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Sexual assault kit backlog being pared down

by Rebecca Hanchett
LRC Public Information

Rep. Robert Benvenuti, R-Lexington, talks to Kentucky State Police Deputy Commissioner William Alexander Payne during the Judiciary Committee's June 3 meeting at the Kentucky State Police Academy in Frankfort. The meeting was followed by a tour of the academy and demonstrations using KSP training equipment.

FRANKFORT—Work to eliminate a backlog of over 3,000 untested sexual assault kits at the Kentucky State Police crime lab has begun, with 299 of the kits mailed out for testing in late May.

A $1.9 million grant from the District Attorney of New York or DANY will cover the cost to test the entire backlog of 3,091 rape kits, plus some, at the cost of $624 per kit, with approximately 299 of the kits sent out for testing each month, KSP Central Forensic Laboratory Manager Laura Sudkamp told the Interim Joint Committee on Judiciary on June 3.

Sorenson Forensics in Utah is under contract to test the backlogged kits, Sudkamp said. Results from the kits mailed out in May are expected within 60 days, she said.

Legislation pushing for a faster turnaround time on sexual assault testing kits was approved by the 2016 General Assembly with the passage of Senate Bill 63, which is now in effect. Sponsored by Sen. Denise Harper Angel, D-Louisville, SB 63 aims to reduce the turnaround time on testing of kits to an average of 90 days by 2018 and 60 days by July 2020, if adequate funds are available. The current turnaround time averages eight months, officials say.

SB 63 also requires that all currently untested kits be submitted to the KSP Forensic lab for testing by Jan. 1, 2017, and requires law enforcement agencies receiving Kentucky Law Enforcement Foundation Program (KLEFP) training funds to have a process in place that notifies sexual assault victims of the testing status of their kit.

Sudkamp said a committee culled from a Sexual Assault Evidence Task Force established under the DANY grant is developing a pilot policy for victim notification "that will be utilized with the DANY kits."

Sen. Danny Carroll, R-Paducah, clarified that victim notification under SB 63 must be in the interest of the investigation. The bill allows notification to be delayed, for example, until a suspect is apprehended by police or until a Commonwealth's Attorney consents to notification. Sudkamp said those qualifiers will be part of any final policy.

At the same time, the KSP Forensic lab is adding forensic biologists and increasing its supervisory staff to beef up testing of new kits and address lab testing in three key areas: crimes against persons (including violent crimes), property crime and serology screening—or screening of blood serum and other body fluids in relation to a crime scene.

"Right now we are actively starting to work more cases than we get in," said Sudkamp.

Praising SB 63 and its progress at the meeting was Rep. Joni Jenkins, D-Shively, who has worked as an advocate for domestic violence victims.

"This is going to affect so many lives. Over 3,000 victims are being given a chance at justice, and I think that's really great," said Jenkins.

Proposed midwifery legislation reviewed

by Jim Hannah
LRC Public Information

Interim Joint Committee on Licensing and Occupations Co-Chair Rep. Dennis Keene, D-Wilder, fields questions during the June 10 meeting in Frankfort.

FRANKFORT – Details of a proposed law to license midwives in Kentucky were recently delivered to a panel of lawmakers.

"Unless you know someone who has had a home birth in recent times, you may not have a clear image of what that entails," May Kathryn DeLodder, director of the Kentucky Home Birth Coalition, said at the June 10 meeting of the Interim Joint Committee on Licensing and Occupations. "You might even have some questions or misconceptions about it."

She said the coalition wants Kentucky to certify midwives who are not registered nurses but have completed education and training by the North American Registry of Midwives, known as NARM.

"Currently homebirth in our state is an underground marketplace," DeLodder said. "If you want to find a midwife, you have to know someone to ask or where to look. You can't call a respected health entity and ask for a list of vetted professionals. You have to rely on word of mouth."

She said a second type of midwives, registered nurses who have gone on to complete graduate-level education specializing in midwifery, are already recognized in all 50 states. There are 87 of these types of midwives in Kentucky, but DeLodder said they only practice in 34 of Kentucky 120 counties and only four attend births outside hospitals.

Sen. Tom Buford, R-Nicholasville, said similar legislation has been introduced during three prior sessions. He said it has failed to become law because of a "turf battle" among health-care providers.

Senate Majority Floor Leader Damon Thayer, R-Georgetown, said Senate leaders are committed to having the proposed law introduced for a fourth time.

"I know that you all were discouraged your bill didn't get passed into law this past session, but I want to tell you publically what I told you in private: Don't get discouraged," Damon said. "Most times it takes a couple of sessions for new ideas like this to become law."

Sen. John Schickel, R-Union, he was supportive of the proposed legislation. He challenged all interested parties to "come to the table" and work out their difference before the start of the next session in January.

"Now is the time to talk," he said.

Rep. Susan Westrom, D-Lexington, thanked DeLodder and other mothers for attending the hearing.

Senate Majority Whip Jimmy Higdon, R-Lebanon, at left, talks with Rep. Sal Santoro, R-Florence, before the start ot the June 10 meeting of the Interim Joint Committee on Licensing and Occupations.

"You guys are really our continuing education," Westrom said. "That is why it is so critically important to hear your testimony and learn more about you. I appreciate your time. I know the efforts of all these families to get here today may not have been easy but we are very grateful for that."

Bourbon brings demand for wood, panel told

by Rebecca Hanchett
LRC Public Information

Rep. Jill York, R-Grayson, at left, questions those testifying on the value of Kentucky forestry resources before the Interim Joint Committee on Natural Resources and Environmental on June 2. Below: Rep. Lewis Nicholls, D-Greenup (at left) and Rep. Chuck Tackett, D-Georgetown, speak after the June 2 meeting.

FRANKFORT—Stacked inside warehouses around Kentucky are millions of bourbon barrels. The name of the distillery stamped on the casks differs from warehouse to warehouse, as does the aging whiskey inside.

But each barrel has at least one thing in common: the type of wood it is made from.

Kentucky is a leading producer of white oak, which is the second fastest growing hardwood resource in the country, the panel was told.

That wood is white oak, a water-tight wood distilleries need and federal law requires to age bourbon. But there is not enough white oak to meet demand, say bourbon industry representatives who testified before the Interim Joint Committee on Natural Resources and Environment on June 2.

"We need forests the size of Rhode Island populated with white oak just for our use," said Jason Underwood with Sazerac, the parent company of Buffalo Trace and Barton 1792. Underwood said his company's demand for white oak has reached "crisis" proportions as Buffalo Trace and the company's other distilleries ramp up bourbon production each year.

"Just for Buffalo Trace… I can't tell you how many barrels we'll put into storage next year but it's in the multiple hundreds of thousands. We project in the next 20 years 15 percent growth every year in our bourbon production," said Underwood.

Other distilleries are also likely feeling the weight of the oak issue as bourbon production records continue to be broken. The Kentucky Distillers' Association (KDA) says over 1.8 million barrels were filled with Kentucky bourbon just last year, breaking records dating back 49 years.

At least Kentucky bourbon's distilleries are close to the source of the wood they need. Kentucky is a leading producer of white oak, which is the second fastest growing hardwood resource in the country, according to committee testimony from worldwide cooperage leader Independent Stave Company. The company has two plants in Kentucky employing nearly 500 full time workers and will open another facility in Benton in 2017 employing another 40 full time workers.

But fast-growing can be a relative term in the forest where, University of Kentucky forester Dr. Jeffery Stringer said, it can take up to 75 years for white oak saplings to mature. Stringer said there is a "bottleneck" of forest growth that has led to an overgrowth of large white oak at the expense of white oak seedlings and saplings. That overgrowth of large oak can be good in the short term but not necessarily the long term, Stringer explained.

To improve medium to long-term supplies, Stringer said that foresters must do more to educate landowners on the importance of timber harvesting and other techniques that make room for new trees to grow.

"That (growth) can and does work with good forest management," said Stringer.

Rep. Jill York, R-Grayson, asked Stringer

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Lawmakers briefed on state of Kentucky veterans

by Jim Hannah
LRC Public Information

FRANKFORT – Lawmakers inquired about the escalating rates of military suicides across the nation during a briefing by the new commissioner of the Kentucky Department of Veterans Affairs.

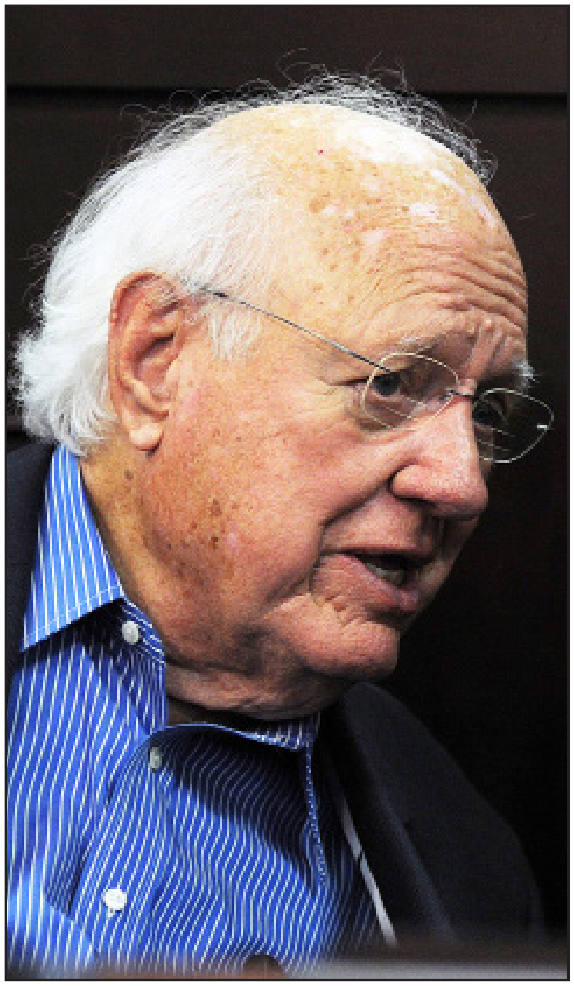
Retired Brigadier General Norman Arflack, who took the helm of the department on April 1, said he is committed to marshalling state resources in addition to working with U.S. Department of Veterans Affairs and nonprofits to address the issue.

"As a veteran myself – my father is a World War II veteran and my son is actively serving now – I have a vested interest in the success of this department," Arflack said during the June 9 meeting of the Interim Joint Committee on Veterans, Military Affairs and Public Protection. "I commit to you to continue the good things that have gone on to this point to ensure we will have a department we can all be proud of."

Rep. Martha Jane King, D-Lewisburg, called the suicide rates among military personnel "dismal" and suggested that the committee could hold a hearing to focus solely on the issue.

Rep. Tom Burch, D-Louisville, who fought in the Korean War, speculated that modern warfare was taking a greater toll on troops.

The Army's suicide rate for active-duty soldiers averaged nearly 11-per-100-000 from Sept. 11, 2001, until shortly after the Iraq invasion in 2004, according to recent media reports that were referenced during the meeting. That rate more than doubled over the next five years, and, with the exception of a spike in 2012, has remained largely constant at 24-to-25-per-100,000, roughly 20 percent to 25 percent higher than a civilian population of the same age and gender makeup as the military.



Senate Minority Whip Julian Carroll, D-Frankfort, asks a question during the June 9 meeting of the Interim Joint Committee on Veterans, Military Affairs and Public Protection.

Rep. Linda Belcher, D-Shepherdsville, said nonprofit initiatives could help reduce the suicide rates.

In other news, Arflack said Kentucky's three veteran's nursing homes are "alive, well and functional." He said he has a vested personal interest in those nursing homes because his father was cared for at the Thomas-Hood Veterans Center in Wilmore.

"Our nursing homes set the standard, not only in the commonwealth of Kentucky, but … also across the nation," Arflack said. "They look at us … for the right way to do business. It is an honor to have such an outstanding group of people in those homes."

He said the department is in the "closing stages" in opening up a home in Radcliff. He said they hoped to have construction completed by June but it was moved to July 11.

"It is an honor to serve in this position, but I'm also very fortunate to assume the role of commissioner in a department that is as functional as the one we have here in the state of Kentucky," Arflack said.

He said his predecessor, Heather French Henry, has stayed on as deputy commission.

"She has done a great deal to furthering the cause of veterans in the commonwealth of Kentucky," Arflack said.

Senate Minority Whip Julian M. Carroll, D-Frankfort, commended Arflack for his appointment.

"I have all the confidence in the world you will be a great commissioner," Carroll said. "I also want to commend you on keeping Heather French Henry around because she has obviously been a tremendous help in keeping veterans affairs before us and I know … you will be doing the same."

Bourbon barrels,

from page 3

how the state is educating private landowners about the overall value of white oak on their property. He said it can be a struggle to reach them – there are over 100,000 private landowners with over 10 acres of forest or more—but that the state Division of Forestry "responds to anybody who asks and requests help."

Another solution to keeping white oak sustainable is to have more logging in the national forests, says Underwood. He said the timber in the Daniel Boone National Forest is often left unlogged although, he said, national forests are supposed to be working forests and "are being treated like national parks" with millions fewer logs being harvested than federal regulation allows.

"When they do log, they are often logging areas that are not necessarily the best for business purposes" which leaves low-grade white oak for the bourbon industry, said Underwood.

To get the best white oak—according to Justin Nichols, a log procurement manager with Independent Stave who also testified before the committee—sunlight must reach the forest floor to nurture tree seedlings and saplings. And getting sunlight to the forest floor requires logging to push back the dense canopy of tall trees so new trees can grow, he explained.

"Forests need to be actively managed in order to thrive...," Nichols said.

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Committee Meetings

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INTERIM JOINT COMMITTEE ON JUDICIARY

Minutes of the 1st Meeting of the 2016 Interim

June 3, 2016

Call to Order and Roll Call

The 1st meeting of the Interim Joint Committee on Judiciary was held on Friday, June 3, 2016, at 10:00 AM, at the Kentucky State Police Academy in Frankfort, KY. Representative Darryl T. Owens, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Whitney Westerfield, Co-Chair; Representative Darryl T. Owens, Co-Chair; Senators Danny Carroll, Perry B. Clark, Carroll Gibson, Ray S. Jones II, Alice Forgy Kerr, John Schickel, Wil Schroder, Dan “Malano” Seum, and Robin L. Webb; Representatives Robert Benvenuti III, Joseph M. Fischer, Jim Gooch Jr., Chris Harris, Joni L. Jenkins, Thomas Kerr, Mary Lou Marzian, Reginald Meeks, Suzanne Miles, Lewis Nicholls, Tom Riner, Ken Upchurch, and Brent Yonts.

Guests: Laura Sudkamp, Central Forensic Laboratory Manager; Mark Bolton, Director of the Louisville Metro Department of Corrections; Steve Durham, Assistant Director of the Louisville Metro Department of Corrections; District Court Judge Stephanie Burke; Richard W. Sanders, Commissioner of the Kentucky State Police; and Alex Payne, Deputy Commissioner of the Kentucky State Police.

LRC Staff: Katie Comstock, Dallas Hurley, Alice Lyon, Chandani Kemper, Matt Trebelhorn, and Elishea Schweickart.

Implementation of Senate Bill 63

Laura Sudkamp, Kentucky State Police (KSP) Central Forensic Laboratory Manager, presented an update on the implementation of Senate Bill 63. The District Attorney of New York provided funding through a DANY grant which allowed the KSP laboratory to outsource sexual assault kits to be processed. The outsource contract went to Sorenson Forensics. Although it has taken some time, the first 299 kits were mailed on May 24, 2016. The processing cost per kit is $624.00. The $1,973,400 of DANY grant funds will cover 3,162 kits. Ms. Sudkamp stated that KSP hopes to have results in 60 days.

Ms. Sudkamp spoke on what would happen if a case that has been outsourced goes to trial. The KSP laboratory will first try to pull the case back and rework it in the laboratory. If this is not possible and Sorenson Forensics is required to testify, it will cost the state:

$100/hour for Pretrial Depositions; and

$800/day per person for Witness Testimony with a maximum of $2,400/day if three or more are required to testify. H

However, Sorenson Forensics will be required to pay its own travel cost.

