

Passing Lane

Commentary on Life in Kentucky

Voters Give Fletcher and Bunning a Reprieve

FOR all the talk of change this election year, Kentucky voters ultimately communicated at the polls that they are eager to keep things status quo. And as we predicted, Nov. 2 was mostly a day not decided by news-making issues like the economy or Iraq. In the end, moral values drove the votes.

Perhaps suggesting that voters are generally satisfied with Gov. Ernie Fletcher's administration, the GOP handily retained control of the state Senate and gained a seat in the House. It seems Kentuckians are willing to give Fletcher and his Republicans more time to continue cleaning up state government.

In Louisville, Democrats retained majority control of the Metro Council. In Lexington, candidates who have opposed the city's

attempts to condemn Kentucky American Water narrowly won a new "pro-water" majority on the Urban County Council in one of the most expensive council races in history. No doubt, the majority of voters in Fayette County are tired of the city's push to take over the company, and they wish political priorities would return to those of the pre-condemnation days.

Even Republican U.S. Senator Jim Bunning, who had lost a substantial amount of ground in the final weeks of his race against Democrat Daniel Mongiardo, managed to squeeze out a win for a second term. There were reservations about Bunning's ability to do the job, to be sure, but not enough to trump that fact that he's a solid republican



Gov. Ernie Fletcher



Sen. Jim Bunning

who promises to continue promoting conservative policies and strong values.

As the political rhetoric settles, Kentuckians have clearly said they are not convinced the state is moving in the wrong direction. To the contrary, they've said our current leaders can continue to do better if only given the chance. Now they've got it.

UK Reopens Administration Building

AFTER being gutted by a fire a few months before Lee Todd became president of the University of Kentucky in 2001, the administration building is back in service and the university's top administrators have returned.

Renovation of the 43,000 s.f. building cost \$17 million. After the internal portions of the fire-damaged building were demolished by contractors, a new steel structure was constructed inside the remaining brick veneer. The original exterior façade of the building was constructed in the early 1900s.

Earth berms around the base of the building were removed to expose

its granite foundation at ground level. A rear door to the building was located during renovation and it was enhanced to make the building easily accessible and inviting to students, visitors and faculty from the campus.



UK Main Building

Corporate Documents Posted on SOS Web Site

SECRETARY of State Trey Grayson is making it easier to review corporate documents of companies required to file with his office in order to conduct business in Kentucky. This new service is time efficient and accelerates the due diligence processes required in finalizing real estate and business transactions. The Web site is www.kysos.com.

Energy Prices Stoke Demand for Kentucky Coal

THE high prices for natural gas and oil have caused the spot price of Kentucky's coal to double in price from a recent low to over \$50 per ton. Unfortunately, much of Kentucky's coal is sold on long-term contracts at rates substantially lower than the spot price. This means Kentucky producers are not necessarily benefiting from higher prices.

The coal industry also needs miners. According to the Bureau of Labor Statistics, current mining employment has declined to about 14,000 in Kentucky – down from around 22,000 workers in the mid-1990s.

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Delta Diverts Landing in U.S. Bankruptcy Court

Delta Air Lines, Kentucky's major provider of air service in Lexington, Louisville and Northern Kentucky / Cincinnati has restructured its worldwide operations. In order to keep out of bankruptcy, major changes include significant salary concessions from its pilots, closing of its Dallas hub, and obtaining financing from American Express.

Delta is a very important component of Kentucky's economy and has provided high-quality air transportation to our region for over half a century. Delta's long-term financial health and vitality is very important to Kentucky's businesses and tourist industry.

Hopefully, Delta will be flying in smoother conditions and blue skies in 2005.



Brown's Pilots Flock to River City

UPS announced that it will be adding 100 pilots in 2005 to accommodate the logistics firm's requirement for crews to man international flights between the U.S. and China.



Most of the new pilots will be based in Louisville. Approximately 1,000 pilots (40 percent of UPS's 2,500 flight personnel) are based in Louisville. Pilots have a starting pay of about \$140,000 and are a significant component in making Louisville's per capita and per household incomes some of the highest in Kentucky.

Market Conditions Help Lower Mortgage Rates

Several market forces are working to keep interest rates on home mortgages near record lows.

Short-term interest rate increases by the Federal Reserve are anti-inflationary and actually are helping to lower long-term mortgage rates.

Many baby-boomers near retirement are seeking risk-averse investments. Their retirement funds are available and being invested in long-term mortgages that pay higher yields than CD's and have less perceived risk than stocks.

U.S. home ownership is approaching 70 percent, and the annual rate of future growth may decline. This trend will make more dollars available to fund fewer new mortgages, which will increase the market pressure for lower loan rates.



Printing Profits, Lexmark Creates Technology Jobs

The global economy is working for Lexmark. The printer manufacturer is earning record profits this year. Outsourcing most of its manufacturing jobs off shore, Lexmark's business plan is to build competitively priced, high-quality printers and to sell highly profitable printer supplies and toners.



At its international headquarters in Lexington, Lexmark focuses on management, marketing, sales, research and technology. The company recently announced that it is adding 100 new engineering jobs in addition to 100 new technology jobs previously announced this year.

Hopefully, Lexmark is demonstrating how other U.S. companies who are successful in international marketing will help create high-paying technology, sales and engineering jobs in America.

Lexmark is the largest private employer in Fayette County.

Sale's for the company's printing solutions for homes and offices in more than 150 countries brought in \$4.8 billion of revenue in 2003 and net income of \$439 million, a 20 percent increase over 2002.

CEO Dad BY T. STERN AND C. DARBYSHIRE

