

INTERIM JOINT COMMITTEE ON ECONOMIC DEVELOPMENT AND WORKFORCE INVESTMENT

Minutes of the 1st Meeting of the 2018 Interim

May 21, 2018

Call to Order and Roll Call

The 1st meeting of the Interim Joint Committee on Economic Development and Workforce Investment was held on Monday, May 21, 2018, at 11:30 AM, in Lexington, Ky. Representative Phillip Pratt, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Representative Phillip Pratt, Co-Chair; Senators Perry B. Clark, Rick Girdler, Denise Harper Angel, Ernie Harris, Stephen Meredith, Reginald Thomas, and Mike Wilson; Representatives McKenzie Cantrell, Daniel Elliott, Al Gentry, Mark Hart, Joni L. Jenkins, James Kay, Kim King, Russ A. Meyer, Jerry T. Miller, Jason Petrie, Steve Riley, Rob Rothenburger, Dean Schamore, Diane St. Onge, Walker Thomas, and Russell Webber.

Guests: Mark Lyons, President of Alltech, Mike Castle, COO of Alltech, and Yvette M. Smith, Executive Director of EEO/Contract Compliance, Finance and Administration Cabinet

LRC Staff: Carla Montgomery and Andrew Manno.

Small Business Programs for Disabled Veterans, Minorities and Women

Yvette M. Smith discussed programs and certifications for small business owners who are service disabled veterans, minorities or women. To be eligible for certification, the following must be true: 1. At least 51% of the business must be owned by the service disabled veteran, minority or woman; 2. The business must meet the size standards of small as determined; 3. The owners must have owned the business for at least 2 years; 4. The business must have been continuously operating for 1 full year; and the business must have filed a Federal tax return consisting of 1 full year either calendar or fiscal year. The Service Disabled Veteran-Owned Small Business (SDVOSB) program is for Kentucky residents and the business must be physically located in KY. The Minority and Women Business Enterprise (MWBE) program requires that the owner is a U.S. citizen or lawfully permanent residents of the U.S.

The applicant must submit an application to the Finance and Administration Cabinet. Veterans who have already been approved by the U.S. Department of Veterans' Affairs will have a streamlined process with minimal required documents and information. The Small Business Certification Committee approves, denies, or defers applications. Approvals are good for 3 years. Denials may be appealed, and deferrals usually require additional information.

Certification may be recognized by other states. The certification is also recognized by the Lexington-Fayette Urban County Government, Kentucky Housing Corporation, Louisville Metro Human Relations Commission, Louisville Water Company, Paducah water Works, and LG&E. In addition, there is free marketing in the Small Business CONECTiON which connects with state purchasing representatives and large businesses.

There are 233 companies in the MWBE program, with 184 companies--employing 3,219 employees--located in Kentucky. There are 23 businesses in the SDVOSB program with 220 employees.

Representative Schamore complimented the program. Representative King was directed to the back of Ms. Smith's business card for relevant websites, and promised information relating to a Jessamine county business in the program. Ms. Smith stated that she would send Representative Thomas all the information on the Women's Roundtable in Madisonville to be held in June. Senator Harris was informed that service businesses in the program included CPAs, caterers, and IT companies.

ALLTECH

The COO of Alltech, Mike Castle, who is from eastern Kentucky, discussed Alltech's operations which includes over 5000 employees and has revenue of \$3 billion. Alltech has operations in 129 countries and 100 manufacturing facilities. The global headquarters are in Jessamine County. Alltech is involved in animal feed business, soil business, and beer and spirits. Alltech has 65 employees in Kentucky. Alltech owns a golf course and a distillery in Pikeville. Alltech has a goal to inspire the next generation by building laboratories in schools.

The Alltech conference's economic impact totals \$11 billion in Lexington. The Alltech conference is also a way to inspire ideas and have start-up companies to connect to Kentucky. Dr. Mark Lyons, the president of Alltech discussed that Alltech is still a privately held company. He discussed the issue of keeping talent in Kentucky. He felt central Kentucky could be the silicon valley of the east. During the conference, the Accelerator partners with Dublin to get 10 companies to pitch their ideas for innovations.

Representative Miller was informed that Alltech is in Iceland. In addition, some European countries do not want GMOs. Alltech works with farming operations with GMO and non GMO. Mike Castle told Senator Wilson that the company works on revitalizing

the soil naturally. Mr. Castle responded to Representative St. Onge that the company worked in China trying to make the water safe for growing rice. Representative Kay complimented Alltech about its conference as well as buying McCauley Feed in Versailles. Representative Meyer complimented Alltech and its commitment to education. Mike Castle informed Representative St. Onge about CRISPR and how extensively it is used.

Senator Thomas complimented Dr. Lyons for the brewery in his district and discussed how improved funding was needed for higher education. Representative Pratt liked the phrase used by Dr. Pierce Lyons, “act like it’s your money.”

Representative Pratt announced a meeting in June and adjourned the meeting.