Ms. Sudkamp talked about the merging of DANY and Senate Bill 63 and the different requirements of both. DANY requires a multidisciplinary team that looks into making statewide policies for investigations and notifications that are victim centered. A Sexual Assault Evidence Task Force has been set up and met three times to begin working on pilot policies. A Sexual Assault Response Team Advisory Committee (SART-AC) has been created and taken on most of the directive from Senate Bill 63, which includes a process for victim notifications. Membership for SART-AC is listed in KRS 403.707. Because both Senate Bill 63 and DANY have some similar requirements, a subgroup of members from the DANY based task force and SART-AC has been created.

Another requirement of Senate Bill 63 is DNA expansion, which was funded through the legislature. To achieve this, an additional 10 forensic biologists have been added to the team. This will increase the size of the DNA section of the KSP laboratory to over 30 analysts. The DNA section is being split into three subgroups:

Crimes Against Persons;
Property Crimes; and
Serology Screenings.

This will allow the DNA section of the KSP laboratory to run smoother and be more efficient. Ms. Sudkamp stated that the laboratory hopes to eventually hire several evidence technicians.

Responding to a question from Senator Westerfield, Ms. Sudkamp stated that expansion funding was specific to DNA.

The KSP laboratory has already purchased $1.1 million in laboratory equipment. To expand and allow space for the new equipment coming in, along with more workspace for the DNA section, the laboratory is having to go through some changes. The photo lab is being relocated to a different area of the laboratory and the breath alcohol section is being completely removed from the facility. By expanding in this manner, the KSP laboratory can continue to work without having to completely stop to move to a new facility.

Responding to a question from Representative Owens, Ms. Sudkamp stated that all of the backlogged sexual assault kits will be outsourced while the laboratory continues to work on the existing kits. Besides the initial slow down due to changes within the laboratory, the turnover time for incoming cases is not expected to be affected.

Responding to a question from Senator Westerfield, Ms. Sudkamp stated that the KSP laboratory will send 300 kits a month to Sorenson Forensics, which must then return results within 60 days.

Responding to a question from Senator Carroll, Ms. Sudkamp stated that Sorenson Forensics is the only vender the laboratory is using.

Responding to a question from Senator Webb, Ms. Sudkamp stated that the Sexual Assault Evidence Task Force was made up of herself, prosecutors, victim advocates, hospital representatives, and law enforcement representatives. Responding to a follow-up question from Senator Webb, Ms. Sudkamp stated that the Toxicology division within the laboratory has improved. She hopes to make even more improvements in the coming months, but to get the new equipment into the field will cost about $1.2 million.

Responding to a question from Representative Yonts, Ms. Sudkamp stated that if there is a positive finding on a sexual assault kit, KSP will notify the investigating agency, the county prosecutor, and victim advocates. The victim will also be notified about the case by phone call, and a face-to-face meeting will be set up with a victim advocate.

Responding to a question from Senator Clark, Ms. Sudkamp stated that the District Attorney of New York obtained the money for the DANY grant through a large settlement.

Opioid Problems in the Jails

Mark Bolton, Director of the Louisville Metro Department of Corrections, Steve Durham, Assistant Director of the Louisville Metro Department of Corrections, and District Court Judge Stephanie Burke testified.

Louisville has the largest jail system in the Commonwealth. In 2015, about 32,000 people were booked, yet there are only 17,093 beds in jail inventory. Mr. Bolton stated that this results in always having more inmates than beds available. The yearly budget for the Louisville Metro Department of Corrections is about $57 million per year, and it costs about $70.00 per day on average for a jail bed.

Mr. Bolton stated that one of the greatest challenges is the influx of opioid users coming into the jails. This can present a particularly bad situation if these individuals are not speaking to the police because:

* The jails may or may not know that an individual has recently used;

* The jails may or may not know if an individual is in the process of overdosing;

* The jails may or may not know if an individual is in the process of detoxing.

Not only is this a health risk for inmates coming into the jails, but it is also a large healthcare cost for the jails. The healthcare contract for the Louisville Metro Department of Corrections is about $10 million per year, a majority of the healthcare cost is driven by opioid addiction. Mr. Bolton stated that, on any given date, the Louisville Metro Department of Corrections is actively detoxing up to 120 people. Most inmates who are in the process of detoxing are heroin users. The Louisville Metro Department of Corrections is running the largest detox program in the region. Because of costs, challenges, and medical care demands, this epidemic is a true crisis.

Mr. Bolton spoke about the different ways opioid and heroin addicted inmates are handled. An inmate thought to be overdosing is sent to a hospital for healthcare. About 70 individuals are sent to the ER monthly from Louisville Metro Department of Corrections. An inmate who is detoxing is placed on the jail's medical floor, which costs about $230 per day.

Mr. Bolton explained concerns regarding those who were receiving detox treatment. A person put in jail for a minor offense will start the detox process, but because of the short amount of time of detention, the person is released before finishing the process. Many in this population return to the system on more serious offenses as they get further in the cycle of addiction or may eventually lose their life due to the addiction. It is difficult for those who were able to start the detox process in the jail to finish once released because treatment programs are so difficult to get into. In Jefferson County, there are only 24 male and 24 female community beds; these are the only beds that do not require insurance for those seeking drug treatment. To try to help these individuals, the jail has operates a 12-step treatment program for those who will be incarcerated for the needed amount of time. Louisville Metro Department of Corrections has 45 treatment beds for these individuals and has begun to use Vivitrol when needed.

Mr. Durham spoke briefly about a Pay for Success program in which money is contributed as a loan to a social problem where funds are lacking. Once the program is running efficiently, the government pays the money back. Louisville Metro Department of Corrections is looking for re reductions in the number of repeat offenders and days spent inside the jail. A study determined that the Louisville Metro Department of Corrections contains the needed elements to make this program work and has community support, and many inmates have agreed to partake in this program since their treatment cost will be covered. Louisville Metro Department of Corrections is working on the finer details needed to begin, such as treatment provider options and measurement for results, but hopes to make this a bigger project soon.

Judge Burke spoke about the heroin crisis. She said that "incarceration is not a solution to addiction" and asked the committee to carefully consider where money is budgeted. Many people who come through the court are not actually there on drug related charges but charges like theft. To protect the community against these crimes, the drug addiction crisis must be addressed. Defendants who acquire treatment do not reoffend. The best way to reduce the jail population when it comes to addicts is to provide sober housing. Many of the individuals are homeless or do not have stable housing. Providing addicts with sober housing improves their quality of life and lowers the chance of reoffending.

Judge Burke stressed the need for recovery support, which is the biggest and best solution to treating addiction. Recovery support includes counseling, support networks, and monitoring. Judge Burke stated that there are options for recovery support through drug court, but that they are being overlooked. This year, when funds were provided for heroin rocket dockets, was a wonderful start but there was no direction for a spending plan. There needs to be a better collaboration between the Justice partners and the legislature.

Drug court also has the means to provide defendants with treatment. This includes inpatient and outpatient treatment on various levels. Judge Burke stated that despite having access to treatment for those who need it, there are zero funds provided from the Commonwealth. This has caused those who work with the drug courts to go to great lengths to get the funds needed. By feeding money into drug courts and the heroin rocket dockets, the legislature will be able to utilize existing resources.

Judge Burke discussed Casey's Law and her support for it. She stated that while it is a good preemptive strike against the drug crisis in Kentucky, there is very little public awareness of the law. Judge Burke suggested that an effort should be made to let the public know about Casey's Law and how to utilize it. She also suggested that the statute needs to be reexamined and tweaked to clear up some constitutional issues and improve its effectiveness.

Responding to a question from Senator

Schroder, Mr. Bolton stated the Louisville Metro Department of Corrections started tracking recidivism in 2012. LMDC plans to begin tracking the correlation between former inmates and drug overdose deaths soon. Judge Burke stated that a significant amount of individuals who do not graduate the drug court program do not reoffend, and a large number of actual reoffenders who did not graduate only have minor offenses.

Responding to a question from Senator Carroll, Mr. Bolton stated that the jail's pregnant inmates who are opioid addicts are kept in the medical unit. An inmate going through withdrawal symptoms is placed on low level opioid-based drugs to help get through the withdrawal period. He hopes the Louisville Metro Department of Corrections will soon become a Methadone site to further help situations like this.

Responding to questions from Representative Nicholls, Judge Burke stated that her drug court program is not full and could take roughly 75 more participants. Responding to a follow up from Representative Nicholls, Judge Burke stated that her court is using the "Enough is Enough" program to help the highest risk inmates. She believes it is more cost effective to enroll more participants into drug court, because they have the resources, than hold them in jail. Judge Burke stated that she believed a reentry drug court would be beneficial to Kentucky if it were to be implemented.

Responding to a question from Senator Clark, Mr. Bolton stated that there has been research on the success rate of 12-step treatment programs, and results are show that not every program is "one size fits all." Representative Nicholls stated that the 12-step process is not the total fix, but a treatment program must use several treatment options together. These options include a 12-step program, Vivitrol use, and recovery support. If all treatment options are utilized together, there is a greater chance of success for an addict.

Kentucky State Police Issues and Concerns

Kentucky State Police (KSP) Commissioner Rick Sanders and KSP Deputy Commissioner Alex Payne testified. Commissioner Sanders has worked in law enforcement for 40 years. Commissioner Sanders started his career in Jefferson County until 1983 when he became a US Drug Enforcement (DEA) agent. He retired as the Assistant Director for DEA in 2007. Upon retiring from the DEA, Commissioner Sanders became the police chief for Jeffersontown, and held this position until he accepted the position as KSP Commissioner. Deputy Commissioner Payne retired as a KSP Sergeant before returning to work with Commissioner Sanders. Commissioner Sanders stated that, while Deputy Commissioner Payne's role is to run day-to-day operations, his role is get KSP the tools needed to for all troopers to do their jobs.

This year KSP troopers received its biggest pay raise. The troopers were placed on a progressive pay scale for the first time in history. KSP is authorized to have 1,070 troopers, but currently there are only 860. Commissioner Sanders stated this was because KSP pay and benefits are not competitive, but he hopes the pay raise troopers just received will help recruit and retain. Although the troopers received a pay raise, there is still a desperate need for pay raises for other departments within KSP.

The KSP training facility that is located in Frankfort is about 350 acres and is where a trooper begins his or her career. There are four divisions within the KSP: Operations Division, Commercial Vehicle Enforcement Division, Administrative Division, and the Technical Support Division. Commissioner Sanders would like to eventually see the KSP headquarters located in the same area as the training facility.

Commissioner Sanders also mentioned the Commercial Vehicle Enforcement (CVE) Officers, which is critically important to KSP. He plans to integrate CVE officers so that they are no longer considered the "outside people" by providing new uniforms and getting pay and benefits that they deserve. Last year, CVE officers completed 58,000 inspections of trucks and commercial vehicles. CVE officers also cover weigh stations throughout Kentucky, which poses a challenge because there are often not enough CVE officers to manage them all. It is a revenue loss to not have those weigh stations covered.

Commissioner Sanders stated that it is critically important to target the drug cartels, those who are bringing the drugs into the country to sale on the streets. He said that drug addiction needs to be recognized as a disease. Drug addicts need to be treated before entering the criminal justice system. He discussed the Angel Initiative that he started with the help of Van Ingram, and several others, in Jeffersontown. The Angel Initiative allows drug addicts to go to a police station to ask for help and dispose of their heroin without fear of arrest. Overall, the job of the police is to save lives.

Lab personal and dispatchers are critical to KSP. Commissioner Sanders stated that he hopes to get them the pay and benefits they deserve in order to retain them.

The radio systems are old and scheduled to die in 2018. The cost of replacing this system will be extremely high but must be done soon. Replacing this radio system is critical considering that KSP also dispatches for Probation and Parole, Fish and Wildlife, and 21 other community partners.

Responding to a question from Senator Carroll, Commissioner Sanders stated that KSP has completed cost analysis for each agency for which it dispatches in order to receive the appropriate pay. He hopes KSP can partner with others to afford the monumental cost of the new radio system. John Tilley, Secretary of the Justice and Public Safety, asked the committee to contact their county mayors and judges and send them to the Justice and Public Safety Cabinet so that they can discuss the radio situation.

Responding to a question from Senator Webb, Secretary Tilley stated that KSP will need to begin working to get the new radio system by the next budget cycle since the system will be dead in 2018.

Responding to question from Representative Jenkins, Commissioner Sanders stated that state troopers do not carry Narcon, but he believes they should. Responding to a follow up question from Representative Jenkins, Commission Sanders stated they do not carry it due to their low budget, but it is something they are looking into further.

Responding to a comment from Senator Westerfield, Commissioner Sanders stated the turnover rate for the KSP is 32 percent. It can take up to two years to train replacements. This is a stressful situation that can be helped with pay and benefit increases.

Responding to a question from Senator Clark, Commissioner Sanders stated that he did believe that officers are being targeted.

There being no further business, the meeting adjourned at 1:51 PM.

INTERIM JOINT COMMITTEE ON TRANSPORTATION

Minutes of the 1st Meeting of the 2016 Interim

June 7, 2016

Call to Order and Roll Call

The 1st meeting of the Interim Joint Committee on Transportation was held on Tuesday, June 7, 2016, at 1:00 PM, in Room 149 of the Capitol Annex. Representative Hubert Collins, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Ernie Harris, Co-Chair; Representative Hubert Collins, Co-Chair; Senators Joe Bowen, C.B. Embry Jr., Jimmy Higdon, Gerald A. Neal, Dorsey Ridley, Albert Robinson, Brandon Smith, Whitney Westerfield, and Mike Wilson; Representatives Leslie Combs, Tim Couch, Donna Mayfield, Tom McKee, Russ A. Meyer, Charles Miller, Jerry T. Miller, Terry Mills, Rick G. Nelson, Marie Rader, Steve Riggs, Sal Santoro, John Short, Arnold Simpson, Diane

St. Onge, Fitz Steele, Jim Stewart III, Tommy Turner, and David Watkins.

Guests: Greg Thomas, Secretary, Kentucky Transportation Cabinet (KYTC); Andy Barber, Deputy State Highway Engineer, Project Delivery and Preservation, KYTC; and Megan McLain, Staff Attorney Manager, Assistant General Counsel, KYTC.

LRC Staff: John Snyder, Brandon White, Dana Fugazzi, and Christina Williams.

Introduction of the Transportation Cabinet Secretary and key executive staff

Greg Thomas, Secretary, KYTC introduced himself and several key executive staff of the Cabinet including; Asa Swan, Chief of Staff, Office of the Secretary; Samantha Davis, Legislative Liaison; Steve Parker, Commissioner, Department of Aviation; Robin Brewer, Executive Director, Office of Budget and Fiscal Management; Jessica Castenir, Deputy Executive Director, Budget and Fiscal Management; Patty Dunaway, State Highway Engineer; Andy Barber, Deputy State Highway Engineer, Project Delivery and Preservation; Paul Looney, Deputy State Highway Engineer, Project Development; David Martin, Commissioner, Rural and Municipal Aid; Gary Reece; Deputy Commissioner, Rural and Municipal Aid; John Mark Hack, Commissioner, Department of Vehicle Regulation; Ben McKown, Executive Director, Office of Inspector General, Kevin Moore, Executive Director, Legal Services, Ryan Watts, Executive Director, Office of Public Affairs, and Gray Tomblyn, Executive Director, Office of Support Services.

Implementation of Legislation from the 2016 Regular Session and Kentucky's "Pause 50" plan

Secretary Thomas explained the "Pause-50" approach, which is KYTC's plan to preserve and shore up the Road Fund cash balance by halting all new state-funded projects in phases for the first year of the biennium; and in the second year, aim for a goal of $50 million to allocate on state-funded project starts. The pause in adding new state-funded projects for the first year will not apply to statewide resurfacing, which is funded at $125 million per year. The $50 million allocated on state-funded project starts could be higher or lower depending on the flow of revenue in FY 2017-2018.

