues to foster startup companies and expand its home-grown and existing firms.**

by RACHEL DURAN

**K**entucky's blue sky and fresh air are no doubt good for the body, but the state is taking its approach to health much further by creating a sustainable environment for the medical and pharmaceutical industries.

Hera BioLabs Inc. is a case in point. When Hera announced its new headquarters in Lexington, it did more than add 23 new jobs and invest \$1.8 million; it demonstrated the commonwealth's capacity to support innovative companies.

"Hera's success is Lexington's success



**“Our office building is located in a neighborhood, essentially. People are out walking dogs. Great restaurants are within walking distance, and I can walk to work.”**

— Dr. Ray Takigiku, president and CEO, Bexion Pharmaceuticals

in creating an environment that attracts entrepreneurship and enables businesses to prosper,” says Mayor Jim Gray. “When a home-grown biotech firm expands here, we know we are on the right track.”

The project is one example of Kentucky’s expanding biosciences and pharmaceutical industry cluster.

Hera is a company that started with research at the University of Kentucky (UK). The new space was built up to support the development of specialized laboratory rat models, which are expected to make pharmaceutical testing quicker, safer and more cost effective.

“Kentucky is an ideal location for a contract research organization like Hera to start and grow as it offers a competitive edge in manufacturing, and an excellent place to recruit and attract the type of talent we are looking for,” says Hera CEO Jack Crawford.

Also in 2016 in Lexington, India-based Piramal Pharma Solutions announced an investment of \$10 million to expand

Coldstream Laboratories Inc., a company that had spun off as a private company of UK’s Research Foundation. This came only one year after Piramal, a global leader in pharmaceutical contract services, purchased Coldstream Labs.

### **A Range of Resources Make the Difference**

From Covington, Bexion Pharmaceuticals LLC has grown an accidental discovery by a scientist at Cincinnati Children’s Hospital Medical Center into a unique approach to treating cancer, which is now in clinical trials. Covington, in Northern Kentucky, is located across the river from Cincinnati.

“We have a former FDA commissioner on our board; and have also added the CEO and co-founder of a major clinical research organization,” says Bexion Pharmaceuticals President and CEO Dr. Ray Takigiku. “Our team is largely, including myself, former Procter and Gamble executives and scientists at what





bioLogic is a life sciences industry accelerator located in Northern Kentucky, home to **14** companies.



used to be P&G Pharmaceuticals.”

Since it settled in Kentucky, Bexion has secured matching funding from the commonwealth to support awards from the SBIR/STTR federal grant program, funds which Kentucky matches.

Takigiku says Bexion was a catalyst for Covington’s high-tech industry synergies. For example, Takigiku

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co-founded bioLogic as a consulting organization that “morphed” into an incubator. Bexion now leases space in a building that once housed bioLogic.

In addition, UpTech Inc., a technology accelerator program, is located nearby to foster more innovative thought.

Along with industry synergies, a Kentucky location also offers firms an affordable place to conduct business.

“Our rents are not like Boston rents,” Takigiku says. “Our office building is located in a neighborhood, essentially. People are out walking dogs. Great restaurants are within walking distance, and I can walk to work.”

### Ready and Willing to Partner

Takigiku says when he relocated to Kentucky from Ohio he found a friendly, can-do spirit. Officials at Catalent Pharma Solutions in Winchester agree. The global company has worked closely with the Kentucky Cabinet for Economic Development on initiatives such as incentives to support hiring and made connections to university partners and veterans hiring programs to build its talent base.

“Active leadership can take many forms, but from our perspective, when we have a need or if we need to make a connection, the answer from the team at the Cabinet is always, ‘How can we help? Let’s go get this done,’” according to Catalent’s communications department. “Looking back on our growth, it is clear that the support and partnership with the Kentucky Cabinet for Economic Development has been a clear contributor.”

Catalent’s facility in Winchester, in Eastern Kentucky, is one of the pharmaceutical industry’s premier sites for advanced oral controlled-release drug formulation manufacturing, with integrated analytical and development services. The site is poised to play a long-term role in the production of customer Pfizer Inc.’s over-the-counter Nexium 24HR heartburn treatment.

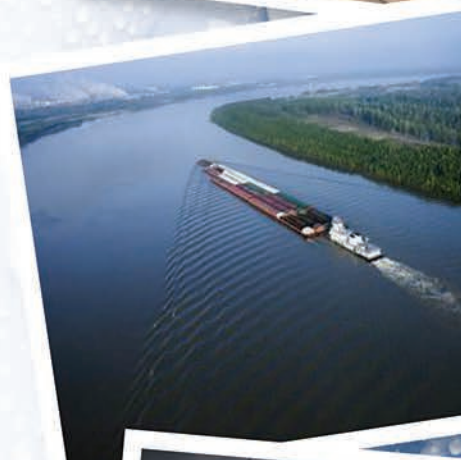
The product is suited to the Winchester site. Over a two-year period,



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A filling machine at Catalent Pharma Solutions in Winchester insert medicines into capsules.

Photo courtesy of Catalent Pharma Solutions



**Catalent's Winchester Operation:**

# \$114M

**Announced Investment**

# +450 jobs

**Launched more than**

# 100 products

**Since 1992**



Catalent finished one expansion and started another. The total investment is expected to exceed \$114 million and add 450 jobs. Since 1992, Catalent's Winchester operation has launched more than 100 products for its pharmaceutical and consumer health customers.

Apellis Pharmaceuticals moved to Crestwood in 2010, and currently has three clinical programs underway in rare diseases, ophthalmology and pulmonology, says Apellis CEO Dr. Cedric Francois.


"The core of what we do is called complement inhibition," Francois says. "Inhibition is the part of our immune system that is very important in the regulation of autoimmune conditions and we apply that in three different ways."

One drug is a subcutaneous injection to correct the underlying immune dysfunction in rare diseases, which is in

Phase II trials and expects to enter Phase III trials in September.

In December, Apellis was awarded a fast-track designation by the FDA for its treatment of patients with paroxysmal nocturnal hemoglobinuria (PNH), a rare blood disease.

Francois says the company has co-located three ventures at its office in Crestwood. One is an IT platform to track in real time how patients benefit from certain drug treatments. The data ties into "pricing models, reimbursement models, disease management, health economics, population," Francois says.

Kentucky has attracted a variety of high-tech companies that might typically be found in larger metropolitan areas. However, the state's quality available talent, coupled with the exemplary quality of life has encouraged Apellis and other companies to call Kentucky home. 



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# KENTUCKY

## A CONVINCING CASE AS A PROFESSIONAL PLACE

by JACK MAZURAK

Offices, headquarters of companies, from local to global,  
find the homes they want in the Bluegrass State.



When Ernst & Young LLP (EY), a global giant in corporate assurance, tax, transaction and advisory services, set parameters for its newest shared-services office, executives specified a US city that would offer operating costs a fraction of New York or Washington's while providing a smart and enthusiastic workforce able to go toe-to-toe with white-collar pros anywhere.

They chose Louisville.

"We were very impressed with the level of talent in Louisville and commend efforts by the city, state and local learning institutions to grow the talent base even more aggressively and in new areas," says Brent Summers, EY's Americas enterprise support services leader. "That, along with Louisville's affordability and quality of life, were important factors in our location decision. We are also excited to be locating our new center in the downtown area. There is so much new development and energy. We think it will

be a great environment for our new team."

In early 2017, EY announced it would locate a 125-job office in Louisville to house members of the firm's expanding National Executive Assistance Team, which supports EY partners across the country, as well as creative and digital services employees. It stands as one recent example of Kentucky's ability to attract and grow business services.

