

AN ACT relating to area development districts.

***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

➔Section 1. KRS 147A.004 is amended to read as follows:

(1) The Department for Local Government shall administer distribution of state and federal planning funds to area development districts and shall require by administrative regulation financial and operational reports, audits, and other controls as are necessary to assure compliance with state and federal laws relating to funds received by the area development districts.

(2) ***(a) No later than January 1, 2016, the Department for Local Government shall prepare a uniform policy and procedure manual for area development districts which shall set forth minimum requirements for bylaws and policies and procedures to be followed by each area development district to provide consistency in the management of these districts.***

***(b) The manual shall include but not be limited to bylaws requirements, personnel requirements, procurement laws, travel reimbursement laws, open meetings laws, open records laws, conflict of interest laws, state and federal mandates, and reporting requirements.***

***(c) The manual shall be distributed to all area development districts with the Department for Local Government providing annual training for staff and board members on the manual.***

**(3)** The Department for Local Government shall promulgate administrative regulations as will assure statewide coordination of the planning and assistance operations of the area development districts.

➔Section 2. KRS 147A.070 is amended to read as follows:

(1) The board of directors in each district may appoint an executive director ***who has been hired from a pool of candidates in accordance with equal employment opportunity standards*** and fix his salary. The executive director shall perform, in

the name of the board, such functions and duties and may exercise such authority of the board as the board may delegate to him.

- (2) The board of directors in each district may elect from its membership an executive committee and delegate to the committee any of the following duties:
- (a) To employ such staff members as may be required for the operations of the district;
  - (b) To manage the financial assets and obligations of the district;
  - (c) To guide the activities of the district between meetings of the board; and
  - (d) To perform such other duties as the board might delegate to it.

**(3) The board and staff employed by the board shall be subject to:**

- (a) State procurement statutes found in KRS Chapter 45A;**
- (b) State travel reimbursement requirements pursuant to KRS 45.101 and administrative regulations promulgated pursuant to that statute;**
- (c) State employee salary and pay limitations found in KRS Chapter 18A and administration regulations promulgated pursuant to that chapter. No bonuses or salary enhancements or adjustments shall be awarded to employees from state or federal moneys;**
- (d) Conflict of interest laws found in KRS 11A.040 and 45A.340;**
- (e) The executive branch ethics code found in KRS Chapter 11A;**
- (f) Protections afforded in KRS 61.102; and**
- (g) Other fiduciary requirements or obligations for state employees.**

➔Section 3. KRS 147A.080 is amended to read as follows:

Each board of directors shall have the power and authority to:

- (1) Adopt and have a common seal and alter the same at pleasure;
- (2) Sue and be sued;
- (3) Adopt bylaws and make **policies and procedures**~~[rules and regulations]~~ for the conduct of its business **in accordance with the requirements set forth by the**

**Department for Local Government and consistent with state and federal statutes and regulations and after the Attorney General has reviewed and approved the bylaws and policies and procedures;**

- (4) Make and enter into all contracts or agreements necessary or incidental to the performance of its duties **in compliance with the procurement statutes of KRS Chapter 45A, including competitive bidding;**
- (5) Provide upon request basic administrative, research, and planning services for any planning and development body located within the district;
- (6) Accept, receive, and administer loans, grants, or other funds or gifts from public and private agencies including the Commonwealth and the federal government for the purpose of carrying out the functions of the district;
- (7) Expend such funds as may be considered by it to be advisable or necessary in the performance of its duties **and in compliance with state and federal statutes and regulations;**
- (8) Acquire, hold as may be necessary and convenient, encumber, or dispose of real and personal property **in compliance with KRS Chapter 56 and administrative regulations of the Finance and Administration Cabinet,** except that no board shall have the power of eminent domain;
- (9) Charge fees, rents, and otherwise charge for services provided by the board **in compliance with state and federal statutes and regulations,** except that no board shall have any power to levy taxes **and no board shall charge more than ten percent (10%) of the amount of administered funds for administrative costs or fees;**
- (10) Enter into interlocal agreements or interstate compacts to the extent authorized by laws of the Commonwealth. An area development district organization shall be deemed a "public agency" as defined by the Interlocal Cooperation Act in KRS Chapter 65;

- (11) **Perform fiscal agent services for an entity but only if the entity has selected the area development district through the competitive bidding process as set forth in the federal or state procurement statutes. The board shall be prohibited from acting as both fiscal agent and provider of services for the same entity;**
- (12) Promote, organize, and advise special districts or other authorities in accordance with laws of the Commonwealth and act as the regional clearinghouse for such programs and projects as prescribed by federal regulation;
- (13)~~(12)~~ Perform such other and further acts as may be necessary to carry out the duties and responsibilities created by KRS 147A.050 to 147A.120.

➔Section 4. KRS 147A.090 is amended to read as follows:

Each district board of directors shall have the power, duty, and authority to:

- (1) Establish such functional advisory committees as may be necessary and advisable. These functional advisory committees shall be organized to meet such guidelines as may be required for federal or state assistance;
- (2) Conduct the necessary research and studies and coordinate and cooperate with all appropriate groups and agencies in order to develop, and adopt and revise, when necessary, a district development plan or series of plans, including, but not limited to, the following districtwide plan elements: goals and objectives; water and sewer; land-use; and open space and recreation. Such plans shall serve as a general guide for public and private actions and decisions to assure the development of public and private property in the most appropriate relationships;
- (3) Prepare annually a report of its activities to the cities and counties within the district, the legislature, and the Governor. The board shall make copies of the report available to members of the public within the district;~~and~~
- (4) Comply with the provisions of KRS 65A.010 to 65A.090 **and send the approved audit and financial statements, made pursuant to KRS 65A.030, to the cities and counties within the district and the Legislative Research Commission;**

- (5) At least once every four (4) years, the Auditor of Public Accounts shall perform an in-depth audit using generally accepted auditing standards and shall:
- (a) Examine financial activity, processes, and procedures, compliance with state and federal statutes and regulations and objectives, and oversight and internal controls of each area development district; and
- (b) Send copies of the audit to the Legislative Research Commission who shall disburse to the chairs of the Interim Joint Committees on Labor and Industry, Local Government, Economic Development, and Education and to Attorney General;
- (6) The board shall provide all financial documents and reports, audits, and costs allocation reports to the governmental entity to which the board is providing a service within three (3) days of a request for such documents by the governmental entity. Failure to provide the documents within three (3) days of the request may result in a withholding of administrative funds by the governmental entity; and
- (7) None of the powers listed in Section 3 of this Act or this section shall be construed to give the board or its staff authority to administer, manage, implement, or directly operate a program.

➔SECTION 5. A NEW SECTION OF KRS CHAPTER 147A IS CREATED TO READ AS FOLLOWS:

No area development district shall serve as both fiscal agent and service provider for an entity. An area development district serving as both fiscal agent and service provider on the effective date of this Act shall, within sixty (60) days of the effective date of this Act, consult with the entity and with local officials to make a determination of the capacity, if any, in which the area development district shall continue. Within sixty (60) days of the determination, the area development district shall terminate one (1) or both capacities pursuant to the terms of any contract constituting the agreement.