The net Road Fund cash balance is anticipated to drop well below $100 million in the summer of 2016. The Road Fund cash is typically at its lowest point anywhere from the second to third week of the month because over half of Road Fund revenues are deposited in the last few days of the month. The cabinet refers to this as the "low day." Normally, the cash balance builds from January to May. Conversely, the cash balance typically declines from June to December due to construction season. End of month cash balances have dropped significantly over the last year. The ending net cash balance for January 2015 was $457 million, and the ending net cash balance for January 2016 was $240 million.

Secretary Thomas stated if the cabinet continues the "business as usual" approach, it is anticipated that there will be a negative cash balance on the low days of August, September, and October of 2016, as well as an even more alarming negative balance in August 2017. A negative cash balance compromises the cabinet's ability to meet current financial obligations, as well as the letting of state road projects over the next biennium. The last time the cash balance neared zero was in 2004 when it hit $30 million.

Secretary Thomas stated the current level of spending is unsustainable and state spending has greatly exceeded revenues since fiscal year (FY) 2014. Road Fund revenues totaled $4.537 billion over FY 2014-16. Over the same period, expenses totaled $5.035 billion, exceeding revenues by $498 million. One contributing factor is the decline of 6.5 cents per gallon in the motor fuels tax in FY 2015. As a result, Road Fund revenues over FY 2015-16 period are anticipated to be $152 million less than FY 2014 revenues. The motor fuels tax is currently at the statutory floor of 24.6 cents per gallon for FY 2016, and it is expected to remain at the statutory floor for FY 2017 and FY 2018. The second factor is state construction spending of more than $1 billion over the last 3 years and increased maintenance spending over the last 2 years. Maintenance costs for FY 2016 is projected to be $401.8 million, $63 million over budget. The third factor is the unspent but obligated balance of state projects at the end of FY 2016, which adds up to approximately $1 billion compared to $506.6 million at the end of FY 2012.

Secretary Thomas stated the cabinet will continue with the following initiatives; ongoing commitments to mega projects including I-69 improvements, Mountain Parkway, U.S. 68/KY 80 roadway improvements and the Louisville bridges project. Federal funding levels are sustainable (about $700 million per year). The cabinet will proceed on new federally-funded projects including the widening of I-75 in Rockcastle County, a new I-65 interchange in Bullitt County and upgrading the William H. Natcher Parkway to interstate standards in order to establish the "I-165" Spur Route between Bowling Green and Owensboro. Local county and city governments will continue to utilize the Flex Fund and Bridge Replacement programs.

Secretary Thomas stated the Federal Highway Administration (FHWA) has eliminated approximately $650 million of toll credits that Kentucky had "banked." Toll credits cannot be used as cash but can be used for the state match on federal projects. The Federal Highway Administration disagreed with the way the state calculated these credits. The cabinet has assumed that any project that would qualify for federal dollars, where state dollars were invested could qualify as a toll credit. The Federal Highway Administration stated no, it has to be state money spent on tolling projects, so as of December 15 that state will have only the toll credits that are coming with the Ohio River Bridges Project. The cabinet estimates that to take us through the 2020 time frame. There will be approximately $40 million in 2020 required for state match of federal projects and then the number goes to $100 million a year of required state funds to match federal dollars.

In response to a request made by Representative Combs, Secretary Thomas stated a list of the $145 million in halted projects that are in the pre-construction phase will be provided to the committee. The cabinet intends to use $125 million for resurfacing purposes, however, there is some room for flexibility for the use of the $125 million.

In response to a question asked by Senator Bowen concerning the continuing of funding, Secretary Thomas stated that current projects in the pipeline that have all of the pre-construction phases completed will still move forward.

In response to a question asked by Representative Short concerning salary levels for state highway employees, Secretary Thomas stated there is a salary study projected for completion by late fall of 2016. In response to a second question asked by Representative Short, Secretary Thomas stated the completion of the Mountain Parkway will be a priority.

In response to a question by Senator Ridley, Secretary Thomas stated the "Pause-50" plan is not an attempted rainy day fund. Instead, the cabinet views it as a way to stop the Road Fund decline trend in order to shore up the Road Fund and make it sustainable.

In response to a question asked by Representative Jerry Miller, Secretary Thomas stated the cabinet has calculated toll credits as they always have, however, FHWA has decided the toll credits are no longer valid.

Representative Mills stated he is happy to see a salary study for state highway employees being considered. Senator Higdon echoed his comments and encouraged the cabinet to seek out inefficiencies within each department.

Senator Westerfield emphasized the "Pause-50" plan is a needed step in order to shore up the Road Fund.

In response to a question asked by Representative St. Onge, Secretary Thomas stated the money allocated to the maintenance fund is intact.

Representative Combs cautioned the cabinet to be vigilant about where the cuts are made and where projects are halted. Some areas of the state cannot take anymore cutting, loss of jobs, or halted projects.

In response to a question asked by Representative Riggs, Secretary Thomas stated more modified approaches were considered, however this approach was chosen to be the path to shore up the Road Fund.

In response to a question asked by Senator Ridley, Secretary Thomas stated he was not suspending these projects for a year and then flowing in the $50 million a year into the system. The plan is to start with $50 million and then round up to around $150 million to $160 million in state contracting per year.

Chairman Harris stated when he was first elected, the SP (state) program was fairly balanced, and Governor Paul Patton proposed a 7 cent tax increase that would have resulted in an additional $210 million in annual revenue. Then the legislature started increasing the SP program, which became very large. There were a couple of bond pools done so that we were flushed with everything. Therefore, where the program used to be balanced, it became more out of balance because of the input from the legislature. Then after the General Assembly increased the SP program, they did not adopt the 7 cent tax increase, which contributed to the problem. Secretary Thomas has confirmed because the toll credits are going away, it will require Kentucky to take more money and devote it to federal projects. So the $1.3 billion in projects that is in the SPP account now is going to be further challenged as we get ready to look at two biennial budget cycles from now. It is now a landscape where, if adding a state project to the plan, something should be taken out. He added he agreed with the cabinet's plan to manage cash flow.

In response to a summary request from Chairman Harris concerning FAST LANE and TIGER grants, Secretary Thomas stated there are three total FAST LANE grants that have been applied for including one in northern Kentucky on I-75, one in Rockcastle County, and lastly one on I-71 at the Gene Snyder Freeway North. There are also three TIGER grants, one in Lexington at the Newtown Pike extension, one on the I -65 Bullitt Co. interchange, and the last one on 1-64 at the Gene Snyder Freeway. There are six total but there has been no response on the grants currently. Chairman Harris added if the grants are rewarded that would free up money to be spent elsewhere.

In response to a question from Chairman Collins regarding project lettings being delayed, Secretary Thomas stated the cabinet has paid approximately $6 million over the past year in delayed claims because utilities have not been moved. Coming from a utilities background, he does not know why the cabinet would let a project if the utilities are not clear. Some efficiency improvements are being done on that in terms of how the delays are approached.

Megan McLain, Staff Attorney Manager, Assistant General Counsel, KYTC, stated the P3 legislation (Public, Private, Partnerships) has passed and the cabinet is working with the Finance Cabinet to pass the regulations that are needed to set up the P3 procurement process and make sure those are evaluated fairly and efficiently.

Update on the Louisville Bridges Project and finalized toll schedule

Andy Barber, Deputy State Highway Engineer, Project Delivery and Preservation and Project Manager for the Louisville Bridges Project stated in regards to the downtown crossing, the project is on budget, on schedule and should meet the December 2016 deadline. Since the committee was last updated, the Lincoln Bridge has been opened, which ultimately will be six lanes northbound. The Kennedy Bridge will be six lanes southbound. Work is continuing on the Kennedy Bridge. The entire project is approximately 90% complete. The improvements on the west side of the Kennedy Bridge are also nearly complete. Now that traffic is on the Lincoln Bridge rehabilitation of the deck and some of the floor system on the Kennedy Bridge ($22 million in improvements) has begun. The project website has pictures showing the public any updates that are taking place.

The Story Avenue ramp has been returned to its previous function prior to project start. Now they are going to open up a flyover that will stop the weaving over three lanes of traffic by having dedicated access to I-65 and dedicated access to I-64. In Jeffersonville, 6th Street will open to traffic later in the summer of 2016 and then southbound traffic will return to the Kennedy Bridge restoring that movement from southbound I-65 to eastbound I-64 and northbound I-71. Mr. Barber stated he is very pleased at how this project has progressed.

The construction of the East End Bridge is approximately 87 percent complete. The pavement on the Gene Snyder extension to the river is about 55 percent complete. The tunnel that is part of the East End crossing is fully excavated and the tunnel liner is about 98 percent complete. The towers are complete and the cables are being sawed and erected. The main span is about 80 percent complete. He added the project website has webcams for real time progress. Mr. Barber added the southern Indiana side is approximately 95 percent complete and on the Kentucky side, nothing can be done until the connection to the river on the Indiana side is complete. Both bridges are on track to be completed by December of 2016.

Ms. McLain presented the finalized toll schedule. For 2-axle vehicles that are up to 7 ½ feet in height the tolls will be as follows; $2.00 with a transponder, $3.00 with a registered plate, and $4.00 with an unregistered plate. For a 2-axle vehicle that is higher than 7 ½ feet and all 3 and 4-axle vehicles, the tolls are as follows; $5.00 with a transponder, $6.00 with a registered plate, and $7.00 with an unregistered plate. For a vehicle with 5 axles or more, the tolls are as follows: $10.00 with a transponder, $11.00 with a registered plate, and $12.00 with an unregistered plate. Pre-paid toll accounts will be able to be opened in late summer of 2016. The toll revenue will be split 50/50 between Kentucky and Indiana. Tolling will begin when two of the three bridges are complete.

In response to a question asked by Senator Neal concerning the central location of the tolling operations, Ms. McLain stated there will be some roadside infrastructure and a service center in Kentucky (Louisville) but the central location is in Texas due to a cost and time saving measure. However, after a seven year contract with the location is up, the expenses will be reevaluated and compared to see if it would be more cost effective to move the central tolling location to Kentucky. There is a call center, and web customer service available.

In response to a question asked by Representative St. Onge concerning provisions for rental agencies and tolling, Ms. McLain stated that the Kentucky Public Transportation Infrastructure Authority, the entity that sold the bonds and will collect the tolls, is a member of the E-Z Pass group that is an interoperable agency that allows customers to have a prepaid account in one location, but use their transponders in other locations and that money is distributed accordingly. Through that membership, there are some contracts that allow for cooperation with large rental agencies. From a customer standpoint, it will be on an agency by agency basis. Some will have transponders in the car and they will automatically be charged. Some will have the transponder be an option and have it billed. The cabinet is not dictating how the tolls are to be collected but the ability to collect the tolls from the rental agencies is there through the E-Z Pass contract.

Representative Riggs voiced concerns on the pushback date for the availability of transponders from the advertised May 13th date to the current availability date of late summer.

In response to a question by Representative Jerry Miller, Ms. McLain stated there is a discount available for frequent users of the bridges. After a transponder in a vehicle makes either 20 round trips or 40 one-way trips across the bridges, there will be a $40 credit to that account, and then any trips made with that transponder the rest of that calendar month will be charged a toll rate of $1.

In response to a question asked by Representative Simpson concerning the possibility of traffic projections falling short of what is anticipated and the possibility of raising tolls as needed because of this, Ms. McLain stated the traffic and revenue study was very conservative and it is anticipated that those numbers will be met. However, if it is not met, both the trust indenture and the toll rate resolution passed by the tolling body both indicate that tolls would be increased to meet the rate needed in order to cover the debt service. The projects are handled differently by Kentucky and by Indiana in the fact that Kentucky sold non-recourse toll revenue bonds meaning that Kentucky would not be responsible to cover that. There is an operation and maintenance back stop so the road would still be maintained but the debt service would not. Indiana however, set up an availability payment of a public, private, partnership so Indiana gets the toll money and then separately there is an appropriation for the availability payment to the company that fronted the money and is maintaining the roads. Regardless of what toll money is coming in, Indiana will still be responsible for making their availability payment.

With no further business, Chairman Collins thanked members and guests for their attendance and announced that the next meeting would be July 5, 2016. He adjourned the meeting at 2:15 P.M.

INTERIM JOINT COMMITTEE ON HEALTH AND WELFARE

Minutes of the First Meeting of the 2016 Interim

June 15, 2016

Call to Order and Roll Call

The first meeting of the Interim Joint Committee on Health and Welfare was held on Wednesday, June 15, 2016, at 10:00 a.m., in Room 131 of the Capitol Annex. Senator Julie Raque Adams, Co-Chair, called the meeting to order at 10:05 a.m., and the secretary called the roll.

Present were:

Members: Senator Julie Raque Adams, Co-Chair; Representative Tom Burch, Co-Chair; Senators Ralph Alvarado, Tom Buford, Danny Carroll, Julian M. Carroll, David P. Givens, Denise Harper Angel, Alice Forgy Kerr, Reginald Thomas, and Max Wise; Representatives Robert Benvenuti III, George Brown Jr., Bob M. DeWeese, Joni L. Jenkins, Mary Lou Marzian, Reginald Meeks, Phil Moffett, Tim Moore, Darryl T. Owens, Ruth Ann Palumbo, David Watkins, Russell Webber, Susan Westrom, and Addia Wuchner.

Guests: Sheila Schuster, Ph.D. and Executive Director, Kentucky Mental Health Coalition; Michael Gray, Advocacy Coordinator, National Alliance on Mental Illness Kentucky; Steve Shannon, Executive Director, Kentucky Association of Regional Programs; Kelly Gunning, Parent and Director of Advocacy, National Alliance on Mental Illness Lexington; Valerie Mudd, Consumer Programs Coordinator, National Alliance on Mental Illness Lexington; Rebecca Asher, Psychologist and Forensic Evaluator, Eastern State Hospital; Kim Wilkie, District Judge, Fayette County Mental Health Court; Rodney Ballard, Commissioner, Department of Corrections, Justice and Public Safety Cabinet; Wendy Morris, Acting Commissioner, Allen Brenzel, Clinical Director, Department for Behavioral Health, Developmental & Intellectual Disabilities, Cabinet for Health and Family Services; Jeff Edwards, Division Director, Kentucky Protection & Advocacy; Robin Rider-Osborne, Member, Kentucky Protection & Advocacy for Individuals with Mental Illness Advisory Council; Ed Monahan, Public Advocate, Department of Public Advocacy; Elizabeth McMahon, Division Chief, Louisville-Metro Public Defender's Office; Elizabeth M. Caywood, MSW/CSW, Policy Analyst IV, Commissioner's Office, Department for Community Based Services, Cabinet for Health and Family Service; Phill Gunning, Jennifer Van Ort, Faye Morton, James Haggie, National Alliance on Mental Illness Lexington; Nathan Goldman, Kentucky Board of Nursing; Liz McKune, Passport Health Plan; Gwyn Hoskins; and Patti Page, Adanta Group.

LRC Staff: DeeAnn Wenk, Ben Payne, Jonathan Scott, Sarah Kidder, Becky Lancaster, and Gina Rigsby.

Legislative Hearing on the State Fiscal Year 2017 Social Services Block Grant

Elizabeth M. Caywood, MSW/CSW, Policy Analyst IV, Commissioner's Office, Department for Community Based Services, Cabinet for Health and Family Services, was present to answer questions. A motion to accept the block grant was made by Representative Burch, seconded by Senator Buford, and accepted by voice vote.

Consideration of Referred Administrative Regulations

The following administrative regulations were on the agenda for consideration: **201 KAR 20:240** – establishes fees by the Kentucky Board of Nursing for licensure, examination, renewal, reinstatement, and continuing education; and **201 KAR 23:070** – establishes the educational institutions approved by the board, the definitions relating to supervision, the content of a Clinical Social Work Supervision Contract, and the requirements for qualifying experience under supervision. A motion to accept the administrative regulations was made by Senator Buford, seconded by Representative Burch, and accepted by voice vote.