Across a broad range of industries — including financial and customer service, manufacturing, energy, tech, biotech, marketing and media — businesses continue selecting Kentucky for their professional offices, support centers and headquarters.

More than 650 such corporate facilities, in fact, populate the state, employing nearly 84,000 people. While many exist as branch, regional and state offices serving Kentucky's population or specific business sectors in state, many more — as with





Image: Getty Images

EY — exist to reach outward. They serve out-of-state organizations, and recruit customers, clients and industries beyond Kentucky's borders.

Louisville holds wide recognition for its Yum! Brands headquarters — parent of KFC, Taco Bell and Pizza Hut — as well as hosting the Papa John's Pizza empire, Humana Inc. and GE Appliances. Lexington, to the east, boasts Lexmark, construction crane maker Link-Belt, Valvoline, A&W and Tempur-Pedic, among others. But many other headquarters and corporate office locations fan out across Kentucky.

The state's ready and qualified workforce, its location as a gateway between the American South and Midwest and the fact it straddles two time zones, all help it persuade minds.

Hearts, however, are won by its vibrant city downtowns, riverwalks, blocks of historic housing, picturesque main streets and the quality of its people.

Just ask Greg Bush, division vice president for Alorica. He and a team from the rapidly expanding customer-engagement company visited Kentucky last year as they honed in on locations for an 830-job office to service clients across the US. They stayed in — and eventually chose Owensboro, a city of about 60,000 in Northwest Kentucky, laid out along the Ohio River.

Alorica, a \$2 billion company with 92,000 employees worldwide, could go anywhere. Speaking to Andy Levine, CEO of economic development consultancy DCI for a blog on large-company investments, Bush said his team

members were taken aback.

"We stayed downtown at a hotel right on the riverfront, and it was beautiful," Bush says. "Everything about it. The development in the downtown area is amazing. They have put unbelievable efforts in to the park, into the new buildings, into renovations and the culture they're trying to create down there."

In meeting with business people and residents, their energy and sincerity shone through.

"The engagement — you could just tell the passion from the people in the community," he says. "The work ethic and the pride that people have out there was evident in every single person who spoke to us."

Bush and his team selected a



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revitalized former bank building in Owensboro's downtown. Announced in fall 2016, the Alorica office will open this year, company executives say.

Professional services finding homes and expanding in Kentucky run the gamut from locally sourced employers to fast-growing global firms.

Locally grown East Kentucky Network LLC is investing nearly \$1 million to expand its operations in Floyd County's Ivel community. The wireless communication services company provides mobile phone service, a high-

density of tech companies makes this easier, that is why we chose to move downtown."

"Our employees love being downtown. The energy and after-work entertainment are simply fantastic for our staff," adds David Stadler, vice president of ad operations and co-founder of El Toro.

El Toro helps advertisers target their audiences digitally by matching IP addresses to physical locations. This allows advertisers to aim messages at specific groups, such as college campuses, businesses and zip codes.

**"The development in the downtown area is amazing. They have put unbelievable efforts into the park, into the new buildings, into renovations and the culture they're trying to create down there."**

— Greg Bush, vice president,  
Alorica

speed fiber optic network and customer support. Floyd County is part of a nine-county region serviced by One East Kentucky, an economic development-focused partnership of private businesses, communities and chambers of commerce.

In the industry's digital spectrum, El Toro Internet Marketing opened a new headquarters in Louisville in mid-2016, creating space for 60 additional professional-level hires. El Toro, which opened on Louisville's Distillery Commons district several years ago, renovated new office space in the Whiskey Row neighborhood. At the time of the opening, the company employed 35 people and expected to add its new jobs over the coming few years.

"There's a whole concept of density that we're seeing emerge in the Louisville tech community," says Stacy Griggs, El Toro president and CEO. "We need density and we're willing to help build it. My colleagues and I believe it's vital to build a robust community of technology companies — to meet people, make introductions, make connections and

Low costs of housing and conducting business, six commercial airports making for easy travel and a high quality of life for residents all make a compelling case for existing businesses to expand and new firms to locate in the commonwealth.

Hogan Lovells LLC, one of the world's largest law firms, selected Louisville for its second shared-services office, the other being in Johannesburg, South Africa. Hogan Lovells' Americas regional managing partner, Cole Finegan, said the firm chose Louisville since it offers an excellent supply of talented people.

"It is (also) well placed in terms of time zones and offers good opportunities for cost savings when compared to Washington D.C. and a number of our other existing office locations," he says.

The firm announced in early 2016 it would invest nearly \$9 million to establish its 250-employee office, which supports clients throughout North, Central and South America.

In the Southcentral Kentucky city of Columbia, Brown & Brown Insurance — seventh among top global insurance

brokers with \$1.657 billion in brokerage revenues — is investing \$1.5 million. The investment covers leasing and outfitting a 5,000-square-foot building planned for construction near its current Columbia office, as well as other activities supporting its new national personal-lines sales and service center.

Among the fast-growing companies finding new homes in Kentucky is global clinical trials firm CTI. In mid-2016 it announced it would locate a new headquarters in Covington, creating 500 Kentucky-resident jobs.


It will lease about 125,000 square feet in the RiverCenter building. The relocation will help the company consolidate its locations and facilitate future growth.

“We’re thrilled for CTI to be starting a new chapter at RiverCenter,” says Timothy Schroeder, CEO of CTI. “We feel that this location will be a state-of-the-art headquarters for our staff, enabling collaboration and innovation. This site allows us to retain and grow the most talented team in the industry who are helping to develop some of the most innovative life-changing therapies.”

Founded in 1999, CTI is a global leader in clinical research, working with pharmaceutical and biotechnology companies to plan, manage and analyze clinical trials, a critical step in bringing new drugs, therapies and medical devices to market.

The company is therapeutically focused on critically ill patient populations, chronic diseases and unmet medical needs including the areas of regenerative medicine, cell and gene therapy, rare disease, immunology, transplantation and oncology.

CTI has associates in more than 25 countries and has worked on over 2,700 projects across six continents. CTI has contributed to more than 100 new drug and device approvals by regulatory agencies around the world.

With more companies seeking out and locking in its advantages each year, Kentucky promises to continue attracting professional-level office locations for decades to come, whether for its quality workforce, central location, inviting cities or charming small towns. 



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# COMFORT FOOD – AND DRINK

From bourbon to bison, Kentucky bursts with flavor



*Jim Beam is among the Kentucky distillers reaping rewards from the popularity of bourbon.  
Photo courtesy of Jim Beam*

by GARY DAUGHTERS

**T**he recent resurgence of Kentucky bourbon appears to speak loudly about an industry and a state economy that is busy getting nimbler and acquiring new wrinkles while remaining grounded in its own rich soil.

It is a reflection of an industry and a state rooted in tradition, yet exploding with innovative new ideas and approaches.

Call it the “Mad Men” effect, innovation, adept marketing or all the above, but good ol’ bourbon is hip

again, and the bourbon industry has the numbers to back it up, including record visits to Kentucky’s Bourbon Trail, spikes in new facilities, expansions, sales and production, and sums for premium brands big enough to make Old Grand-Dad go wobbly.

In 2016, the Kentucky Bourbon Distillers’ Association (KDA) reported that in the previous year Kentucky had produced nearly 1.9 million barrels of bourbon, a volume unattained since before the moon launch and the widespread adoption of color TV, back



*Above: Town Branch Bourbon is named after the waterway upon which Lexington was founded, and is made by Alltech Lexington Brewing and Distilling Co. at its Town Branch Distillery, part of the Kentucky Bourbon Trail®.*  
Photo courtesy of Alltech

*Left: Dale Chihuly installation at Marker's Mark.*  
Photo courtesy of Dale Chihuly

**“You have the historic, iconic brands, and you also have a lot of experimenting that keeps it exciting.”**

— David Ozgo, chief economist, Distilled Spirits Council of the U.S.

when bourbon and soda was practically the national drink. In February of this year, the University of Louisville’s Urban Studies Institute in conjunction with KDA, released a biennial study that showed bourbon increased its economic output by \$1 billion over the past two years alone, and now sits at \$8.5 billion annually.

