

Kentucky's Economic Development Efforts Must Focus on Research and Technology

In this issue of *The Lane Report*, Gary Morin, CFO of Lexmark International, explained how worldwide sales competition and manufacturing costs are impacting his company's day-to-day operations. Virtually all of Lexmark's products are manufactured in factories located outside the United States.

Why? Because lower costs of manufacturing and well-trained labor forces are readily available in

other countries around the world. In order to remain competitive in world markets, Lexmark has no other choice but to lower manufacturing costs and product prices to stay in business.

Levi Strauss & Co., an American icon, announced in September that all of its products will be manufactured outside the United States. Lexmark and Levi Strauss are just two examples of American companies who now manufacture their

products outside the U.S. to remain competitive.

The realities of world competition are harsh on the local level. The growth of manufacturing jobs in Kentucky is going to be limited. Kentucky's economic development efforts must be focused on innovation, research, and technology. This change must be of the highest priority when the new governor reorganizes state government.

Stealth Credit

The Ultimate Status Symbol?

AVAILABLE by invitation only, American Express has created a credit card so exclusive it's not even described on their Web site. Dubbed the "Centurion Card," this little black AmEx wonder is only given to those who pass an extensive financial background check and charge over \$150,000 each year on their current AmEx card. (Yes, it does help if you already carry one of their cards...)

What do these elite spenders get for their trouble? Unlimited credit (yes, unlimited...buy a Porsche with it if you like), a personal concierge that will take care of sending gifts to whomever you put on your list, and an amazing array of travel benefits like triple airline miles, gold and executive status with just about any airline or car rental company you can name, \$640,000 in travel insurance and...well...everything a jet-setter could desire.

Some of the world's most exclusive private clubs and restaurants around the world are your oyster; many reserve tables on 24-hour notice for cardholders, while the rest are left asking for reservations weeks or months in advance.

Only a few thousand cards are currently in circulation. And no wonder, since, as with all AmEx cards, you are expected to be able to pay the balance off each month, along with the \$2,500 per year annual membership fee...

Can you say snob appeal? Good, I knew you could.

Putting Around

18th Hole
Lassing Pointe
Union, Kentucky

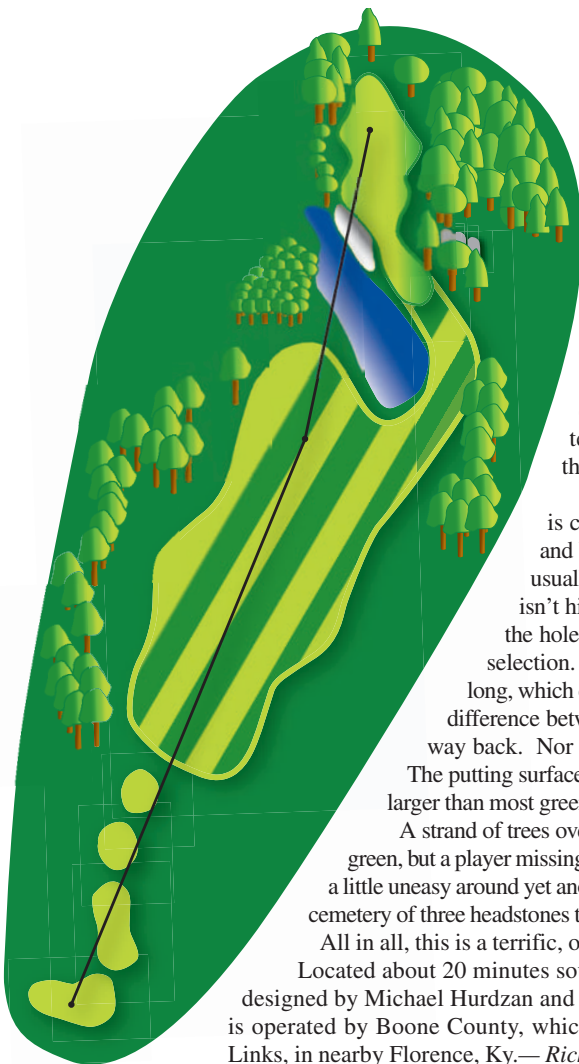
If you're not accurate with your irons and your putting is on the fritz, you most certainly do not want to come to the 18th hole at Lassing Pointe with substantial stakes at risk. The hole is virtually straight, and the tee shot isn't overly difficult; in fact, it's probably the least terrifying part of playing the hole. But then the real fun begins.

Standing over the approach, the player is confronted by water in front, to the left and behind the green. But because the hole usually plays downwind, the player generally isn't hitting a long club – although sometimes the hole location can have a lot to do with club selection. That's because the green is 101 yards

long, which could mean as much as a five or six-club difference between a hole out in front and one all the way back. Nor is the green very wide in some places. The putting surface encompasses some 14,000 square feet, larger than most greens but not for one this long.

A strand of trees overhangs the water in front and left of the green, but a player missing the green right may find himself feeling a little uneasy around yet another unique feature of the hole – a small cemetery of three headstones that sits short and right of the green.