The Revolving Door for Serious Mental Health Conditions and Proposed Solutions

Sheila Schuster, Ph.D. and Executive Director, Kentucky Mental Health Coalition, testified that KRS 202A.081 sets out a mechanism which permits persons involuntarily committed to the hospital to be discharged on the condition that they agree to and comply with court-ordered community-based outpatient treatment. The discussion, study, debate, and angst around the revolving door problems for individuals with severe mental illness (SMI) have been active over the years, with various proposals put forth, but none put into effect. In the meantime, thousands of individuals rotate in and out of hospitalization, homelessness, incarceration, and sometimes, treatment. Legislation was filed to create a new Assisted Outpatient Treatment (AOT) procedure for a narrowly-defined number of individuals to access supported outpatient treatment under a court order without having to again be involuntarily committed or to enter treatment through the criminal justice system. House Bill 94 known as Tim's Law was introduced during the 2016 Regular Session, stated that implementation of the pilot program in eight counties suggested by the Department for Public Advocacy (DPA) would be dependent on federal, state or local grants, bequests, and gifts. Some of the available grants would include payment for the cost of legal representation of the individual. The DPA had objections to the bill's language that stated that the individuals identified for the pilot program would be done on the basis of predicting potentially harmful behavior. A compromise was offered to the DPA to have a pilot program with a maximum of 30 individuals involved in the new AOT process in the first year and a maximum of 60 additional individuals in the second year.

AOT has been designated on the basis of research and results by the Substance Abuse and Mental Health Services Administration (SAMHSA) as an evidence-based practice and currently more than 40 states have enacted some version of AOT. The goal of the legislation is to make sure individuals who are very ill and who are unable to recognize it, who spend much of their lives in the revolving door of hospitalization, homelessness, or incarceration are afforded a new opportunity to stay in treatment long enough to see the positive effects and the road to recovery. The legislation also provides that assisted, mandated, supervised course of treatment without having to again involuntarily commit the individual to the state psychiatric hospital and without their having to access treatment because they have committed a crime. Neither of these pathways should be the only access to treatment for those who do not recognize that they need it. The legislation is humane, cost-effective, and can keep people with severe mental illness out of the revolving door and lead them to treatment and recovery.

Michael Gray, Advocacy Coordinator, National Alliance on Mental Illness Kentucky, stated that there is a need for a new approach and change from what is currently being done. NAMI helps families who need help and support with family members who have a mental illness. NAMI is in full support of the AOT legislation. In 2000, Georgia enacted AOT laws similar to Tim's law. Participants were motivated to change and finish the program. Twenty states nationwide have enacted laws similar to Tim's Law.

Steve Shannon, Executive Director, Kentucky Association of Regional Programs (KARP), stated that KARP is in all 20 counties and services are available 24 hours a day, seven days a week. KARP is in full support of AOT. There is a fine line between violating someone's civil liberties and making someone get who needs help get AOT services. The legislation cannot be too broad, but will make sure the people who need services receive the needed treatment. Involving individuals with mental health issues in the criminal system just adds another layer of problems that will hinder treatment. Mental health issues affects someone's ability to get housing and employment. Other solutions than just AOT services would be to request a Medicaid waiver for individuals with severe mental illness, another waiver for supported employment, and a spend-down program to become Medicaid eligible. The Kentucky Commission on Services for Individuals with Mental Illness, Alcohol & Other Drug Abuse Disorders, Dual Diagnoses (2000 HB 843) the counterpart for the Commission on Services and Supports for Individuals with Mental Retardation and Other Developmental Disabilities (2000 HB 144) has not met in nine years.

In response to questions by Senator Buford, Mr. Shannon stated that the fiscal note for House Bill 94 was indeterminable. Legislators and interested parties met with the DPA and talked about starting a state pilot project that would be limited to 30 participants who would be represented by DPA. Kentucky would have been able to access federal funding if AOT legislation had been passed during the 2016 Regular Session.

Representative Owens stated that since the fiscal note was indeterminable about the cost of enacting AOT laws, the solution would be to look at the savings from keeping individuals out of jails and hospitals.

In response to questions by Senator Danny Carroll, Dr. Schuster stated that specific criteria would have to be met for an individual to be admitted for AOT services without a mental inquest warrant or going through the court. Ten well-known community professionals would be part of a review team to monitor these individuals. People need to stay in treatment long enough for recovery to work.

In response to questions by Representative Jenkins, Mr. Shannon questioned if state funds currently used for mental health issues could be used for an SMI waiver. The individuals that would receive AOT services would be covered by traditional Medicaid with a 70 percent federal and 30 percent state match.

Representative Burch stated that it is time to realize that most families have someone with mental health issues, and costs are incurred for these individuals whether it is through the correctional system or some other way.

Consumer Rights Perspective

Jeff Edwards, Division Director, Kentucky Protection & Advocacy (P&A), testified that P&A is an independent state agency that was designed by the Governor as the protection and advocacy agency for Kentucky. P&A works to promote and protect the legal rights of Kentuckians with disabilities through technical assistance, legally based advocacy, training and education. Services are client-directed and provided free of charge. P&A receives seven federal grants for the protection and advocacy for persons with developmental disabilities (PADD), individuals with mental illness (PAIMI), individual rights (PAIR), assistive technology (PAAT), beneficiaries of social security (PABSS), individuals with traumatic brain injury (PATBI), and voting access (PAVA).

People living in personal care homes have a desire to leave, but there are no other community options and community services. The available options were homeless shelters, the streets, jail, or boarding houses. The Interim Settlement Agreement first signed in August 2013, amended in October 2015, and extended though 2018 serves 675 people and created a regulation to provide up to 2, 200 people with SMI, that qualify for Medicaid and want to participate in the program, services.

Kentucky has civil commitment laws that establish criteria for determining when involuntary treatment is appropriate for individuals with severe mental illness who cannot seek care voluntarily. Kentucky's laws allow for the use of court-ordered treatment in the community. Services and supports can be provided without deprivation of a person's civil rights. Both children and adults with mental illness should be able to receive services in their own communities. It is problematic for an individual if they do not live in a county that provides services. Services and supports that are person centered and recovery oriented need to be offered.

Robin Rider-Osborne, Member, Kentucky Protection & Advocacy for Individuals with Mental Illness Advisory Council, stated that she was diagnosed with a mental health illness and was sexually abused by a counselor at age 15. She was discouraged from speaking about the abuse. She was not happy with some of the services she received. The state took custody of her daughter, and 15 years later, she still has not seen her daughter. No criminal investigation was every conducted on the doctor. P&A helped her after the state took her daughter. She was not happy with the community supports available for her.

Ed Monahan, Public Advocate, Department of Public Advocacy, intensive case management programs that rely on individual case managers constitute the most practical method of managing violence associated with mental illness in the community was implemented in Kentucky 20 years ago. Engagement with an individual is more effective than coercion. The mental health system is better suited to address the issue than the judicial system. Aggressive and intensive case management, comprehensive array of community support services, individual case managers with small caseloads and 24-hour availability, and strong linkages to agencies providing mental health services, substance abuse treatment, social services, and criminal justice agencies are keys to reducing the risk of violence by people with serious mental health issues. No changes to the statute are needed. Start with a modest pilot sooner rather than later using community mental health centers and reliable programs being coordinated by community leaders.

The responsibility of public defenders is to protect citizens against the overreach of government. Public defenders lower costly incarceration rates for counties and the state by assisting clients with addictions, help individuals navigate the mental health system, receive a fair process, and provide reliable and valid results based on facts. Public defenders represent over 155,000 clients in district court, circuit court, court of appeals and the Supreme Court. The DPA has 33 public defender trial offices statewide. Currently, 202A cases are heard almost exclusively in eight counties where mental health hospitals are located. New proceedings under HB 94 would occur in any of the 120 counties. Expansion of patient-agreed orders and the creation of court-ordered assist outpatient treatment leads to additional court proceedings. In addition to being present for court on all these occasions, the attorneys will have preparation time, including meeting with the client, in advance of each court appearance.

Elizabeth McMahon, Division Chief, Louisville-Metro Public Defender's Office, stated that ACT teams are able to help people who agree to treatment.

In response to a question by Senator Thomas, Mr. Monahan stated that he supports assisting people outside of the court system.

In response to questions by Representative Moffett, Mr. Monahan stated that since 1997, intensive case management has been promoted by DPA. He agreed with advocates that lesser counties should receive services in the pilot program. The 30 participants have to fully agree to be in the pilot program.

In response to questions by Representative Burch, Mr. Monahan stated that he has not looked at Tim Morton's personal case. DPA will encourage what is best for the client and respect people's liberties. If House Bill 94 is enacted, it will cause more work for the DPA without more resources.

In response to a question by Senator Alvarado, Mr. Monahan stated that in New York individual counties had to appropriate what was needed for AOT services beyond the $30 million appropriation. There is a need to increase resources in a strategic, targeted way.

Representative Wuchner stated that it is difficult to walk this journey with a family member. The disease tells them that they are not sick and do not need to take medication. Some individuals need to be in a residential treatment setting.

Parent, Family, and Consumer Perspective

Valerie Mudd, Consumer Programs Coordinator, National Alliance on Mental Illness Lexington, stated that 20 years ago she was diagnosed with a mental health illness, and she started working with NAMI Lexington 10 years ago. Many people do not have help or do not accept help from family members. Sometimes someone with mental health issues need for someone to help make decisions for them. House Bill 94 provides for civil rights protection by providing treatment.

Kelly Gunning, Parent and Director of Advocacy, National Alliance on Mental Illness Lexington, stated that on January 4, 2016 her son brutally assaulted her and her husband, and she is now afraid of him. He was under the care of an ACT team. ACT teams only work for people who are willing to use them and are strictly voluntary. ACT teams are great when they work, but are not for everyone. He stopped taking his medications because he did not think he had a problem. Criteria in KRS Chapter 202A used by hospitals are very narrow. All a judge is required to do is ask someone is whether he or she is going to hurt himself or herself or someone else. The criteria for sending a person to jail are too wide. The DPA is already working with the people who need more restrictive services so HB 94 is not likely to cost more money. She questioned how much it is costing for her son to be incarcerated and what about his civil rights now that he is in jail and when he is released from jail.

Systems Perspective

Rebecca Asher, Psychologist and Forensic Evaluator, Eastern State Hospital, stated that she has worked with mental health issues across the state, and Tim's law would be helpful. KRS Chapter 202A provisions do not work for everyone, because it does not give someone in denial about their illness long enough to stabilize and get help in the community, but works better for someone who is willing to help themselves.

Kim Wilkie, District Judge, Fayette County Mental Health Court, stated that he did not understand who could be against Tim's law. The mental health court cannot accommodate everyone. The mental health court he presides over can only handle 23 cases and cannot accommodate violent cases. Currently, jails are still having to take care of individuals with mental health issues. The bottom line to fixing the problem is money.

In response to a question by Senator Adams, Judge Wilkie stated that he is in favor of Tim's Law.

In response to a question by Senator Thomas, Judge Wilkie stated that a pilot program in Fayette County that accommodated 30 individuals would be better than nothing.

Rodney Ballard, Commissioner, Department of Corrections, Justice and Public Safety Cabinet, stated that jailers are not equipped to handle individuals with mental health issues. Once the person is released, they revert back to old ways.

Senator Adams stated that costs may go down in one area but go up in another.

Wendy Morris, Acting Commissioner, and Allen Brenzel, Clinical Director, Department for Behavioral Health, Developmental & Intellectual Disabilities, Cabinet for Health and Family Services, stated that evidence-based continuum of care is needed. In 2014, the state plan was amended that stated when deemed necessary, services are covered. Individuals need to meet specific criteria to receive ACT services. Outpatient services have to be in place or some will be hospitalized which will increase costs. Resources are needed in appropriate places.

Senator Kerr stated that legislators need to get on top of the issue and pass Tim's law. Legislators find money for things that are not needed, and now it is time to find money for things that are needed.

Representative Burch stated that there is a need to start addressing mental health issues.

Adjournment

There being no further business, the meeting was adjourned at 12:42 p.m.

EDUCATION ASSESSMENT AND ACCOUNTABILITY REVIEW SUBCOMMITTEE

Minutes of the 5th Meeting
Of the 2015 Interim

December 1, 2015

Call to Order and Roll Call

The 5th meeting of the Education Assessment and Accountability Review Subcommittee was held on Tuesday, December 1, 2015, at 10:00 AM, in Room 129 of the Capitol Annex. Senator Mike Wilson, Chair, called the meeting to order, and the secretary called the roll.

Present were:

<u>Members:</u> Senator Mike Wilson, Co-Chair; Senator Max Wise; Representatives Linda Belcher, John Carney, and Mary Lou Marzian.

<u>Guests:</u> Tom Schulz Jefferson County Teachers Association; Erin Klarer, Kentucky Higher Education Assistance Authority; Clyde Caudill, Kentucky Association of School Administrators

<u>LRC Staff:</u> Joshua Collins, Jo Carole Ellis, Janet Stevens, and Amy Tolliver.

Approval of November 17, 2015 Minutes

Upon motion from Representative Marzian and a second by Representative Carney, the minutes were approved by voice vote.

Acceptance of the Office of Education Accountability's (OEA) Proposed 2016 Research Agenda

Representative Belcher expressed the need for clarification on inclusion of recess in the 125 instructional minutes of required physical activity. Ms. Timmel, Acting Director, OEA, stated that OEA would take note of the need for clarification and guidance.

Upon a motion from Senator Wise and a second by Representative Belcher, the research agenda was accepted by voice vote.

With no further business before the committee, the meeting was adjourned at 10:14 AM.

CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

May 24, 2016

Call to Order and Roll Call

The Capital Projects and Bond Oversight Committee met on Tuesday, May 24, 2016, at

1:00 PM, in Room 169 of the Capitol Annex. Senator Chris Girdler, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Chris Girdler, Co-Chair; Representative Chris Harris, Co-Chair; Senators Julian M. Carroll, Stan Humphries, and Christian McDaniel; Representatives Steven Rudy and Jim Wayne.

Guests: Mr. Chris Brummett, Director of Asset Management, Kentucky Community and Technical College System; Ms. Elizabeth Baker, Planning Director, University of Kentucky; Mr. Scott Aubrey, Director of Real Properties, Finance and Administration Cabinet; Ms. Jami Johnson, Financial Analyst, Kentucky Infrastructure Authority; Ms. Katie Smith, Executive Director, Office of Financial Services, Cabinet for Economic Development; Ms. Sandy Williams, Deputy Executive Director, Office of Financial Management, Finance and Administration Cabinet; Mr. Jeremy Ratliff, Managing Director of Multifamily Programs, Kentucky Housing Corporation; and Mr. Mike Hynns, President, the Housing Partnership, Incorporated.

LRC Staff: Josh Nacey, Committee Staff Administrator; Julia Wang, Analyst; and Jenny Wells, Committee Assistant.

Approval of Minutes

Senator McDaniel moved to approve the minutes of the March 15, 2016 meeting. The motion was seconded by Representative Wayne and approved by voice vote.

Correspondence Items

Mr. Nacey, Committee Staff Administrator, reported on a series of letters between the committee and the Finance and Administration Cabinet (Cabinet), as well as a letter to the Department of Fish and Wildlife. Also, there was an individual letter from Senator Girdler to the Cabinet. Some of the letters concerned the committee's lack of approval for six land acquisitions at the March meeting while the others involved the cancellation of the April meeting. The responses from the Cabinet informed the committee of its intent to proceed with the land acquisitions as well as those projects that were not reviewed by the committee in April as a result of the cancellation of that meeting.