“It is definitely an explosion,” says David Ozgo, chief economist for the Distilled Spirits Council of the United States, citing 2010 as the ignition point. “Today’s consumer wants authenticity.

They want a unique experience. You can’t fake it with bourbon.”

The Spirits Council reports more than 20 million 9-liter cases of bourbon sold in 2015, with 95 percent of it coming from Kentucky. Sales jumped more than 30 percent in just five years, with current annual revenues approaching \$2.9 billion. Shipments of super-premium brands, those that suppliers sell for at least \$200 a case, helped lead the way, says Ozgo.

“You have the historic, iconic brands, and you also have a lot of experimenting





Products made in or shipped from Kentucky  
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that keeps it exciting,” he says. “You’re talking about something people like and putting a new twist on it,” adding that riffs on bourbon’s distinct and “accessible” flavor are coming from big name brands like Jim Beam and Maker’s Mark, but also through the efforts of a growing cadre of craft distillers.

Since bourbon needs at least four years of aging, the ongoing surge in production represents well-founded confidence. Ozgo believes the upward trend isn’t a bubble.

“We’re roughly five years into the trend,” says Ozgo. “We still have plenty of time to go.”

The industry’s popularity drew more than 1 million visitors to the Kentucky Bourbon Trail in 2016, the KDA reports, the first time ever. Bourbon tourism grew 300 percent in the past decade.

A \$3 billion economic engine, the bourbon industry employs more than

15,000 people and generates an annual payroll topping \$700 million. It also pours \$166 million in tax revenue into state and local accounts each year.

KDA member distilleries are in the middle of a \$1.3 billion building boom, ranging from innovative new tourism centers to expanded production facilities, all to meet the growing global demand for Kentucky’s signature spirit.

Among them, Jim Beam Brands announced in 2016 a \$28-million expansion of its facility in Bullitt County, as Wild Turkey and Woodford Reserve also announced multi-million-dollar Kentucky expansions.

“People don’t just want what’s in the bottle,” KDA President Eric Gregory says. “They have a thirst for Kentucky’s Bourbon culture, our legendary Southern hospitality and our unique, authentic and engaging distillery experiences.

“Our distillers are investing more to





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Source: Kentucky Cabinet for Economic Development

honor that demand and to strengthen Kentucky's rightful place as the one, true home for bourbon. With a million visits and counting, the Kentucky Bourbon Trail adventures are clearly the gold standard for bourbon tourism."

## All in the Limestone?

Nineteenth century agronomists discerned a link between the abundance of limestone in Kentucky's rich soil and the fertility of its fields.

Today, limestone does more than just purify the water that's crucial, believe Kentuckians, to making bourbon. It also laces the dirt from which corn, tobacco, soybeans and other cash crops spring. It infuses the grass that feeds prized cattle and champion race horses.

Cash receipts for Kentucky agriculture set an annual state record of \$6.5 billion. Kentucky's count of 77,000 farms puts it in the top six in the country, and its 13 million acres of farmland comprise more than half the state's total land acreage.

This abundance of agricultural land and resources contribute to a food and beverage industry that has continued to grow and become more diverse in recent years.

With agriculture driving the way, the Kentucky Cabinet for Economic Development reported more than two dozen new major investments in the food and beverage sector in 2016, totaling close to a half-billion dollars. The investments were projected to create more than 1,250 new jobs.

In late December, Gov. Matt Bevin announced that Tyson Chicken, Inc., a subsidiary of Tyson Foods, would add 66 jobs with a \$13.5 million plant expansion in Northwestern Kentucky's Henderson County.

In far Western Kentucky's Graves County, Pilgrim's Pride is expanding its chicken processing plant with a \$24 million investment projected to create nearly 160 full-time jobs.

Bluegrass Dairy and Food Inc., located in Barren County, part of area

developer South Central Kentucky's 10-county region, announced in 2016 it would invest \$2 million in an expansion of its manufacturing facility.

In all, Kentucky's food and beverage industry totals more than 300 facilities, employs some 50,000 people and represents 14 percent of Kentucky's manufacturing economy.

JIF peanut butter is made in Lexington by Smuckers, which also makes ready-to-eat peanut butter sandwiches in Scottsville. Nestle manufactures all the world's Hot Pockets at a plant in Eastern Kentucky's Mount Sterling, and Kellogg churns out Pop-Tarts at its plant in Pikeville. Covington, in Northern Kentucky, is the home of Glier's Goetta, the world's largest producer of goetta sausage, and hosts a popular Goetta Fest each year.

In the Central Kentucky city of Versailles, a \$57 million industrial baking operation is under construction, scheduled for completion in late 2017. More Than A Bakery LLC will span up to 300,000 square feet and employ 310 people using high-tech methods to produce cookies, crackers and other contract-manufactured goods.

Customers include Fortune 100 food brands, grocery and convenience store chains, school cafeterias and national food-service companies.

Sister companies Kentucky Fresh Harvest and Kentucky Green Harvest recently committed to building large-scale hothouse operations in Central Kentucky's Lincoln County. Each business plans to invest more than \$10 million in growing and processing facilities, which together aim to produce up to 8 million pounds of cherry tomatoes and green peppers annually with a 150-member workforce.

AppHarvest, an agricultural startup, announced plans in February to invest \$50 million to construct a 2 million square-foot, high-tech greenhouse on a repurposed coal mine in Pikeville. The operation will grow primarily niche produce items, such as cherry tomatoes and bell peppers, and is expected to create 140 full-time jobs.



*The new More Than A Bakery facility in Versailles will be operational in 2017 and is expected to employ 310.*

*Photo courtesy of Kentucky Cabinet for Economic Development*

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# Getting Crafty

**In a craft beer boom, breweries in Kentucky lift their industry and others.**



by JACK MAZURAK

**N**ear first light on an overcast December morning, chilly patrons awaiting a special brew formed a line from the packed parking lot at Country Boy Brewing in Lexington into its brimming taproom.

A brewery bursting by 8 a.m. might seem abnormal but Country Boy makes it an annual extravaganza. Visit the bar, staffed by four fast-moving tenders, for a pint of the festivity's central character, a rich charcoal-colored stout, brewed with Nate's Coffee, the product of another local rising-star business.

"We've been doing this every year. People really turn out for it," says Daniel Harrison, grinning through his thick red-brown beard, a signature feature of the Country Boys.

Harrison, who goes by the handle DH, co-founded the brewery nearly five years ago. The a.m. release of

Nate's Coffee Stout stands as an example of how the commonwealth's bustling craft brewing industry makes an economic impact as broad as its styles of beer.

Collaborations between brewers and other industries abound. Kentucky farmers increasingly provide ingredients for locally produced ales, sours, hefeweizens and ciders. As it grows, the state's brewing industry creates demand for service-related businesses, including legal and accounting, general contracting, shipping, distribution and marketing.

The Kentucky Guild of Brewers now counts 35 members, from well-established brands to startups approaching their first birthdays to breweries in planning. Derek Selznick, hired this summer as the guild's first paid executive director, set a tall goal for the industry.