All in all, this is a terrific, often memorable way to finish a round. Located about 20 minutes southwest of Cincinnati, the course was designed by Michael Hurdzan and opened in May 1994. Lassing Pointe is operated by Boone County, which also runs a 27-hole facility, Boone Links, in nearby Florence, Ky.—*Rich Skyzinski (Reprint from Golf Digest)*



Restaurant in Review

Le Deauville

199 Limestone, Lexington, KY 40507
(859) 246-0999

Hours: 5:30 – 11:00 pm M-S

OFFERING authentic French café dining, Le Deauville offers a solid mix of French continental dishes, priced from \$16 to \$30 for the entrees. Christophe Descarpentries, owner and a French import to Lexington himself, tells us the most requested dish is the duck or chicken confit. There are also excellent daily specials along with a good selection of (primarily French) wines that are sure to satisfy the most discriminating French palate.

Don't Gamble on Kentucky's General Assembly

WITH public opinion indicating support for the expansion of gambling at racetracks and allowing a limited number of casinos within the state,

allocating the money that Kentucky will get from the gaming industry looms as major issue.

Former governor Wallace Wilkinson promoted the lottery as a new source of revenue for education and scholarships. However, since its inception in April 1989, the General Assembly has only allocated \$212 million (less than 12 percent) of the \$1.8 billion netted by the lottery for educational purposes. The

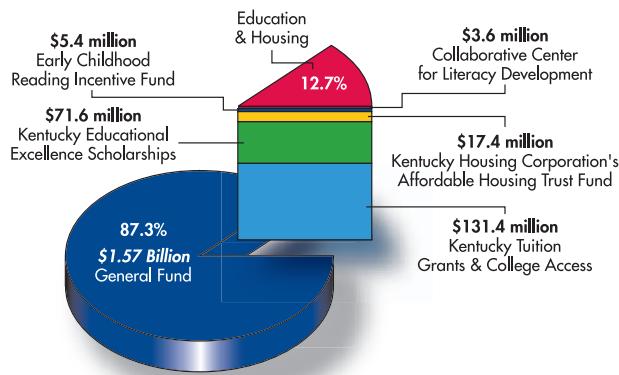
rest of the money has gone into the state's General Fund.

With the expansion of racetrack gambling a definite possibility, it becomes imperative that we require the General Assembly to earmark state proceeds from gaming for specific uses, rather than giving the legislature "carte blanche" to spend the money as they see fit. We also must demand an accurate and transparent reporting of how the funds were spent.

This is unfortunate of course, but our legislators have proven their propensity to spend every dollar and more that goes into the state's treasury. The \$274 million shortfall we are now facing for Fiscal 2004 stands as sobering evidence that relying on the General Assembly to do the right thing when it comes to spending our tax dollars has proven to be a risky bet at best.

—Tim Hunt

How Lottery Money Has Been Distributed by the State (Total funds received as of 6/30/03)



Watering the Bluegrass

Economic success and fast growth are incompatible with procrastination, politics and planning indecision

FOR two decades, Central Kentucky has been the state's fastest growing region. During this period, Central Kentucky has not made a decision on where it will obtain additional water to nourish the region's future growth.

Several moderate droughts during the last 15 years have demonstrated the definitive need for a larger and more reliable source of water to protect the area from the catastrophic impact of a severe drought. Central Kentucky's significant growth in population, households and employment translates into a greatly increased demand for a reliable, abundant, and safe supply of water.

Despite this, a final decision on where to obtain the additional water remains unmade.

The most recent plan by the Bluegrass Water Supply Consortium (BWSC) – a group of 16 water utilities – specifically proposes: construction of a regional pipeline grid linking the 16 utilities together, a new water treatment plant on the Kentucky River north of Frankfort, and a new pipeline to one of three potential locations on the Ohio River. Although this concept seems highly feasible, there are some major obstacles to overcome in order to implement the plan.

- A regional water authority will need to be

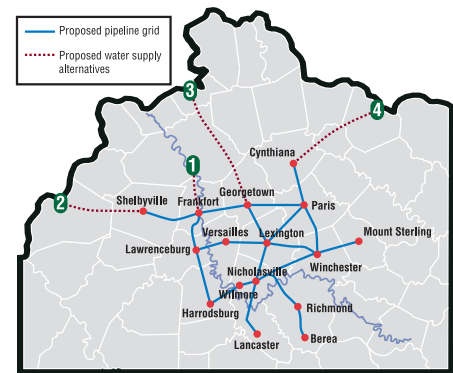
formed to operate the water grid.

- Most of the existing 16 water companies would have to commit to the authority's plan, since their customers will have to pay the cost of developing the new regional water grid.

- If a few of the local water utilities don't sign on, the regional plan could be diminished; with limited support, the plan could be unviable.

- In addition, the BWSC will have to obtain financing to pay for construction of the new regional system. Funding could be impeded by the condemnation proceeding against Kentucky American Water Company, the largest water utility in BWSC.

Proposed Water Distribution and Treatment Grid



- 1 Build treatment facility on Pool 3 of Kentucky River
- 2 Negotiate agreement with Louisville Water Company to purchase treated water
- 3 Build treatment facility at Warsaw on the Ohio River
- 4 Build treatment facility at Maysville/Dover on the Ohio River

Time is running out. Every day the cost of building the system escalates, water usage in the region continues to grow, and the odds that a severe drought will occur increase.

A severe water shortage would be financially crippling to Central Ken-

tucky's economy and employment. The flow of tax receipts for local governments would dry up.

Let's plan ahead for the coming drought, instead of hitting the "too little, too late" panic button after the next severe water shortage occurs.