Information Items

Mr. Nacey said there were six informational items for the committee members to review. The first two items were advertisements for leased space in Franklin County. The leases were for the Tourism, Arts, & Heritage Cabinet the Department of Education. The third item included the quarterly status reports on capital projects for the Administrative Office of the Courts, the Commonwealth Office of Technology, the Finance and Administration Cabinet, and the universities that manage their own capital construction programs. The fourth item was the Semi-Annual Report of the Kentucky Asset/Liability Commission (ALCo) which discussed the state's investment and debt portfolios and associated interest rate derivative contracts. The fifth item was an update on the Louisville-Southern Indiana Ohio River Bridges (LSIORB) tolls. Mr. Nacey said that on Wednesday, May 11, 2016, the bi-state tolling bodies composed of officials from both Kentucky and Indiana, met to consider the proposed tolling rates for the LSIORB. The officials voted to approve the rates that were presented to the committee during its October meeting. Further, the resolution passed on May 11 changed the way that medium and large categories of vehicles were referred to: from "Medium Trucks" and "Heavy Trucks" to "Medium Vehicles" and "Large Vehicles." The sixth item was a summary of legislation introduced this last session related to the committee's jurisdiction and that was enacted into law.

Representative Wayne expressed his displeasure at how the tolling issue was handled by the bi-state authority. The tolling authority does not represent the people who live in the area and who will be using it. For instance, the tolling authority has no minority representatives, no elected officials, and no low-income individuals. Representative Wayne was also critical of the $2 rate, which contradicted a promise that the tolls would be $1 dollar each way. The authority's handling of the May 11 meeting was atrocious. The authority did not give the press or the public access to the report prior to the meeting. The report was ramrodded through the authority and the press only gained access to it after the meeting when there was no opportunity for vetting.

Project Reports from the Universities

Mr. Chris Brummett, Director of Asset Management, Kentucky Community and Technical College System (KCTCS), reported on one lease renewal between Jefferson Community and Technical College (JCTC) and the Bullitt County Board of Education for the JCTC Bullitt County Campus. The lease is for 22,943 square feet and the annual cost is $178,329.

Senator McDaniel said that he would like Mr. Brummett to convey to KCTCS's administration and the Board of Regents his disapproval of the level of compensation given to KCTCS's former president by awarding him the sum of $815,000. Additionally, Senator McDaniel said that KCTCS has lost the confidence of both the General Assembly and the citizens of Kentucky by compensating the outgoing president in addition to what he has been allowed to accumulate over the years.

Senator McDaniel made a motion to approve the lease renewal, seconded by Representative Wayne. The motion passed by a roll call vote of 7 yeas, 0 nays.

Ms. Elizabeth Baker, Planning Director, University of Kentucky (UK), reported on nine items for UK. The first item was a report on the use of the Construction Manager-at-Risk delivery method for the renovation and expansion of the UK Law Building, authorized by the General Assembly in House Bill 265 of the 2012 Regular Session. No action was required.

The second item was for a funding revision to the UK Construct Housing 1-Alpha Gamma Rho (AGR) fraternity project. In August 2015, the committee approved the use of $3.06 million in private funds in lieu of restricted funds to construct a 21,000 square foot facility for the AGR fraternity. UK is requesting another funding revision for the project. The previous plan involved having AGR pay $3.06 million of the cost through private cash, which comprised the substituted component of the financing for this project. The remaining $2.94 million was to have come from a loan from UK to the fraternity. UK seeks to change this arrangement because of the accelerated move of the AGR fraternity into the new facility in order to build the new Lewis Hall at ARG's current site. Consequently, AGR has not had sufficient time to complete their fundraising efforts. The new arrangement calls for the use of $1,093,888 in private funds that AGR has raised so far. In addition, UK will use $1,000,000 of restricted funds, authorized by the General Assembly in House Bill 235 of the 2014 Regular Session. The loan from UK to AGR will increase to $3,906.111. Currently, UK owns the land and will own the building.

Representative Wayne said he wished to explain his vote by commenting that this arrangement is set up in such a way that it is not necessarily charity, but is a way to provide housing for the students. He further noted that the long term benefits are to the University.

Senator Carroll made a motion to approve the funding revision, seconded by Representative Harris. The motion failed to pass by a roll call vote of 3 yeas, 4 nays.

The third project was for a lease renewal for the Kentucky Cancer Center, Cancer Research Program. The renewal is for 7,228 square feet and will have an annual cost of $110,154. The effective date is July 1, 2016 with an expiration date of June 30, 2018. Senator Humphries made a motion to approve the lease renewal, seconded by Senator McDaniel. The motion passed by a roll call vote of 7 yeas, 0 nays.

The fourth item was for a lease renewal for the UK College of Education, Collaborative Center for Literacy Development and Reading Recovery program. The renewal is for 9,150 square feet and will have an annual cost of

$101,712. The effective date is July 1, 2016 with an expiration date of June 30, 2018. Senator McDaniel made a motion to approve the lease renewal, seconded by Representative Wayne. The motion passed by a roll call vote of 7 yeas, 0 nays.

The fifth item was for a lease renewal for the UK Center for Drug and Alcohol Research. The renewal is for 7,119 square feet and will have an annual cost of $112,124. The effective date is July 1, 2016 with an expiration date of June 30, 2018. Senator McDaniel made a motion to approve the lease renewal, seconded by Representative Rudy. The motion passed by a roll call vote of 7 yeas, 0 nays.

The sixth item was for the renovation of the UK Confucius Institute, Lucille Little Library. The project will involve the renovation of 6,200 square feet of interior space for classrooms, office and gallery space, and 1,800 square feet of exterior space. The cost of the project is $1,700,000. The Board of Trustees approved it December 15, 2015, and the Council of Postsecondary Education approved it at their April 26th meeting.

In response to Senator McDaniel's question as to whether the Confucius Institute receives its funds from the Chinese government, Ms. Baker said this is correct. Upon Senator McDaniel's request for further information regarding the Institute, Ms. Baker said it is her understanding the Institute serves as a gateway for language, culture, art, and other businesses on campus for the University's Chinese students. Senator McDaniel said the Institute serves as a cultural exchange. In response to Senator McDaniel's questions on recently having read about possible closings of the Institute, Mr. Nacey said he was not aware of any closings and borrowed from substantive research he had done in 2015 when the committee reviewed the UK Western Kentucky project. Mr. Nacey said that a U.S. House subcommittee had some concerns and looked into the Institute regarding academic freedom in terms of what the professors can teach and other related issues. Mr. Nacey said that, according to the UK's Confucius Institute website, the Institute conforms fully to the University's policies regarding grant management and academic freedom; the faculty has exclusive purview over academic matters. In response to Senator McDaniel's request for more information on the project, Ms. Baker said she would obtain additional information and forward it to Senator McDaniel and to the committee.

Representative Wayne made a motion to approve the renovation, seconded by Senator Carroll. The motion passed by a roll call vote of 7 yeas, 0 nays.

The seventh item was for a lease modification of the UK Human Development Institute. The modification would allow the Institute to consolidate its operations into one location to improve efficiency and collaboration. The lease modification will increase the square footage from 6,266 square feet to 8,669 square feet, with an annual rent increase of $39,649, and will have an annual cost of $143,038. No action was required.

The eighth item was for a lease modification of the UK HealthCare Integrated Business Unit (IBU) at the Coldstream Research Campus to accommodate additional staff. The university will increase the square footage by 2,995 square feet, with an annual rent increase of $51,663.75, and will have an annual cost of $209,674. The University Board of Trustees approved this lease on May 3. Senator McDaniel made a motion to approve the lease modification, seconded by Representative Wayne. The motion passed by a roll call vote of 7 yeas, 0 nays.

The final item to report was for the purchase of three pieces of equipment by the university. The first equipment purchase is a new ambulance for pediatric transport and will be located at the UK A.B. Chandler Hospital. The new ambulance will be for a second transport team due to increased volume of emergency cases. The cost is $224,249. No action was required.

The second equipment purchase is the Digital X-Ray System which is an overhead tube crane mounted machine and will be located at UK HealthCare, Turfland. The System will serve patients more quickly and efficiently as it provides benefits of less movement required for positioning and faster and more comfortable access to different areas of the body. The cost is $228,879. No action was required.

The third purchase is for the Radon Digital X-Ray and Panoura Digital Panoramic Systems and will be located at the UK Kentucky Clinic (Transplant Clinic). The new digital x-ray system will be utilized for all patient imaging as it provides sharper images and immediate results for the doctors, and more ergonomic positioning which will translate into less wait time for the patients. The panoramic system adds technology to allow for faster and better planning of implants, reducing the wait time for patients. The cost is $376,379. No action was required.

Lease Reports from Finance and Administration Cabinet Management

Mr. Scott Aubrey, Director, Division of Real Properties, Finance and Administration Cabinet, presented two items. The first item was for a lease modification less than $50,000 for the Cabinet for Health and Family Services. The modifications will accommodate the Kentucky Psychological Association. Improvements will be made in order to provide reasonable accommodations for disabled employees, and to install new mail equipment. Two estimates were obtained; one estimate in the amount of $49,815 was received from Warnick Construction. The second estimate, in the amount of $32,869 was received from various other contractors. The low bid was selected and will be amortized through June 30, 2017. No action was required.

The second item was for a new lease exceeding $100,000 for the Public Protection Cabinet/Labor Cabinet, General Administrative and Procurement Service. The total square feet is 14,699 square feet at cost of $12.26 per square foot. The total amount of the lease is $180,210 and will expire June 30, 2023. Representative Wayne made a motion to approve the new lease, seconded by Senator Carroll. The motion passed by roll call vote of 7 yeas, 0 nays.

Project Reports from the Finance and Administration Cabinet

Mr. Nacey, Committee Staff Administrator, reported on two pool projects from the Finance and Administration Cabinet. The first project was for the Department of Facilities and Support Services for the Piller UPS Replacement located at the Commonwealth Office of Technology Building, in the amount of $615,000. The project will replace the uninterrupted power source (UPS) unit at the State Data Center, Frankfort. No action was required.

The second project was for the Department for Facilities and Support Services for the Capitol Annex terrace repairs, in the amount of $1,450,000. The project will make necessary repairs to the Capitol Annex terrace, including waterproofing; repairing stone walkways, bases, and sills; cleaning; and sealing. No action was required.

Report from the Office of Financial Management

Senator Girdler stated that the reports from the Kentucky Infrastructure Authority (KIA) would be heard and voted upon as a single item unless there were any objections. Hearing none, Ms. Jami Johnson, Financial Analyst, KIA, reported on twelve items. The first item was for a Fund A loan for the City of Prestonsburg in Floyd County. The request was for a $2,033,200 Fund A loan for the Stephens Branch and Lower Sewer Line Extension project. The loan will have a 20 year term, an interest rate of 0.75 percent and an annual estimated debt service payment of $85,299.

The second item was for another Fund A loan for the City of Prestonsburg. The request was for a $2,163,000 loan for the US 23 Banner Community Sewer System project. The loan will have a 20 year term, an interest rate of 0.75 percent and an annual estimated debt service payment of $90,744.

The third item was also for a Fund A loan for the City of Prestonsburg. The request was for a $1,952,900 Fund A loan for the KY 1428 and Stonecrest project. The loan will have a 20 year term, an interest rate of 0.75 percent and an annual estimated debt service payment of $81,930.

The fourth item was for a Fund A loan for the City of Hodgenville in Larue County. The request was for a $970,000 Fund A loan for the Sewer Improvements Phase II project. The loan will have a 20 year term, an interest rate of 0.75 percent and an annual estimated debt service payment of $54,259.

The fifth item was for a Fund A loan for the City of Frankfort in Franklin County. The request was for a $4,529,000 Fund A loan for the Glenn's Creek Interceptor project. The loan will have a 20 year term, an interest rate of 1.75 percent and an annual estimated debt service payment of $278,423.

The sixth item was for a Fund A loan for the City of Prestonsburg in Floyd County. The request was for a $600,000 Fund A loan for the Big Sandy Regional Wastewater Treatment Plant project. The loan will have a 5 year term, an interest rate of 2.75 percent and an annual estimated debt service payment of $130,461.

The seventh item was for a Fund A loan for the Regional Water Resource Agency in Daviess County. The request was for a $200,000 Fund A loan for the Cedar Hills and Friendly Park Village Plant Rehabilitation project. The loan will have a 1 year term, an interest rate of 1.75 percent and an annual estimated debt service payment of $10,151.

The eighth item was for a Fund B loan for the City of Morganfield in Union County. The request was for a $260,000 Fund B loan for the Camp Breckinridge project. The loan will have a 5 year term, an interest rate of 2.75 percent and an annual estimated debt service payment of $56,533.

The ninth item was for a Fund F loan for the City of Hodgenville in Larue County. The request was for a $962,000 Fund F loan for the Hodgenville Phase 1A Water System Improvements project. The loan will have a 20 year term, an interest rate of 0.75 percent and an annual estimated debt service payment of $40,719.

The tenth item was for a Fund F loan for the City of Cynthiana in Harrison County. The request was for a $1,056,658 Fund F loan for the West By-Pass Water Main project. The loan will have a 20 year term, an interest rate of 0.75 percent and an annual estimated debt service payment of $51,426.

The eleventh item was for a Fund F loan for the City of Hodgenville in Larue County. The request was for a $593,000 Fund F loan for the Lincoln Boulevard South Replacement project. The loan will have a 20 year term, an interest rate of 0.75 percent and an annual estimated debt service payment of $25,100.

The final item was for a Fund F loan for the City of Harrodsburg in Mercer County. The request was for a $2,887,200 Fund F loan for the Water Distribution Main 2015 project. The loan will have a 20 year term, an interest rate of 0.75 percent and an annual estimated debt service payment of $162,946.

Senator McDaniel made a motion to approve all twelve loans, seconded by Senator Carroll. The motion passed by a roll call vote of 7 yeas, 0 nays.

Office of Financial Management

Ms. Katie Smith, Executive Director, Office of Financial Services, Cabinet for Economic Development, presented the first item which was the Economic Development Bond (EDB) fund grant in the amount of $500,000 for the Shelby County Fiscal Court for the benefit of Diageo Americas Supply, Incorporated. Diageo is the world's leading premium drink business located in 180 countries with over 28,000 employees. The company plans to expand its presence by constructing a new distillery and warehouses in Shelby County. The anticipated project investment is approximately $115,000,000 and the company will be required to create 31 new, permanent, full-time Kentucky resident jobs paying average hourly wages of $29 including benefits within 3 years of Kentucky Economic Development Finance Authority (KEDFA) approval and maintain those jobs for 3 additional years. The agreement will include job and wage reduction provisions for failure to meet either of the requirements. The project was approved by KEDFA at its meeting on April 28, along with the State Properties and Buildings Commission at its meeting on May 12.

In response to a question from Representative Wayne, Ms. Smith said that the economic development bond grant consists solely of the half million dollars. She stated that this project has also been approved for incentives under the Kentucky Business Investment Program for up to town and half million dollars. Those incentives are corporate income tax credits. Diageo has also been approved for incentives under the Kentucky Enterprise Initiative Act up to $1.5 million dollars. In response to a question by Senator McDaniel, Ms. Smith said that the funds will flow through Shelby County who will then disburse it directly to Diageo. Ms. Smith said that the money would be used to build the facility and to create the jobs. In response to another question from Senator McDaniel, Ms. Smith confirmed that the $500,000 EDB grant is in addition to the other rebates going to them. Senator McDaniel then commented on the impact these projects have on localities and that the tax code and Kentucky's business environment need to be examined. Senator Carroll stated that he supported this project and agreed that it is time for the legislature to reform the tax code. Representative Wayne said that a few of the initiatives put forth in a recent report from the tax reform task force have been considered.

Senator McDaniel made a motion to approve the grant, seconded by Senator Carroll. The motion passed by roll call vote of 7 yeas, 0 nays.

Senator Girdler stated that the bonds reported by the Office of Financial Management had seven items, Agenda items 8.B.2 through 8.B.8., require a roll call vote and would be voted upon as a single item. There were no objections. Ms. Sandy Williams, Deputy Executive Director, Office of Financial Management, Finance and Administration Cabinet, reported on the Kentucky Higher Education Student Loan Corporation for $100,000,000 Student Loan Backed Notes, Series 2016-1. The notes are being issued for the purpose of financing Federal Family Education Loan Program (FFELP) Student loans and rehabilitated FFELP loans recently acquired by KHESLC. The proposed date of sale and issue for this direct purchase will happen the week of June 16. It has an anticipated rating by S&P of AA+. The expected initial interest rates are 1 month LIBOR plus 0.9 percent for the tax-exempt portion and 1 month LIBOR plus 1.25 percent for the taxable portion.