"We're focused on growing Kentucky's craft brewing industry to the size, reputation and impact

Above:  
Country Boy Brewery  
Photo courtesy of  
Kentucky Cabinet for  
Economic Development

of what you see in states like Colorado, Vermont and Texas. We're already at an advantage in dovetailing with Kentucky's world-renowned bourbon industry from the perspectives of tourism, marketing and collaborations," Selznick says. "With longstanding producers and new ventures across the commonwealth, Kentucky offers a phenomenal variety of breweries, beers and experiences."

### Entering New Growth Phase

Prior to Selznick, the guild operated as an all-volunteer organization. Like its move into a new phase, Selznick sees Kentucky's craft beer industry as entering growth mode.

In 2016, the commonwealth welcomed eight new breweries. Over the same time, the industry's direct employment grew 25 percent to 570, Selznick says.

"We project we're going to produce well over 100,000 barrels this year, up from 87,000 just a few years ago in 2014," he says.

For 2017, brewers plan to open new facilities in Louisville, Somerset, Lexington and Northern Kentucky. Selznick sees the state as able to sustain that growth.

"Craft breweries really don't compete head-to-head. Craft beer drinkers typically don't have a single beer they always buy, as with Budweiser or Coors drinkers," he says. "Rather, they appreciate the variety of styles. They mix six packs at the store. They trade beers with friends and fellow enthusiasts from

other cities and states. And when they travel, they want to experience the local breweries."

Behind the scenes, the commonwealth's breweries operate in a hand-up-hand-down fashion, Selznick says.

Startup and smaller breweries may receive welcome advice in laying out a brewing operation. Or they might purchase used equipment from their larger brethren. In turn, as each recipient grows, they dispense guidance and hard-won insight to colleagues new to the trade.

"It's grassroots. They recognize helping each other makes a more vibrant scene. They want to see each other succeed because the pool of interest keeps expanding. It's a totally different approach than you'd see with the major corporations," Selznick says.

In that way, Kentucky's craft beer industry helps itself grow.

Then, there's symbiosis with other sectors. Country Boy's collaboration with Nate's Coffee, for example, runs deeper than an annual specialty release.

Nathan Polly, owner and master roaster of the eponymously named roastery, rents a section of the Country Boy warehouse on Chair Avenue.

"We're in 1,500 square feet of space that gives me ramp access, a loading dock, storage and room for a larger roaster," Polly says. "I started the business roasting 4 ounces at a time. Now we've got three employees and we're roasting



Against the Grain Brewery

*Photo courtesy of Kentucky Cabinet for Economic Development*



Shades of Grey Ale Canning

*Photo courtesy of Kentucky Cabinet for Economic Development*

**“We’re focused on growing Kentucky’s craft brewing industry to the size, reputation and impact of what you see in states like Colorado, Vermont and Texas.”**

— Derek Selznick, executive director, Kentucky Guild of Brewers





3,000 pounds a month.”

Thanks to that growth, Polly is now considering brick-and-mortar locations that would sell brewed coffee.

### Blending with Bold Flavors

On the opposite side of town, another symbiosis emerged earlier this year. Mirror Twin Brewing opened on Lexington’s National Avenue, co-located with Rolling Oven

all the businesses the craft beer industry supports — bottle and can makers, cardboard boxes, cleaning supplies, grain processing, farms, trucking — they make a significant impact.”

Working together last fall, the guild and the Kentucky Department of Agriculture inspired multiple collaborations across the state. They assembled five teams, each consisting of two breweries and a Kentucky Proud ingredient, and challenged each to create a specialty brew.

Louisville’s Against the Grain Brewery paired with Lexington’s Ethereal Brewing to create Peach Sour Saison, a specialty beer using peaches from Mulberry Orchards in Shelbyville.

During the beer’s release event in October, Ethereal Co-founder Andrew Bishop explained several of the young brewery’s beers include fruit.

“And some people are into it right away. Usually the craft beer fans,” he said. “But then I’ve had people who don’t want fruit in their beer at all.

“As a matter of fact,” Bishop said, after sipping from his glass, “I’d use even more peaches the next time around.”

As a backdrop to much of the activity, the Kentucky Cabinet for Economic Development offers multiple programs to help grow businesses, from startups to thousand-employee manufacturers.

Polly said his coffee company should qualify next year for the Kentucky Small Business Tax Credit program. The program incentivizes business with up to \$25,000 in tax credits annually after they’ve hired new full-time employees and invested in qualifying equipment.

West Sixth has taken advantage of the program the past three years.

And Country Boy, which plans to open a larger production facility and taproom in Georgetown in early 2017, has worked extensively with the Cabinet for several years to accelerate its growth.



Owners of West Sixth Brewing

*Photo courtesy of West Sixth Brewing*

Pizza. The arrangement gave Rolling Oven, which began as a food truck, the opportunity to open a stationary location and provide taproom patrons with fresh-as-it-gets pizza.

West Sixth Brewing, founded in 2012, holds mainstay status in the state’s craft beer lineup, employing more than 40 people. At its historic, former industrial bakery location, customers can easily enjoy selections from Chef Ouita Michel’s Smithtown Seafood, which shares a doorway with the West Sixth taproom.

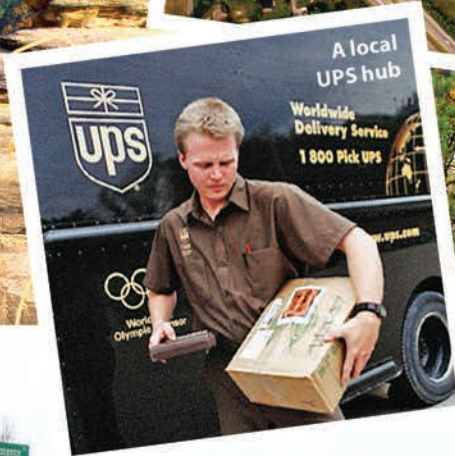
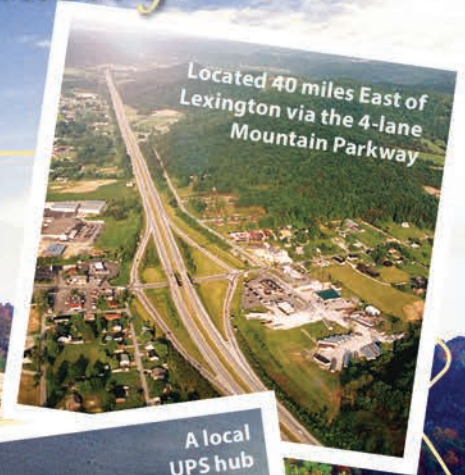
As further evidence of craft beer’s economic waves, Selznick points to the services of a retired firefighter who built a specialty business cleaning the supply lines that run from a bar’s beer kegs to its taps.

“He’s got more demand than he can handle,” Selznick says. “When you look at



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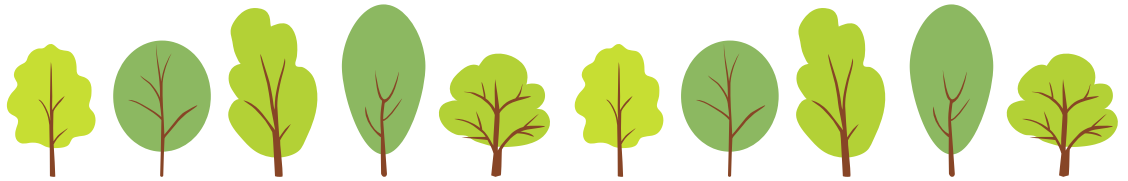
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# SEED MONEY:



## WHERE BUSINESS GROWS ON TREES

by CAROL CARTER

**K**entucky's growth in the wood products industry continues to branch out, with a variety of wood products companies across the commonwealth making investments and creating jobs.