The next item was for Kentucky Housing Corporation (KHC) Single Family Housing Revenue Bonds, 2016 Series A, in an amount not to exceed $75,000,000. The notes are being issued to refund certain Series 2006 and 2007 bond issues for an aggregate net present value savings of 4.4 percent. The proposed date of sale is June 9 with a proposed settlement date of June 28, 2016. The estimated true interest cost for this negotiated sale is 3.66 percent to generate a net savings of over $3,000,000.

The next item was for KHC Tax-Exempt Conduit Multifamily Housing Revenue Bonds, Series 2016, in the amount of $27,628,750. The bonds will be issued to finance the acquisition, rehabilitation, and equipping of two multifamily residential rental facilities consisting of 294 one-bedroom units known as the Jackson House Apartments project. The project will be located at two locations, 301 South 9th Street and 820 Washington Street, Paducah, Kentucky. The proposed dates of sales and issuance are in June, 2016, with an anticipated net interest of 4.55 percent.

The next item was for KHC Tax-Exempt Conduit Multifamily Housing Revenue Bonds Series 2016, in the amount of $19,400,000. The bonds will be used to finance the acquisition, construction, and equipping of the Riverport Family Apartments project, which is a 240 unit multifamily residential rental facility located at 4646 and 4650 Cane Run Road, Louisville, Kentucky. The proposed development is part of a plan of development which will provide a campus that includes a Family Scholar House, senior housing and family apartments. KHC conducted a public hearing concerning the proposed project on May 16, 2016. Proposed date of sale is June 15, 2016, and the bonds are to be issued on June 30, 2016. The transaction will be a Private Placement with Red Stone, LLC. The anticipated net interest rate is 4.225 percent.

The next item was for KHC Tax-Exempt Conduit Multifamily Housing Revenue Bonds, Series 2016, in the amount of $7,300,000. These bonds will be used to finance the acquisition, construction, and equipping of the Riverport Family Scholar House project. This is a 64 unit multifamily property that is a component of the previously discussed project. The proposed date of sale is June 15, 2016, with an issuance date of June 30, 2016. This transaction will be a Private Placement with Red Stone, LLC. The anticipated net interest rate is 4.225 percent.

The next item was for KHC Tax-Exempt Conduit Multifamily Housing Revenue Bonds, Series 2016, in the amount of $8,700,000. These bonds will be used to finance the acquisition, construction, and equipping of the Riverport Senior Apartments project. It is an apartment project to the previously discussed project. This project, a 108 unit property, is also a component of the previously discussed Riverport project. The proposed date of sale is June 15, 2016, with an issuance date of June 30, 2016. This transaction will be a Private Placement with Red Stone, LLC. The anticipated net interest rate is 4.225 percent.

The next item was for Western Kentucky University General Receipts Refunding Bonds, 2016 Series B, in the amount of $28,915,000. The bonds will be used to partially advance refund Western Kentucky University General Receipts Bonds, 2009 Series A; and pay the costs of issuance. The initial proposed date of sale was June 9, 2016. The proposed settlement date of June 30, 2016, has been postponed to an unscheduled date in late summer or early fall to allow the University to take advantage of changing market conditions or to combine this deal with a new money deal to take advantage of economics associated with the costs of issuance. The estimated true interest cost for this competitive sale is 2.544 percent to generate a net present value savings of $1,836,524, or 6.473 percent.

In response to Senator McDaniel's question as why some of the universities use OFM as their financial advisors and other entities use outside firms, Ms. Williams said that OFM takes a financial advisory role in the administrative arena, provides technical and administrative support, and ensures the correct approval processes. Ms. Williams said that although OFM is listed as a financial advisor, it does not provide substantive financial advisory services in terms of the bond market.

In response to Representative Wayne's questions regarding the Paducah project and notifications of KHC projects to the district legislators, Ms. Williams deferred to Mr. Jeremy Ratliff, Managing Director of MultiFamily Programs, Kentucky Housing Corporation (KHC), and to Mr. Mike Hynns, President, the Housing Partnership, and Incorporated (HPI). Mr. Ratliff said that it is the policy of KHC that the developer notify the local legislator regarding each project. Mr. Hynns said that the housing project located in Paducah is a renovation of the existing affordable housing facility dedicated for senior citizens in Paducah and that HPI has served all the requisite notices of the required by KHC. In response to another question by Representative Wayne, Mr. Hynns said that HPI had not received any complaints from local representatives regarding the Paducah project.

Senator Carroll made a motion to approve the seven bonds, seconded by Representative Wayne. The motion passed by a roll call vote of 7 yeas, 0 nays.

The next item was for Morehead State University (MSU) General Receipts Revenue Refunding Bonds, 2016 Series A, which priced March 1 and closed on March 22, 2016. The bond proceeds were used to refund the outstanding MSU General Receipts Bonds, 2007 Series A, and pay the costs of issuance. The all-in true interest cost was 2.486 percent which generated a net present savings of $169,712, or 5.537 percent. No action was required.

The next item was for Eastern Kentucky University (EKU) General Receipts Revenue Refunding Bonds, 2016 Series A, which priced March 2 and closed March 23, 2016. The bond proceeds were used to refund the outstanding EKU General Receipts Bonds, 2007 Series A, and pay the costs of issuance. The all-in true interest cost was 2.269 percent which generated a net present savings of $438,507, or 7.973 percent. No action was required.

The next item was for State Property and Building Commission (SPBC) Revenue Bonds, Project No. 112 Series A, and SPBC Revenue and Revenue Refunding Bonds, Project No. 112 Series B, priced March 1 and closed March 23, 2016. Bond proceeds were used to finance the construction of a Research Building on the campus of the University of Kentucky to refund SPBC projects 87, 88, 89, 90, and 93; and pay associated costs of issuance. The all-in true interest cost was 2.785 percent which generated a net present value savings of $54,724,028.61, or 9.22 percent. No action was required.

The next item was for University of Louisville (UL) General Receipts Bonds, 2016 Series A; General Receipts Refunding Bonds, 2016 Series B; and General Receipts Refunding Bonds, 2016 Series C, priced March 3 and closed April 5, 2016. Bond proceeds were used to finance the renovation and expansion of the UL Student Activities Center; current refund outstanding UL Consolidated Educational Buildings Revenue Bonds, 2005 Series P; advance refund the UL General Receipts Bonds, 2007 and 2008 Series A; and pay associated costs of issuance. The all-in true interest cost ranged between 2.2 percent and 2.8 percent. The Series B Bonds generated a net present savings of $1.8 million, or 7.47 percent. The Series C Bonds generated a net present savings of $3.1 million, or 6 percent. No action was required.

The next item was for Turnpike Authority of Kentucky (TAK) Economic Development Road Revenue Refunding Bonds Revitalization projects, 2016 Series A, which priced March 22, and closed April 7, 2016. Bond proceeds were used to advance refunds TAK's Economic Development Road Revenue Bonds, 2008 Series A and 2009 Series A for economic savings and pay the costs of issuance. The all-in true interest cost is 2.455 percent. The net present value savings for the refunded bonds was $20,455,075, or 8.699 percent. No action was required.

New School Bond Issues with School Facilities Construction Commission Debt Service Participation

Ms. Williams, reported there were 27 school district bond issues with SFCC debt service participation. Ten (10) bond issues will finance school renovations and have a par of $103,293,000. The remaining 17 will refinance previous bond issues and with a net present savings combined for a total of $2.8 million dollars. There were no local tax increases associated with these projects.

Representative Harris made a motion to approve the SFCC bond issues, seconded by Senator McDaniel. The motion passed by roll call vote of 6 yeas, 0 nays.

New School Bond Issues with 100 Percent Locally Funded Debt Service Participation

Mr. Nacey said that seven local school bond issues were reported to the committee. Five of these bond issues had 100 percent local debt service support and involved no SFCC participation. Two of these bond issues were paid from General Funds and are projected to generate enough savings to pay the pre-determined percentage of bond payments. No tax increases were required for these issues. No action was required on these items.

Mr. Nacey said that the updated debt issuance calendar was included in the members' folders.

With there being no further business, the meeting was adjourned at 1:59 p.m. The next meeting will be June 21, 2016 at 1:00 p.m. in Capitol Annex Room 169.

PUBLIC PENSION OVERSIGHT BOARD

Minutes of the 4th Meeting of the 2016 Interim

May 23, 2016

Call to Order and Roll Call

The 4th meeting of the Public Pension Oversight Board was held on Monday, May 23, 2016, at 12:00 PM, in Room 169 of the Capitol Annex. Representative Brent Yonts, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Joe Bowen, Co-Chair; Representative Brent Yonts, Co-Chair; Senators Jimmy Higdon and Gerald A. Neal; Representatives Brian Linder and Tommy Thompson; Mitchel Denham, Mike Harmon, James M. "Mac" Jefferson, and Sharon Mattingly.

Guests: Bill Thielen, Executive Director, Kentucky Retirement Systems; Beau Barnes, Deputy Executive Director, Kentucky Teachers' Retirement System; and Donna Early, Executive Director, Judicial Form Retirement System; and Steve Shannon, Executive Director, Kentucky Association of Regional Programs.

LRC Staff: Brad Gross, Jennifer Black Hans, Bo Cracraft, and Angela Rhodes.

Approval of Minutes

Representative Thompson moved that the minutes of the May 23, 2016, meeting be approved. James "Mac" Jefferson seconded the motion, and the minutes were approved without objection.

CY 2015 Investment Update/Peer Review (handout)

Mr. Bo Cracraft, Legislative Research Commission, brought attention to the revised March 2016 quarterly performance and stated that from a return standpoint, none of the systems' total returns changed.

Mr. Cracraft continued on to discuss the 2015 calendar year investment performance for the three primary state administered systems. In this industry, most of the state pension plans are on a June 30 fiscal year end, thus a more comprehensive review is generally done after the close of that fiscal year. December 31st is that next best data point given it is a period where a lot of plans release information, and consultants are providing valuations of the industry.

Mr. Cracraft (referring to slide 2 of the handout) stated 2015 was a tough year for investors as most asset class returns had a low single digit or negative returns. The asset classes that did well were Private Real Estate and Non-U.S. Small Cap. Most pension plans are not going to have a healthy dose of private real estate and dedicated Non-U.S. Small Cap, and the winners from 2015 were not the traditional larger asset bases.

Equity markets were underwhelming, Developed Non-U.S. was slightly down, Emerging Market Equity was one of the worst performing asset classes, and U.S. Small Cap was down 4 percent. U.S. Large Cap is the only positive result, but a bit misleading as the actual price appreciation of the underlying stocks was basically zero. Returns were very stock dependent and returns dependent on holding a few stocks. Using the S&P 500 as an example, FANG (Facebook, Amazon, NetFlix and Google) stocks averaged up 83 percent for the twelve months ending December 31st. In addition, the top ten stocks of the S&P 500 were up an average of 23 percent, while the remaining 490 were down on average 2 percent. Bond Markets also struggled. U.S. Core Fixed Income, which is the Barclays Government aggregate, U.S. denominated bond index, was only up 50 basis points. The below investment grade bonds, such as high yield, were down 4 percent and global bonds were down about 3.5 percent. In a market where equities have some volatility and are not really producing returns, the safe haven that bonds had historically played in the past was not seen. Alternatives struggled as well, with anything that was tied to inflation, such as TIPS, or aligned with the U.S. dollar or exports, such as emerging markets or commodities, were down during the year. Absolute return was anywhere from 0 to down 1 percent.

Mr. Cracraft went on to explain the three peer groups (LRC Calculated, BNY Mellon and Wilshire) listed for the one year return produced an average return around 0.2 percent to 0.4 percent. Kentucky Retirement System (KRS) and Kentucky Teachers' Retirement System (KTRS) were both near the median. KRS' return is slightly below median, but if a fee is incorporated (which has historically run from 50 to 75 basis points), it will be slightly above median. KTRS is right at median using a gross return. The Legislative Retirement Plan (LRP) and Judicial Retirement Plan (JRP) continue to perform well and are above the median. Mr. Cracraft noted this is for calendar year 2015 and that there are still a few gross numbers, but as seen on the recent quarterly flash, all plans have moved to a net basis going forward.

Senator Bowen wanted to know if these were net figures. Mr. Cracraft answered that the presentation was done as of December 31st, and at that time it was still gross numbers, but the quarterly flash is net and going forward it will be net numbers.

Mr. Cracraft continued that when looking at the 10 and 20 year numbers that the Board has discussed over the last eighteen to twenty-four months, both of the two larger plans are still struggling to hit that actuarial return target. KRS is anywhere from 6.75 percent to 7.5 percent and KTRS is at 7.5 percent.

Regarding the asset allocation standpoint, there is not as formal a review for the December 31st report because there is not as many plans to get the data. KRS approved a new target asset allocation and in December it began to move to these new targets and the equity went up almost 2 percent. Real return came down a couple percentage points. Private assets were one of the better performing asset classes, so market movements have increased. KTRS and JFRS are mostly market movements and neither are doing any major reallocations, just some rebalancing and cash flow type issues.

Senator Higdon asked how the policy benchmarks are determined and why the plans have different benchmarks. Mr. Cracraft responded that policy benchmarks are determined through the asset allocation process. KRS has an asset allocation that involves U.S. equity, non U.S. equity, core fixed income, high yield income, and private assets. Each asset class has a target allocation and a benchmark for return purposes. A policy benchmark is calculated by taking the target of each asset class and multiplying it by the benchmark return. Adding each component together results in a total policy benchmark return. If a fund such as LRP has a higher allocation to equity, and equity performs well, then the benchmark would be higher if a plan has more fixed income. Most of the plans are close to targets, and it is generally an underlying manager return issue that is causing the above or below benchmark performance.

Senator Higdon wanted to know if looking at the one year KRS return is 0 and the policy benchmark is 0.6 percent and the assumption that is used is 7.5 percent, how the two numbers relate. Mr. Cracraft answered the 7.5 percent is a target. When a plan is building their asset allocation, a capital market assumption is used for each asset class. For example, it might assume that U.S. equity is going to earn 6 percent and a standard deviation, or risk, is assigned. When building their asset allocation the Board is looking at several different asset mixes that try to get as close to that 7.5 percent target. The 0.6 percent is based on what actually happened over the last twelve months.

Mac Jefferson asked if, in future meetings when this report is produced and the difference between policy benchmarks is substantial, an appendix or some additional information could be added to help explain those differences. Mr. Jefferson also asked when looking at the peer group data, is the KRS returns net of fees and is the peer group constituents in an aggregate gross of fees. Mr. Cracraft answered that BNY Mellon and Wilshire both are labeled as gross, while the Legislative Research Commission Calculated is a mix of both.

Mr. Jefferson asked if there is an average or a benchmark assumed fee that he should back off these other plans to see how well it is doing. Mr. Cracraft responded that with KRS one could probably add 50 to 75 basis points. KTRS' average is 25 to 35 basis points and would be reduced. LRP and JRP are about 10 basis points.

Public Pension Funding Policies Overview (handout)

Brad Gross, Legislative Research Commission, stated over the course of time, the Public Pension Oversight Board (PPOB) has been looking at how other states develop pension funding policies. Governmental Accounting Standards Board statements GASB 25 and 27 became a funding standard for public pension plans across the country since they were first established. GASB 67 and 68 standards have replaced GASB 25 and 27 and effectively divorced funding standards from accounting/reporting standards. This change resulted in the need for pension funds to develop a funding policy. In Kentucky, both KRS and KTRS have reviewed and developed written funding policies, KRS in 2013 and KTRS in 2014. Some parts of the policy are defined by statute and some are not. Recent legislative funding proposals, such as HB 1, have discussed adding statutory language on what the level of KTRS' pension ARC would be over the long run. HB 443, which has not been discussed in length or detail, addresses JFRS' request for a different amortization policy for their unfunded liability then what is currently written in statute.

Mr. Gross talked about how funding policies are developed and what other states are doing. He stated that pension fund management has various policies that will be put into play, such as, an investment policy, which will be discussed at a later time; benefits policies, essentially the benefits that are going to get paid out and are particularly described by statute; governance policy, how the systems are managed; and funding policy, a systematic approach for telling how much should be contributed and when. In general, pension funding is shown by the formula of C + I = B + E (contributions + investments = benefits + expenses), meaning what goes into the fund must ultimately equal what goes out of the fund. Pension funds hire actuaries to help determine what C should be and in turn what the employer contribution rate should be. Some of the common goals on developing funding policies include: benefit security, meaning will the money be there when the benefits come due; contribution stability, or achieving a contribution rate that does not have a lot of variance over the course of time; and intergenerational equity, meaning today's retirement costs are not pushed off to future generations.

There are a lot of components that are put into the actuarial valuation process, such as, assumptions and methods, with some prescribed by statute and some by policy; benefits and funding provisions, which are prescribed by statute, regulation, and board policy; and the actuarial experience of the plan over the course of time against the assumptions. The output of the valuation includes the funding level and unfunded liabilities and recommended employer contribution rates. Experience studies, actuarial audits and asset/liability modeling studies are things that help drive these values into the pension fund.

Funding policies decisions include the actuarial cost method, assumptions such as investment return and payroll growth, an asset valuation method, and an amortization policy. Out of that funding policy there will be an ARC calculation that generally includes the normal cost plus an amortized payment on an unfunded liability. The normal cost is the ongoing cost of the plan assuming all assumptions play out as anticipated. However, assumptions do not always play out, resulting in an unfunded liability and amortized payment. Actuaries tend to project out liabilities over the course of time, using assumptions such as retirement rates and life expectancy. Then these future liabilities will be discounted to today's dollars using that assumed rate of return. Every year those liabilities grow by 7.5 percent.

Mr. Gross stated the following information came from a 2015 presentation by Segal Co. / Cheiron called "A Fresh Look At Actuarial Tools to Address Pension Funding Issues." A funding policy is important and possible funding issues include: the ARC has not been paid; contribution volatility due to investment return fluctuations; the unfunded liability is growing despite paying the full ARC; contributions are growing as a percentage of payroll due to a lack of active payroll growth; overly optimistic assumptions resulting in greater funding; cost shifting is occurring between generations; and revenue growth that is not able to keep pace with the additional retirement contribution needs.

Mr. Gross continued by explaining that the actuarial cost method allocates cost to different time periods and ultimately between the actuarial liability and the normal cost, and it defines what the normal cost will be. There are two common methods: Entry Age Normal Cost and Projected Unit Credit. The entry age normal cost method typically front loads cost, whereas the projected unit credit typically back loads costs. For these pension funds, KRS uses the entry age normal cost method by statute. KTRS uses entry age normal cost by Board policy, but used the projected unit credit prior to FY 2011. JFRS uses entry age normal cost but statute allows either one. Forty-five of the 50 state employee plans use the entry age normal cost method and GASB 67 requires entry age normal cost methods for the computation of accounting liabilities.

The asset valuation method is a process to smooth investment gains and losses to reduce contribution volatility, and most pension funds use a five year smoothing method to smooth out those gains and losses. As an example, he stated that when the investment markets went down during the great recession and the FY 2009 returns were -14 percent and -17 percent for the public pension funds, the losses were not recognized all in one year; but were recognized incrementally over that five year period. Most states have the five year smoothing although some do have shorter and longer periods. The longer period has less volatility on rates. Once losses are recognized, it becomes part of the unfunded liability calculation. KRS, KTRS and JFRS use a five year smoothing method via policy.

One of the key assumptions is the investment return assumption. Mr. Gross stated that liabilities are discounted back to today's dollars using the investment return assumption, and every year liabilities grow by that assumed rate of return. If there is a higher assumed rate of return, then it is going to produce lower unfunded liabilities today. If the investment return assumption is lower, then the unfunded liabilities are going to go up. KRS has a 7.5 percent investment return assumption that is changing in the 2016 valuation to 6.75 percent for the Kentucky Employees Retirement System (KERS) and State Police Retirement System (SPRS) pension funds. The lower rate was assumed in the budget calculations, but there has been movement of the rate over the course of time. It moved from 8.25 percent to 7.75 percent in 2006 and from 7.75 percent to 7.5 percent in the 2015 valuation and moving forward with the KERS and SPRS pension funds it is going to go down as well. KTRS is at 7.5. JFRS is at 7 percent and changed from 7.5 percent to 7 percent in 2009. An idea of what the investment return assumption does to unfunded liabilities and the ARC are exemplified when KRS reduced the assumed rate of return to 6.75 percent for KERS nonhazardous pension fund, which projections indicated the unfunded liability would increase by $900 million with the change from 7.5 percent to 6.75 percent. It did not change the ARC dramatically, 1.31 percent of pay because again that change will get factored in over the amortization period of the fund, which entails not paying that $900 million today. That is probably about a $20 to $22 million increase in the ARC. The National Association of State Retirement Administrators put together data work on public pension funds assumed rates of return since 2001 which indicate public pension funds have been changing assumed rates over the course of time.

Mr. Gross continued that the amortization policy becomes a critical piece of how pension funding rates are determined. A term of thirty years is probably most common, but some are shorter. Some offer a layered approach where there is a thirty year amortization on some components and if there is a new unfunded liability source it will be financed over a new amortization period. There is also the difference between a closed and open period. A closed period would be much like our home mortgage and at some point the liability is paid off. With an open period, the unfunded liability is amortized every single year and may never get to a point where it is paid off at all. The amortization method is also important, meaning is the liability amortized using a level percent or level dollar method. Most pension funds are on a level percent of payroll method. Level dollar would be like a home mortgage, it is a set dollar generally speaking over the life of the thirty year period. Level percent would be equivalent to a mortgage that assumes payroll is going to grow 4 percent a month where the home mortgage payment is to be the same percentage of the pay over the life of that mortgage. The percentage may stay the same but the dollars that are expended are going to grow because the pay is going to grow. Layering or separate bases is simply like a common practice. Under one approach legacy liabilities, which is what has happened in the past is amortized over a certain time period, and then if there are other changes to the unfunded liability they are amortized over separate periods. KRS is on a thirty year closed period and that period started in 2013. This is required by statute for KRS except for whether the period is closed or open and the payroll growth assumption, which is determined in the experience study by the KRS Board in consultation with their actuary. That period has been reset twice in recent history, in 2007 by the KRS Board and the General Assembly reset the period in SB 2 (RS 2013). For KRS, the payroll growth assumption initially was 5 percent and has moved down twice over the course of time and is now 4 percent. KTRS also has a thirty year closed period on legacy liabilities and are amortizing new sources of unfunded liability over a twenty year closed period. KTRS uses a level percent of pay method with a 4 percent pay growth. Generally, this is all by Board policy. An interesting distinction is that KRS has statutory requirements regarding amortization of the unfunded liability while KTRS is set in Board policy. JFRS has a statutory policy that is different from almost any pension fund that is seen in the review of other states. JFRS pays the interest, which is 7 percent, plus 1 percent of the unfunded liability. One of the concerns in the actuarial community is negative amortization, and that occurs when the amortized unfunded liability payment is less than the interest on the liability.

Representative Yonts stated that relevant to negative payroll growth, since 2008 there has been a loss of four plus thousand people and that there are also a lot of privatization which is being researched now. Mr. Gross stated the negative payroll growth was not an issue with all systems. Representative Yonts continued that bottom line is that we should expect that if negative payroll growth is reflected in a new assumption change, then the ARC goes up substantially next cycle. Mr. Gross answered yes.

Responding to questions from Senator Bowen, Mr. Gross confirmed that all the calculations in the presentation included the hybrid cash balance plan and that the calculations reflect the payroll growth.

Senator Bowen stated that the benefit is going to be different for new hires and asked if there would be an offset between lacks of payroll growth. Mr. Gross answered that when talking about payroll growth, it is total payroll, not individual employee salaries. Currently, there is a lack of growing employees' salaries which does impact individual benefit costs. The hybrid cash balance plan is for new hires going forward and that will play out over time, but when that plan was started all employees were not enrolled in the cash balance plan but rather will become a greater percentage of the population over time.

Senator Bowen asked if the hybrid cash balance plan should have its own amortization schedule. Mr. Gross responded that Judicial and Legislative did so, but that the statute prescribed that the KERS and County Employee Retirement System (CERS) hybrid cash balance plan would be together in the one respective pool.

Senator Bowen asked if he was correct with regards to the payroll growth and when taking in new people after 2013, with the hybrid cash balance plan a lot of people are making the assumption they are in a different plan and are not contributing to the funding of the total plan. Mr. Gross responded that was correct and their individual money (their employee contribution rate) is getting put into an account and there is an employer credit, which is not the employer contribution. There is still a single ARC over the course of time on all employees. There is not a different employer's rate for a cash balance participant in KERS, CERS and SPRS versus someone in the traditional defined benefit plan. It operates more just like another tier within the plan.

Mr. Gross continued with how sensitive the payroll growth assumption is in the actuarial valuation. KRS has implemented sensitivity analysis and it is required for all systems going forward by HB 238. If the payroll growth assumption was decreased from 4 percent to 2 percent the pension contribution alone would grow by 9.07 percent of pay. The retirement systems also did an analysis on level percent of pay versus level dollar. Mr. Gross stated for all fund sources that in 2018 the projected ARC is anticipated to produce $823 million in contributions. Using the level dollar method, that would grow to $1.2 billion, a difference just shy of $400 million in additional contributions if payroll growth was taken out of the equation. That would eliminate cash flow discussions in the short run.

Mr. Gross discussed funding policy issues with the individual state funds. The KERS nonhazardous pension fund has a low funding level and cash flow issues which is impacted in part by payroll. Payroll over time is decreasing, which is in part due to a lack of pay raises but also a decline in participation of the Community Mental Health Centers, health departments and some higher education agencies. There may be question of what the ARC + should be or should the ARC simply be a higher value to address cash flow considerations, which can be achieved through a funding policy. KTRS, which has a fixed employer rate by statute and receives some supplemental contributions but then produces a valuation that does describe an ARC, has no clear long term funding plan in statute. As a result, there is a huge variance between the GASB liabilities at $24.4 billion and funding liabilities at $13.9 billion**.** Relative to JFRS' current statutory process of paying interest plus 1 percent of the unfunded liability, a bill was introduced this year that was requested by JFRS to move to a twenty-five year closed period on the legacy liability and utilize a 20, 15, and 10 year amortization period on future liability changes depending upon whether it was a legislative change, assumption change, or future gain in loss. JFRS also wants to move to a level dollar amortization method.

Finally, Mr. Gross discussed pending issues for consideration by the committee. With the funding policy risk management, HB 238 requires standardization with reports as well as projections. The permanent fund has been set aside to help address issues with the pension funds.

Inviolable Contract Exceptions - Kentucky Retirement Systems (handout)

Mr. Bill Thielen introduced Brian Thomas, General Counsel for Kentucky Retirement Systems (KRS). Mr. Thielen also introduced KRS Board members Vince Lang, Elected KERS Member; David Rich, Elected CERS Member; and David Eager, Investment Consultant, new appointee. Mr. Thielen spoke about inviolable contract language and that it is a legal concept that has been a part of Kentucky law long before it was put into the pension statutes. The inviolable contract was recognized between the Commonwealth and various parties under various circumstances going back to the turn of the century, but the language that is in KRS 61.692, which is the KERS statute, states the benefits promised to a member constituted a inviolable contract of the Commonwealth and shall not be subject to reduction or impairment by alteration, amendment, or repeal.

Representative Yonts stated that inviolable means that it cannot be broken or changed and, if it is, then a cause of action arises for those who are affected negatively by it. Mr. Thielen agreed and stated that basically the law over time has morphed into the retirement benefits promised to members are deferred compensation and members are entitled to those benefits from the begin time of employment with the Commonwealth. This language establishing the inviolable contract for KERS, CERS, and SPRS is identical in all three statutes.

Beginning on and after January 1, 2014, pension benefits are no longer protected by the inviolable contract. The statute does provide the benefits that are earned up to the time the changes are made are protected but not thereafter. The cost of living adjustment (COLA), statute KRS 61.691, is not protected by the inviolable contract and may be changed. In HB 1 and SB 2, the General Assembly made substantial changes and there would be no expectations for the long term for a COLA award.

Representative Yonts stated in regards to no expectation of any COLAs, that this is the case, unless the General Assembly or the system has cash on hand to pay them right then.

Finally, Mr. Thielen stated the health insurance benefit that is promised in the statute beginning July 1, 2003, is not protected by the inviolable contract, and since that time significant changes were made in terms of the period of time of service before it is earned.

Representative Yonts wanted to know from Mr. Thielen about the last KRS Board meeting. Mr. Thielen responded that on April 20 he received an Executive Order that removed Thomas Elliott as trustee. A Board meeting was schedule on April 21, and Dr. William Smith reported to Mr. Thielen that he had been appointed as Chair to replace Mr. Elliott. Mr. Thielen stated that he informed Dr. Smith that based on an opinion of the Attorney General that he believed the Governor did not have the authority to remove Mr. Elliot from the Board, and therefore, Mr. Elliott still served as Chair on April 21. On May 2, 2016, an Executive Order was issued appointing Mr. Eager to fill a vacant position on the Board, and subsequently, he was elected Chair of the Investment Committee. Before May 18, 2016, another Executive Order was issued appointing John Farris to a vacancy. On May 18, 2016, Mr. Thielen received an email that stated that since Dr. Smith had declined the appointment, that Mark Lattice, CPA had been appointed. On May 19, 2016, about thirty minutes before the Board meeting was to start, several members of the Board and Mr. Elliott were told that if Mr. Elliott attempted to take part or chair the meeting that he would be arrested and charged with an offense under KRS 525.150. Mr. Thielen stated that there were at least four state police officers in attendance.

Representative Yonts wanted to know if anyone else was prohibited from participating. Mr. Thielen answered there were threats that if certain events occurred there would be consequences to other Board members.

Representative Yonts wanted to know who the threats came from. Mr. Thielen answered they came from the Secretary of Personnel and the General Counsel for the Personnel Cabinet.

Representative Kay wanted to know if there was opportunity for public comment at the KRS Board meeting. Mr. Thielen answered for several months there has been an item on the Agenda allowing public comment and there is thirty minutes set aside for that purpose. He advised that one person had signed up, but that person decided to decline due to the atmosphere.

Responding to questions from Representative Yonts, Mr. Thielen confirmed there was a subsequent Attorney General opinion, OAG 16-004 related specifically to this situation, and that the opinion was that the Governor did not have authority to remove Mr. Elliott and appoint another to his trustee position.

Representative Yonts wanted to know if the people who are appointed are to serve at the pleasure of or for a term of years. Mr. Thielen answered they serve a term of four years.

Representative Yonts asked when Mr. Elliott's term ends. Mr. Thielen said Mr. Elliott has under three years left.

Senator Bowen stated that he does not want the PPOB to overstep its responsibility and the Executive Order was lawful and the PPOB should not pretend that the gubernatorial power and control of the Board has not occurred in the past and he does not think this is unprecedented and the drama of the political dynamics have highlighted this in some measure is unfair.

Representative Yonts responded that is a good point and that the PPOB has no jurisdiction in that matter but it is a matter of concern and interest for this Board because our jurisdiction is to overview the processes of that system.