Late in 2016, the Harlan County Industrial Authority announced preliminary approval of a \$2.52 million grant for an alternative energy manufacturing center in Southeastern Kentucky.

The Harlan Wood Products wood pellet manufacturing center is projected to create as many as 35 new jobs and 60 indirect jobs at a previously reclaimed, abandoned mine site in Yancey.

Once opened, the center is expected to produce 75,000 tons of wood pellets annually for export to Europe to fuel both residential and commercial spaces. It is a growing market, according to an October 2016 report from Market Research Engine, one that could surpass \$20 billion by 2023.

The Harlan County grant money, from the US Office of Surface Mining and Reclamation Enforcement, will leverage an additional \$10.5 million in private investment from Harlan Wood Products.

Market research firm IBIS World reports the wood products manufacturing industry has turned

## From wood fuel to barrel staves and wood beds for trucks, companies across Kentucky are carving their niche in the industry.

a corner since the collapse of the housing market, pointing to improving household incomes and housing starts.

From wood fuel to barrel staves and wood beds for trucks, companies across Kentucky are carving their niche in the industry.

B&K Wood Products, located in Madisonville, Ky., aims to become America's largest producer of commercial wood fuel. In mid-2016, the company announced a \$1.2-million investment that will create nearly 40 jobs. B&K is purchasing a building where it will produce, manufacture and store firewood for large retailers. B&K produces wood products including hardwood lumber, standard stock, cross ties, crane mats, firewood, wood fiber and more.

Independent Stave Co. — with an eye toward a different kind of fuel — broke ground in Benton in Western Kentucky's Marshall County in fall 2016 on a mill. It is the company's second mill and third facility overall in Kentucky. It will produce barrel staves for the state's signature bourbon industry as well as the broader whiskey category.

The \$18-million project is headed for completion this year as it creates 47 full-time jobs while providing the company with additional production capacity and flexibility.

Further indicating growth in the industry, the company's Morehead Wood Products mill in Morehead, opened in 2015. Since then, it added second and third shifts, increasing employment to more than 100. The Morehead Mill and the new Benton mill supply the company's cooperages in Lebanon, Ky. and Missouri.

A family-owned company, Independent Stave supplies barrels to distilleries, wineries and breweries in more than 40 countries.

Also in Benton, Champion Home Builders Inc., which makes modular and manufactured housing, recently invested \$6.3 million in a production facility, aiming to create as many as 150 jobs.

Another company is making a name for itself in the building trade in Western Kentucky. Power Truss Inc. produces wood roof and floor trusses for

the construction industry. It is growing its operation in Mayfield with a \$1.6-million investment projected to create up to eight full-time jobs.

Co-owner Don Power built his first engineered roof truss for a company in St. Louis in 1965 when he was 19 years old. In 1978, Don and Lynn Power relocated to Mayfield and opened Power Truss.


Near Hopkinsville, another locally grown company caters to the lucrative automotive aftermarket by supplying wooden bed kits for pickup trucks. Bed Wood and Parts LLC, is expanding with a \$3.7-million investment project to create 42 full-time jobs.

Since locating in Christian County in 2006, Bed Wood and Parts grew its product lineup to include more than 20 species of wood for classic truck, SUV and station wagon restoration and modification projects.

High demand for high-quality hardwoods in China influenced Legend Lumber Lee Corp. to open in the Central Kentucky town of Boston. Last year, the company announced it would open in a shuttered hardwood lumber concentration yard, investing nearly \$3.5 million and creating about 30 full-time positions. The operation produces hardwood for export to Asia where Legend Lumber President Jie "Jack" Li built a substantial customer base, primarily in his native China.

In Wallingford, Ky., in the state's northeast region, it's all in the family at GreenTree Forest Products. The Appalachian hardwoods producer is investing \$2.2 million to expand its production by 30 percent and bring 10 new jobs to its plant, which currently produces 8 million feet of Appalachian hardwood annually.

GreenTree is owned and operated by David Wells and his three children. "We are a third-generation lumber family, born and raised in Eastern Kentucky," says David Wells, whose family tree clearly has deep roots in Kentucky.

With plentiful natural resources, a Central US location that makes shipping and distribution a natural fit, Kentucky's wood-products industry will likely continue to grow in the years to come. 





**A is for** Airheads candy, manufactured by Perfetti Van Melle in Erlanger, Ky.



**B is for** Brakes, manufactured by Akebono Brake Corporation in Elizabethtown and Glasgow, Ky.



**C is for** Charcoal, manufactured by Kingsford Manufacturing Company in Burnside, Ky. and Cowboy Charcoal in Albany, Ky.



**D is for** Duct tape, manufactured by Berry Plastics in Franklin, Ky.



**E is for** Envelopes, manufactured by Western States Envelope and Label in Erlanger, Ky.

**F is for** Finger Lickin' Good Chicken, made by KFC (Yum! Brands) headquartered in Louisville, Ky.



**H is for** HempDog Speakers, manufactured by Eminence Speaker in Eminence, Ky.



## KENTUCKY MAKES PRODUCTS FROM A TO Z

Kentucky is home to nearly 4,500 manufacturing facilities that make everything from aluminum foil to zinc-plated automotive parts. Our skilled workforce and ideal logistical location make us the manufacturing hub of the U.S.



**G is for** Gorilla Glass, manufactured by Corning Inc. in Harrodsburg, Ky.



**I is for** Iodine, manufactured by Iofina Chemical Inc. in Covington, Ky.



**J is for** Jif Peanut Butter, manufactured by J.M. Smucker Company in Lexington, Ky.



**K is for** Kellogg's Pop Tarts, manufactured by Kellogg Company in Pikeville, Ky.



**L is for** L'Oréal Garnier Ultimate Blends shampoos and conditioners, manufactured by L'Oréal in Florence, Ky.



**M is for** Menu Boards, manufactured by LSI Industries in Erlanger, Ky.



**N is for** Nail Buffers, manufactured by Abrapower USA in Florence, Ky.



**O is for** Oscarware Outdoor Grills, manufactured by Oscarware Inc., in Bonnieville, Ky.



**P is for** Post-it Notes, manufactured by 3M in Cynthiana, Ky.



**Q is for** Quarry Tile, manufactured by Daltile Corporation in Richmond, Ky.



**R is for** Reynolds Wrap, manufactured by Reynolds Manufacturing, in Louisville, Ky.



**S is for** Satellites, manufactured at the Morehead Space Center in Morehead, Ky.



**T is for** Tiffany & Co. jewelry, manufactured in Lexington, Ky.

**U is for** Utility Conduit, manufactured by Blue Diamond Industries in Middlesboro, Ky.



**V is for** Ventilation Systems, manufactured by Halton Co. Inc. in Scottsville, Ky.



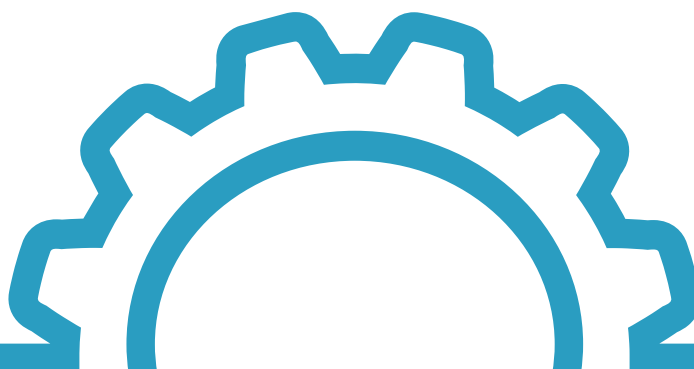
**W is for** Wisk Laundry Detergent, manufactured by Sun Products Corporation in Bowling Green, Ky.



**X is for** X-Deck Safety Work Platform, manufactured by SafeTec Industries in Bardstown, Ky.



**Y is for** Yard Signs, manufactured by AdColor Inc. in Lexington, Ky.



**Z is for** Zipper-locking Courier Bag, manufactured by OVASCO Industries, in Louisville, Ky.





# SMALL TOWNS, BIG BUSINESS

Economic development has transformed rural Kentucky communities.

Elizabethtown

Photos courtesy of the  
Kentucky Cabinet for  
Economic Development

by BRANDON MATTINGLY

Every rural Kentucky community has long shared a common goal: continue to progress while maintaining an exceptional quality of life. As major employers streamed into Kentucky since the 1980s, cities and counties invested in infrastructure, planned subdivisions, prepared industrial sites and implemented workforce initiatives.

In remaking themselves throughout three decades, many communities achieved a balance in the parallel imperatives of progress and quality of life.

Nowhere are the transition's results more evident than in Georgetown, where a December 1985 announcement thrust the community into the heart of the auto industry and sent ripple effects across the state that still benefit its workforce, economy and quality of life today. That

announcement was the arrival of Toyota Motor Manufacturing Kentucky Inc. (TMMK).

Scott County Judge-Executive George Lusby took office 27 years ago. When TMMK arrived, he served on Georgetown's city council. Lusby recalled the community's economic condition in the years leading up to that announcement.

"It was very much declining," he says. "The major money maker in Scott County, of course, was tobacco. I was a school principal, and we couldn't even get the schools repaired."

Now, Georgetown's story is different.

"I'd say we've got one of the best school systems in the state," Lusby says. "Population was steady or declining (in the 1980s), and now we're the fastest-growing county in the state."

The numbers support his point,



*Downtown Franklin car show*

painting a vivid picture of the impact TMMK — Toyota’s largest manufacturing facility outside Japan — and other manufacturers made on the community. According to US Census information, Scott County’s population more than doubled from 24,000 in 1990 to 52,000 in 2016. TMMK’s employment alone grew from 3,200 to nearly 8,000 during the past 27 years.

In the three decades since TMMK opened, a wave of other manufacturers spread across the community. Adient US LLC, Toyota Tsusho America Inc., Aichi Forge USA Inc. and International Crankshaft Inc. employ nearly 2,000 area residents combined.

Another Kentucky community, Elizabethtown, worked to recruit Metalsa Structural Products, Akebono Brake, Altec Industries and AGC Automotive Americas. All of these companies located

in Hardin County since 1987 and now collectively employ nearly 4,200 workers. That’s just the tip of the iceberg. Well over a dozen additional businesses each employ at least 100 people.

Carl Lay first visited Elizabethtown in 1986 as an Akebono Brake employee scouting the company’s next location. In the 30 years since, he has dedicated himself to the community.

“Whatever community I’m associated with, I’ve always felt economic development was one of the primary things that needed to happen,” he says. “It’s almost like having a job; if a community doesn’t have economic development, they don’t really have a source of income or a way to enhance the quality of life.”

Lay says Elizabethtown had prepared for growth.

“They had done their homework. There





*Simpson County Courthouse*

*Photos courtesy of the  
Kentucky Cabinet for  
Economic Development*

*Below: Georgetown*

*Below left: Runners ready to go in Franklin*



was a group of men back in the 1950s who formed an industrial foundation with their own funds, totally without government support,” Lay says. “They had been somewhat successful in doing that back in the ’60s and ’70s, but in the ’80s is when the industrial community really began to change.

“Soon after (Akebono Brake’s arrival), we saw other companies starting to come,” he adds. “At that time in the late 1980s, we had a real boon as far as job opportunities and employment of people in the area. I think we owe a lot of appreciation to that group who had the foresight to prepare the community and have land and funding sources available.”

Elizabethtown’s efforts paid off. Now, Hardin County ranks as Kentucky’s sixth most populous at more than 106,000 residents.

Lebanon may not boast as large a population, but the impact of its economic development initiatives spread just as far.

In the late 1980s and early 1990s, Lebanon was primarily an agricultural community with an economy based on burley tobacco and cattle. In 1990, Marion County’s population was below 16,500 and dropping. The catalyst for change came when local officials began devoting resources toward a full-time economic development authority.

Freddie Higdon, a local attorney, became president of the Marion County Industrial Foundation in 1998. He said thanks to Lebanon’s proactive efforts recruiting industry, the

community’s breakthrough came in 1988 when TMMK opened in Georgetown.

“One of the first opportunities as a result of the Toyota in Georgetown announcement was that Curtis Maruyasu made themselves available as a tier-one supplier and looked at us,” he says. “We had in place at that time the necessary infrastructure to be attractive.”

That “necessary infrastructure” included the modernization of sewage services, extension of water lines and the development of an industrial park.

Other auto suppliers, including TG Kentucky LLC, Wilbert Plastic Services Inc. and Toyota Boshoku Kentucky LLC, followed in the coming years. These companies joined Maker’s Mark Distillery, in nearby Loretto, and Kentucky Cooperage as some of the largest employers in Marion County. Suddenly, Lebanon and surrounding communities had blossomed into a hub of economic activity.

Despite substantial growth in recent years, Lebanon has managed to preserve its small-town roots.

“If you walk down the street and ask the average person who’s lived in Lebanon all their life, ‘Do you identify yourself as an industrial community?’ they probably wouldn’t think of it that way,” Higdon says. “But the younger generation and the folks who are moving here would look at our industrial base and say, ‘Wow.’”

Franklin, in Southern Kentucky, also points to a history of economic development foresight.

“There were some pretty innovative and forward-thinking leaders back in that day,” says Simpson County Judge-Executive Jim Henderson. “But we had been a community that had primarily done that as a group of private, volunteer industrial board members who were local business leaders. It was a community passion in addition to their normal jobs.”

The beginning of Henderson’s tenure coincided with a renewed passion for economic development within the community. In 1998, Dennis Griffin became the first full-time director of the Franklin-Simpson Industrial Authority, a position he still holds today.


The revived focus led to the purchase of land for three industrial parks, as well as additional infrastructure. Those resulted in the growth of Franklin Precision Industry and the arrival of substantial employers, including New Mather Metals, Harman International Industries and Toyo Automotive Parts.

Simpson County’s growth continues today with recent announcements that auto-related manufacturers Fritz Winter, Sumitomo Electric Wiring Systems and TMM USA will locate and create well over 500 jobs in the near future.

Henderson said as job numbers improve, so too can a community’s quality of life.

“Part of that vision is also balancing the interest in keeping our small-town heritage,” he says. “We’ve also focused the whole time on trying to maintain our small-town values and keep some vibrancy in our downtown. We’ve got the best of both worlds here.”

Georgetown, Elizabethtown, Lebanon and Franklin represent just a few communities that effectively ushered in economic growth, thanks to Kentucky’s manufacturing boom.

Their successes, like many others statewide, serve as shining examples for how small-town America can embrace big business. 

## AN EXTRA BOOST

### *Communities use innovative approaches to attract business*

Kentucky’s small towns have new forms of assistance in their efforts to jumpstart economic growth. That help comes from both the commonwealth and a large utility in the state, and it benefits urban and rural communities alike.

Build-Ready is one of the latest examples of how Kentucky attempts to attract new business on a state level. The Build-Ready program offers companies a streamlined process to rapidly locate, build and begin operations. To declare a site Build Ready means it has already built a pad 50,000 square feet or greater, expandable to 100,000 square feet or more, has extended utilities to an edge of the site and has secured the necessary permits and studies. Those include water, phase-1 environmental, archeological, historical and geotechnical studies, as well as preliminary building plans, cost estimates and schedule projections.

Applicants — typically city, county or economic-development groups — provide preliminary design work, a total-cost projection, construction timeframes and a rendering of a potential building for the site as part of the preparation to ensure perspective companies can begin operations as quickly as possible.

The Build-Ready program already has 10 certified locations across the state, including four additions in 2016. More than a half-dozen other sites continue to work toward certification.

Currently, communities with certified Build-Ready sites include Beaver Dam, Glasgow, Greenville, Henderson, Hopkinsville, Horse Cave, Mayfield, Russellville and two sites in Bowling Green. Efforts to entice new industry have taken the next step in Bowling Green, where high levels of interest in the community’s two Build-Ready pads encouraged local officials to advance one site even further with the building of a speculative facility.

Additional information on Kentucky’s Build-Ready program is available at [www.thinkkentucky.com/selectkentucky/buildready/](http://www.thinkkentucky.com/selectkentucky/buildready/).



## SHOWCASING A SITE LIKE NEVER BEFORE

Kentucky Touchstone Energy Cooperatives members (KTEC) provide a range of services for their 87-county coverage area. Among those services are the recently unveiled digital site-presentation tools known as PowerMap and PowerVision. These tools put Kentucky on the cutting edge of industrial development.

PowerMap, the first economic development mobile app in the country, puts the power of locational knowledge in users’ hands with detailed maps of the co-operative’s service area. On their mobile devices, users type in an address or use their device’s GPS capabilities to determine if they are in one of the 16 KTEC service territories. PowerMap provides the foundation for additional economic development tools developed by KTEC including PowerVision.

PowerVision employs first-of-its-kind, state-of-the-art drone technology that gathers high-definition aerial footage and detailed survey information of nearly 20 industrial parks. This information gives perspective companies and site selectors a true-to-life birds-eye view of the park and surrounding area. The videos include virtual buildings seamlessly integrated with existing-business and community information, as well as regional data from StateBook and the Cabinet for Economic Development. PowerVision also provides topographical information, detailed engineering data and downloadable CAD and 3D video files all at no cost to the user. Additional sites are currently being developed and are expected in the near future.

Information on both site-selection tools and a PowerVision explanatory video created by Kentucky’s Touchstone Energy Cooperatives, Interapt, StateBook and QK4 Engineering are available at [www.dataispower.org](http://www.dataispower.org).







# IT STARTS WITH AN IDEA

**Commonwealth provides startups with the capital, mentorship and climate necessary to thrive.**

by BRANDON MATTINGLY

**I**n transforming itself into one of the nation's hubs of entrepreneurship, Kentucky's economic developers, incubators and accelerators focused on meeting the needs of startup businesses across the state.

As commissioner of business development, Mandy Lambert oversees the Office of Entrepreneurship in the Kentucky Cabinet for Economic Development. She personally assisted the transformation.

"Kentucky has seen a real culture shift as it relates to small business growth and entrepreneurship, and is becoming what I see as a powerhouse in entrepreneurship," Lambert says.

According to 2016 data, the commonwealth indeed evolved into a national leader in entrepreneurial growth. The popular data-analysis blog

FiveThirtyEight.com reported Census Bureau statistics show, since 2009, Elizabethtown had the most startups per capita of any community in the nation. Moreover, two other Kentucky communities, Bowling Green and Lexington, finished third and 14th in the rankings, respectively.

Entrepreneurship in Kentucky took tremendous strides in recent years; but how did it get there?

It starts with the one resource every startup needs: capital. Kentucky provides access to funding through a number of programs, including the Angel Investment Tax Credit and the Kentucky Angel Investors Network.

The Angel Investment Tax Credit program encourages angel investors to assist entrepreneurs and small businesses by awarding them tax credits for up to

50 percent of investments made toward Kentucky startups. The program saw resounding success once again in 2016 as its \$3 million in incentives leveraged more than \$7.2 million in investments for startups and small business in the commonwealth.

The Kentucky Angel Investors Network brings together nearly 100 qualified angel investors from inside and beyond Kentucky to hear pitches monthly from Kentucky startups.

And even established small businesses needing help growing their businesses can benefit from the Cabinet's programs. The Kentucky Small Business Tax Credit (KSBTC) program awards companies credits ranging from \$3,500 to \$25,000 for making new hires and investing in qualifying equipment or technology.

Brewco Marketing Group, a Central City-based agency specializing in mobile tours, design services, athlete/artist and motorsports management and a variety of other areas, found the KSBTC program a great benefit with little work required on the company's end.

"It was pretty quick and seamless," says Shane Kennedy, Brewco president and general manager. "We sent them

some information and an executive summary and (the Cabinet for Economic Development) team took care of everything. They did a really nice job for us."

Kentucky also provides resources for another startup necessity: mentorship. It's available through the Kentucky Innovation Network and its 12 regional offices across the state.

The Kentucky Innovation Network is managed in partnership by the Kentucky Cabinet for Economic Development and Kentucky Science Technology Corp., along with local partners. Since its inception in 2001, the Network has assisted more than 1,300 companies and raised approximately \$785 million in funding. The result has been the support of more than 6,500 Kentucky jobs.

Hollison LLC, in Owensboro, is just one of the companies that maintains a close relationship with the Kentucky Innovation Network. It's relied on Network resources from its 2005 establishment through its recent substantial growth. The food-safety technology company announced a major expansion in September 2015 to create 34 high-paying jobs with a

Since its inception in  
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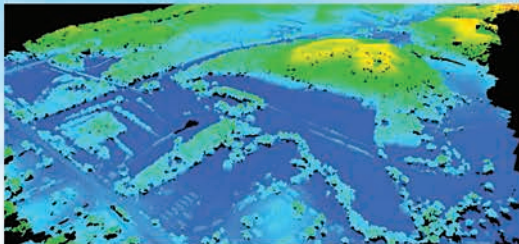


**Awesome Inc. Fellowship Panel**  
Photo courtesy of Kentucky Cabinet  
for Economic Development





Latest Drone Technologies  
1080P Digital Cinematography  
Latest Post Processing Technologies  
Place Setting Attributes  
Roads and Active Area Businesses  
Plat Information  
Simulated Digital Buildings



[www.dataispower.org](http://www.dataispower.org)



UpTech Demo Day 2016  
Photo courtesy of Kentucky Cabinet for  
Economic Development

nearly \$1.2-million investment. Again in early 2017, it announced a \$3-million investment to build a larger manufacturing facility.

Joe Berry, Owensboro Kentucky Innovation Network office director, says Hollison stands as an example for other Kentucky startups.

Whether looking at UpTech in Covington, the Western Kentucky Small Business Accelerator in Bowling Green, the Innovation Launchpad in Morehead or the more than a dozen other accelerators and incubators across Kentucky, numerous opportunities exist for

**“Hollison’s story is an American success story — that a creative individual with a bright idea and a lot of hard work can achieve remarkable things. The Owensboro Kentucky Innovation Network office is proud to be a part of that story.”**

— Joe Berry, Owensboro Kentucky Innovation Network office director

“Hollison’s story is an American success story — that a creative individual with a bright idea and a lot of hard work can achieve remarkable things,” Berry says. “The Owensboro Kentucky Innovation Network office is proud to be a part of that story.”

With funding in hand and mentorship resources across the state, one piece of the puzzle remains: environment. For a startup to succeed, it needs a climate conducive to growth. Kentucky’s numerous accelerators and incubators provide the forward-thinking business environment that encourages startups to think outside the box.

startups of any size or industry to find the resources they need.

For example, the Awesome Inc. incubator and accelerator in Lexington offers a wide range of services, including a co-working space and event venue located downtown. Awesome Inc. U offers long-term and short-term technology education courses. Awesome Inc. also partners with the Cabinet each year to allow eight companies to participate in a 12-month fellowship program — an intense, guided program that positions its graduates to take their startups to the next level.

Custom College Recruiting LLC, an Elizabethtown-based company

that helps high school athletes in 29 countries with the recruiting process, participated in the Awesome Fellowship 2014 class. Shane Howard, the company's president and CEO, says he knew it would be a great opportunity.

"It's nice to be a part of this entrepreneurship revolution that's started to brew here in the state of Kentucky," he says. "We're able to be part of something where as we build, grow out and become more successful, we'll have that pipeline to then give back to somebody else who might be in my position down the road."

Brewco, Hollison and Custom College Recruiting are just a few of Kentucky's promising startups sharing a common trait: with the assistance of Kentucky's vast entrepreneurial resources focused on capital, mentorship and a strong business environment, they each found their way to success.

**"We're able to be part of something where as we build, grow out and become more successful, we'll have that pipeline to then give back to somebody else who might be in my position down the road."**

— Shane Howard, *Custom College Recruiting LLC president and CEO*



## Kentucky: Your Portal to the World

And UPS can help your business access those markets where more than **95%** of the world's consumer live\*.

We have over **26,000 employees** in Kentucky, including 22,000 in Louisville alone where our state of the art facility Worldport is located. From Louisville, UPS will connect you to over **220 countries and territories**.

Kentucky is also home to **twenty-seven** UPS Supply Solutions facilities where industries like healthcare to industrial manufacturing can outsource services ranging from warehousing to order fulfillment to name a few. So much so, over **one hundred and fifty companies** chose to locate part or all of their operations near our facilities, creating over 12,000 jobs.

Finally, UPS through its education programs, has helped build a workforce ready to implement your most ambitious expansion plans.

Your logistical challenges are as varied as the products that need to be moved. Learn how UPS solutions can help your business at [ups.com/solvers](http://ups.com/solvers)

**From figuring it out to getting it done, we're here to help.**



UPS provides Kentucky businesses with global reach at a local level. Interested in a Worldport tour? Consult with your local UPS Account Manager or contact Kelsey Lindsey at [kelseylindey@ups.com](mailto:kelseylindey@ups.com)

\* Source: <https://ustr.gov/issue-areas/economy-trade>  
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Versailles Horse Farm



Historic Cave Hill Cemetery

## Life in Kentucky

Life is about more than just business. And while Kentucky's business attractiveness is leading to record growth, its natural attractiveness makes Kentucky a perfect place to live and play. Only Kentucky can provide the excitement of the Kentucky Derby, the beauty of thoroughbred horse farms, the history of My Old Kentucky Home, the natural wonders of Mammoth Cave and the Appalachian Mountains, the vibrant urban nightlife, the charm of small towns and the calming waters in our abundant lakes and rivers. All this also makes Kentucky a prime destination for visitors. The comments on this and following pages are actual comments posted by travelers on social media pages of the Kentucky Department of Tourism.



Central Kentucky

All photos courtesy of Kentucky Cabinet for Economic Development.





**Carol Holmes**



Dear Kentucky,  
Thank you for a lovely  
vacation in September.  
Loved the bourbon trail,  
the beautiful scenery,  
and the southern charm.

I came away with a  
beautiful, hand-made  
dulcimer and a wealth  
of knowledge about  
bourbon. I hope  
to come back  
some day.



Dry Ground Brewing Company



The Kentucky Derby



Big South Fork National River and Recreation Area



Buffalo Trace Distillery



Kentucky Speedway





**Dan Dunnum**



I have been all over the U.S., but there is no place like Kentucky.



**Dellaney Priddy**



I have lived in Kentucky my whole life. Just recently moved to Payneville. There is nothing like Kentucky. We have the old southern hospitality with gorgeous scenery!



**Shirl Brewer**



You must see, everything is so much fun and so pretty. Just come and see. Don't take my word for it. You will love it. Something for everyone.



Woodford Reserve Distillery



Churchill Downs



Kayaking in Central Kentucky



Courthouse in Franklin



Goddard White Bridge



St. Mary's Cathedral Basilica of the Assumption

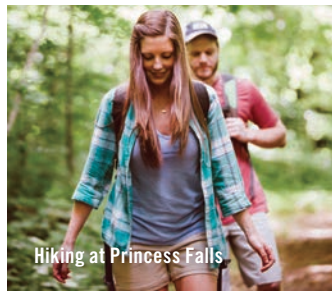


Newport Aquarium





Mainstreet La Grange



Hiking at Princess Falls



Cumberland Falls



Taste of Innovation



Keeneland Racecourse



Louisville Skyline

All photos courtesy of Kentucky Cabinet for Economic Development.



**Angela Grandstaff**



Loved the hiking and backpacking along the Shawnee Trails across Kentucky great view.



**Michelle and Chris Oatman**



I have been section backpacking the 319 mile Sheltowee Trace Trail across Kentucky. I have seen some of the most beautiful terrain from rock cliffs, water falls, creeks and rivers. Definitely a must do if you are a hiker or backpacker.



**Donna Thies**




Absolutely.  
LOVE.  
Kentucky.







I, as well as my parents, were born and raised in southeast Kentucky. I also raised my three kids in this area. We moved away around 1986, but in 2010 I found myself moving back to my home place where I was born and raised. I wouldn't take anything under the clouds for my Kentucky roots. I am Kentucky, loud and proud. 



All photos courtesy of Kentucky Cabinet for Economic Development.

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# BristolBuilt



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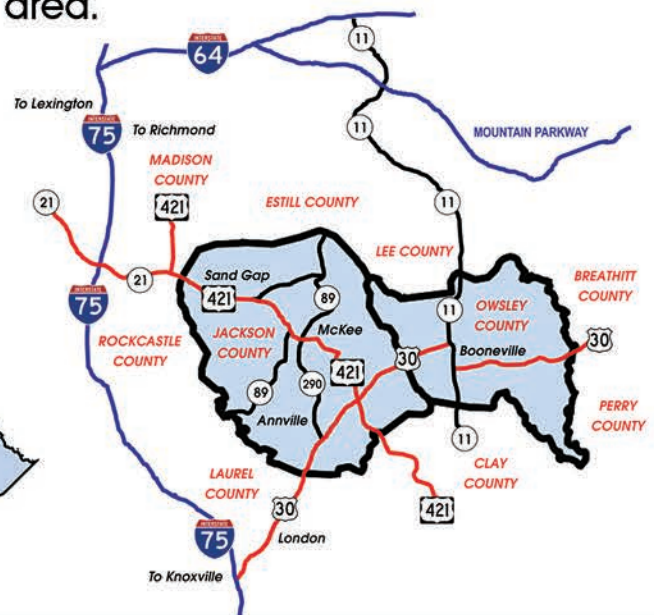
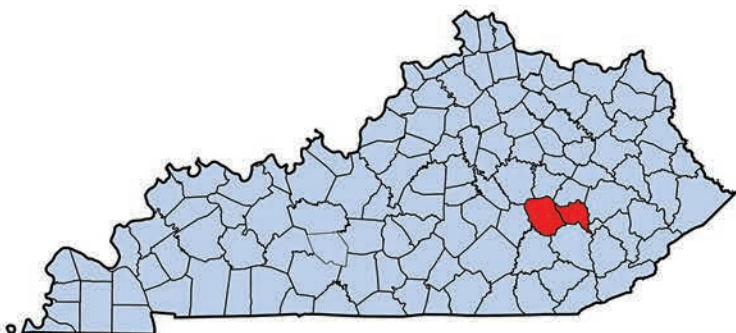
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