Inviolable Contract Exceptions – Kentucky Teachers Retirement Systems (handout)

Beau Barnes, Deputy Executive Secretary, Kentucky Teachers Retirement System stated that KTRS has an inviolable contract with similar wording as in the KRS statute. In 2007 then Governor Ernie Fletcher established a Blue Ribbon Commission on Public Retirement Systems and one of the areas that it studied in the operations of the Public Retirement Systems was the inviolable contract and, to assist, the services of two out of state law firms, one from Florida and one from California, were enlisted. Their analysis of the inviolable contract is set forth on page 32 of that Blue Ribbon Commission report. The report states that when analyzing the state's inviolable contract, the legal opinion makes a distinction between pension benefits and medical benefits. In regard to pension benefits, the existence of an inviolable contract seems clear. Further, in the report, the Kentucky statement of intent in regard to the inviolable contract is one of the strongest among the states. There are exceptions, because within the statutes that are covered by the inviolable contract those statutes provide exceptions.

Retirement allowances calculated on average of member's 3 highest salaries if member is at least 55 and has at least 27 years. [KRS 161.220(9)]

Postretirement re-employment provisions. [KRS 161.605((1)-(8)]

Retirement benefits for members providing part-time or substitute teaching services. [KRS 161.612]

3 percent retirement factor for qualifying years exceeding 30. [KRS 161.620(1)(c) and (d)2]

Retiree health insurance – only guaranteed access to group coverage. [KRS 161.675]

Sick-leave payments used for retirement calculation purposes. [KRS 161.155(10)]

Mr. Barnes continued explaining the maximum savings from three benefits that could potentially be reduced or eliminated despite the inviolable contract. Eliminating the ability to have the retirement allowance calculated on the three high salaries opposed to the five high salaries for those age 55 with 27 years of service saves a percentage of pay of about 0.65 percent, which is a savings of $24 million. Removing the 3.0 percent formula multiplier for service beyond thirty years saves a percentage of pay of about 0.25 percent which is about $9 million. For the sick leave treatment (shift from salary credit to service credit), the system saves a percentage of pay of about 0.66 percent, which would save $24 million. The reasons these are labeled maximum savings is because there are potential consequences of these benefits going away for everyone July 1, 2017. Essentially, the concerns are that with one in four teachers eligible to retire and if the benefit just suddenly goes away, there will be a lot of people who are going to retire July 1, 2017, who would not have retired. Having teachers alter their retirement pattern and retire years earlier would mean paying out pensions and medical insurance years earlier would have a huge actuarial impact. The workgroup's actuary last advised that some of these benefits should be removed in a thoughtful way.

Representative Graham wants to know if he is correct when looking at a current memberships sick leave treatment, if shifting from salary credit to service credit if it would impact the local school districts for those teachers who have accumulated quite a bit of sick leave and this change would impact the cost of substitute teachers, teachers not completing out the year, and possibly ending the year with sick leave time if they are able to go. Mr. Barnes responded with yes, and there was some discussion during the teachers funding workgroup last year about some of the nonretirement issues that can develop, such as teachers using their sick leave and the school having to pay for a substitute teacher.

Representative Graham asked if the savings is based upon the five years rather than the three years. Mr. Barnes stated that there are going to be some savings doing away with the high three, but not as great as what the actuary predicted.

Representative Thompson asked Mr. Thielen if any of the sick leave adjustments are protected by the inviolable contract. Mr. Thielen answered he thought so.

Representative Thompson asked Mr. Thielen in regards to sick leave, where is the standing for KRS. Brian Thomas responded that sick leave service for state employees has already been adjusted with SB 2 in 2013. If participating on or after January 1, 2014, that calculation is not used in the retirement benefits.

Inviolable Contract Exceptions – Judicial Form Retirement System (handout)

Donna Early, Executive Director, Judicial Form Retirement System, introduced Judge Laurance Vanmeter, Kentucky Court of Appeals to speak on the legal analysis/opinion. Judge Vanmeter stated the inviolable contract extends to Judges and Legislators who are elected membership before January 1, 2014. The exceptions are:

Judges and legislators electing membership in JRP or LRP after January 1, 2014.

Cost of living adjustments.

An LRP member, or former member, convicted of a felony relating to legislative duties.

A JRP member removed for cause.

Health benefits for legislators are not subject to the inviolable contract except perhaps for members taking office between 1980 and 2005.

Pension Spiking Concerns

Steve Shannon, Executive Director, Kentucky Association of Regional Programs, stated pension spiking occurs within an employee's last five fiscal years when one year's compensation increases by 10 percent over the prior year. It will drive up a person's retirement and that is a problem. There are two conditions that will negate pension spiking, one is a bona fide promotion, and second is career advancement. Another problem that should be addressed by a statutory exemption to pension spiking relates to the Family Medical Leave Act (FMLA). If a person needs to stay home with a health problem and take leave within the last five years without compensation and the next year a person goes to work and works all fifty-two weeks of that year, there results a discrepancy. For example, one year a person works forty-seven weeks due to FMLA; the next year the person works fifty-two weeks, then 5 of 47 exceeds the 10 percent criteria. Therefore the employer gets an assessment, which includes the increase as well as the actuarial value of that increase. However, it is not really an increase that leads to an increase in pension benefit. Also, it may decrease a person's high five and therefore that person will draw less benefit. In one situation, a person lost $9,000 in compensation.

Representative Yonts stated there is also a situation where a person is off on workers compensation or a policeman goes to training.

Responding to a question from Senator Higdon, Mr. Shannon confirmed there was an appeal process and people have gone through the process and the retirement system is fully supportive of a legislative change, but can do nothing on appeal under the law as written.

Representative Graham stated he wanted to clear up a statement and that based upon statute, the PPOB's role and responsibility shall be to review, to analyze, to provide oversight to the General Assembly on the benefits of the administration, the investment, the funding, the law, the administrative regs, and the regulation pertaining to the administered retirement system. Therefore the oversight role is to also to deal with the issue of administration and those that are carrying out the administration and selecting the executive directors of those boards.

Representative Yonts said he concurred 100 percent.

With no further business to come before the Board, the meeting was adjourned at 1:55 p.m. The next regularly scheduled meeting of the Board will be Monday, June 27, 2016 at 12:00 p.m.

ADMINISTRATIVE REGULATION REVIEW SUBCOMMITTEE

Minutes of the May Meeting

May 10, 2016

Call to Order and Roll Call

The May meeting of the Administrative Regulation Review Subcommittee was held on Tuesday, May 10, 2016, at 1:00 PM, in Room 149 of the Capitol Annex. Representative Mary Lou Marzian, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Ernie Harris, Co-Chair; Representative Mary Lou Marzian, Co-Chair; Senator Julie Raque Adams; Representatives Linda Belcher, and Tommy Turner.

Guests: Becky Gilpatrick, Kentucky Higher Education Assistance Authority; Jeff Boler, Mile Grammer, Department of Revenue, Finance & Administration Cabinet; Morgan Ransdell, Board of Nursing; William Adcock, Florence Huffman, Brian Judy, Board of Social Work; Nicole Biddle, Board of Prosthetics, Orthotics, & Pedorthics; Angela Dunham, Department of Corrections; Mark Oerther, Board of Home Inspectors; Duane Curry, Jared Downs, Tim House, Steve Milby, Department of Housing, Buildings & Construction.

LRC Staff: Sarah Amburgey, Ange Bertholf, Emily Caudill, Emily Harkenrider, Karen Howard, Carrie Klaber, and Donna Little.

Guests: Becky Gilpatrick, Kentucky Higher Education Assistance Authority; Jeff Boler, Mile Grammer, Department of Revenue, Finance & Administration Cabinet; Morgan Ransdell, Board of Nursing; William Adcock, Florence Huffman, Brian Judy, Board of Social Work; Nicole Biddle, Board of Prosthetics, Orthotics, & Pedorthics; Angela Dunham, Department of Corrections; Mark Oerther, Board of Home Inspectors; Duane Curry, Jared Downs, Tim House, Steve Milby, Department of Housing, Buildings & Construction.

The Administrative Regulation Review Subcommittee met on Tues-day, May 10, 2016, and submits this report:

Administrative Regulations Reviewed by the Subcommittee:

HIGHER EDUCATION ASSISTANCE AUTHORITY: Division of Student and Administrative Services: Kentucky Higher Education Assistance Authority

11 KAR 4:080. Student aid applications. Becky Gilpatrick, di-rector of student aid services, represented the division.

KHEAA Grant Programs

11 KAR 5:145. CAP grant award determination procedure.

FINANCE AND ADMINISTRATION CABINET: Department of Revenue: Forms

103 KAR 3:050. Miscellaneous Taxes Forms manual. Jeff Boler, resource management analyst, and Mike Grammer, assistant director, Division of Miscellaneous Taxes, represented the department.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph to correct a citation; and (2) to amend Sections 1, 6, 9, and 15 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

GENERAL GOVERNMENT CABINET: Board of Nursing: Board

201 KAR 20:240. Fees for applications and for services. Morgan Ransdell, attorney, represented the board.

A motion was made and seconded to approve the following amendments: to amend Sections 1 and 3 to correct citations. Without objection, and with agreement of the agency, the amendments were approved.

In response to a question by Co-Chair Harris regarding 201 KAR 20:520, which was deferred pursuant to KRS 13A.280(4)(b) to the June 14 meeting of the Subcommittee, Mr. Ransdell stated that the telehealth requirements were established as authorized by, and to comply with, the statute.

Board of Social Work: Board

201 KAR 23:070. Qualifying education and qualifying experience under supervision. William Adcock, chair; Florence Huffman, executive director; and Brian Judy, assistant attorney general, rep-resented the board.

In response to questions by Co-Chair Harris, Ms. Huffman stated that electronic supervision was conducted by the supervisor-of-record discussing matters such as diagnoses and treatment plans with the supervisee via electronic means. Electronic supervision may be used in lieu of a face-to-face, physical meeting for those seeking licensure as a licensed clinical social worker.

In response to a question by Representative Belcher, Ms. Huffman stated that participants in the program were expected to appreciate the electronic supervision provisions because meeting compliance would be easier, even under adverse weather conditions or in cases of long distances.

A motion was made and seconded to approve the following amendments: to amend the TITLE; NECESSITY, FUNCTION, AND CONFORMITY paragraph; Sections 1 through 4 and Sections 7 through 10; and the Clinical Social Work Supervision Con-tract to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Board of Prosthetics, Orthotics and Pedorthics: Board

201 KAR 44:021. Repeal of 201 KAR 44:020 and 201 KAR 44:030. Nicole Biddle, assistant attorney general, represented the board.

JUSTICE AND PUBLIC SAFETY CABINET: Department of Corrections: Office of the Secretary

501 KAR 6:170. Green River Correctional Complex. Angela Dunham, attorney, represented the department.

A motion was made and seconded to approve the following amendments: (1) to amend GRCC 25-01-02 to clarify procedures for release notifications; (2) to amend GRCC 10-01-01, 13-08-01, and 18-04-01 to make minor technical corrections; and (3) to amend Section 1 to update the edition dates of the revised policies. Without objection, and with agreement of the agency, the amendments were approved.

501 KAR 6:999. Corrections secured policies and procedures.

This administrative regulation was reviewed and amended, without objection and with agreement of the agency, by the Sub-committee in closed session pursuant to KRS 61.810(1)(k), 61.815(2), and 197.025(6).

PUBLIC PROTECTION CABINET: Office of Occupations and Professions: Board of Home Inspectors: Board

815 KAR 6:010. Home inspector licensing requirements and maintenance of records. Brian Judy, assistant attorney general, and Mark Oerther, chair, represented the board.

A motion was made and seconded to approve the following amendments: (1) to amend Section 1 to establish that the passport photograph shall be taken within the past six (6) months; (2) to amend Sections 1 through 5, 8, 11, and 12 to comply with the drafting requirements of KRS Chapter 13A; (3) to amend Section 12 and the material incorporated by reference to revise forms to comply with the drafting requirements of KRS Chapter 13A; and (4) to revise the REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT to correct an agency response. Without objection, and with agreement of the agency, the amendments were approved.

815 KAR 6:040. Home inspector prelicensing providers.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph to add a citation; (2) to amend Sections 1 and 2 to comply with the drafting requirements of KRS Chapter 13A; and (3) to amend Section 7 to revise the form incorporated by reference to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

815 KAR 6:080. Continuing education provider.

A motion was made and seconded to approve the following amendments: (1) to amend the TITLE and Sections 1 and 3 to comply with the drafting requirements of KRS Chapter 13A; and (2) to amend Section 5 to revise the forms incorporated by reference to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

815 KAR 6:090. Procedures for complaints and administrative hearings.

A motion was made and seconded to approve the following amendments: to amend Sections 2 and 8 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Department of Housing, Buildings and Construction: Division of Building Code Enforcement: Building Code

815 KAR 7:120. Kentucky building code. Duane Curry, director; Jared Downs, general counsel; Tim House, deputy commissioner; and Steve Milby, commissioner, represented the division.

In response to a question by Co-Chair Harris regarding this administrative regulation and 815 KAR 7:125, Mr. Milby stated that these administrative regulations primarily made corrections and made compliance with energy standards less expensive.

815 KAR 7:125. Kentucky residential code.

Division of Heating, Ventilation and Air Conditioning: Heating, Ventilation, and Air Conditioning Licensing Requirements

815 KAR 8:095. Vehicle identification.

A motion was made and seconded to approve the following amendment: to amend Section 1(3) to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendment was approved.

Division of Plumbing: Plumbing

815 KAR 20:084. Storage and installation of cross-linked poly-ethylene piping.

A motion was made and seconded to approve the following amendments: to amend Sections 2, 3, and 4 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

815 KAR 20:191. Minimum fixture requirements.

In response to a question by Co-Chair Harris, Mr. House stated that this administrative regulation provided for mobile restrooms for use, for example, during remodeling of an existing, standard restroom.

A motion was made and seconded to approve the following amendments: to amend Sections 2, 13, and 18 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

815 KAR 20:195. Medical gas piping installations.

A motion was made and seconded to approve the following amendments: to amend Section 2 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

The following administrative regulations were deferred to the June 14, 2016, meeting of the Subcommittee:

GENERAL GOVERNMENT CABINET: Board of Licensed Diabetes Educators: Board

201 KAR 45:110. Supervision and work experience.

Other Business: Co-Chair Marzian announced that the Southern Legislative Conference would be held in Lexington, Kentucky, this summer, with Kentucky as the host state. Therefore, due to scheduling issues, the July meeting of the Subcommittee would be held July 14 at 1 p.m.

The Subcommittee adjourned at 1:30 p.m. until June 14, 2016, at 1 p.m.

TOBACCO SETTLEMENT AGREEMENT FUND OVERSIGHT COMMITTEE

Minutes

June 1, 2016

Call to Order and Roll Call

The 5th meeting of the Tobacco Settlement Agreement Fund Oversight Committee was held on Wednesday, June 1, 2016, at 10:00 AM, in Room 129 of the Capitol Annex. Representative Wilson Stone, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator C.B. Embry Jr., Co-Chair; Representative Wilson Stone, Co-Chair; Senators Carroll Gibson, Dennis Parrett, Robin L. Webb, and Whitney Westerfield; Representatives Mike Denham, Tom McKee, Jonathan Shell, and James Tipton.

Guests: Warren Beeler, Executive Director, Governor's Office of Agricultural Policy, Bill McCloskey, Director of Financial Services, Governor's Office of Agricultural Policy, and Michael Plumley, Assistant Attorney General.

LRC Staff: Lowell Atchley, Kelly Ludwig, and Marielle Manning, Committee Assistant.

Upon motion made by Representative Tipton and seconded by Senator Embry, the May 4, 2016 minutes were approved, upon voice vote.

Governor's Office of Agricultural Policy

Mr. Warren Beeler, Executive Director, and Mr. Bill McCloskey, Director of Financial Services, Governor's Office of Agriculture Policy (GOAP), presented the projects receiving Agricultural Development Board approval at its May 2016 meeting. Those included approved amendments, modifications and new equipment for a production plant, cost-shares with 4-H and/or FFA students, a small livestock building, an open span livestock building, On-farm investments, Environmental Stewardship, Shared-use programs, and major statewide or regional projects.

GOAP representatives responded to committee members' questions about the diagnostic lab at Murray State, hemp production and the Shared-use funding commitments.

Responding to Representative Stone's question about the diagnostic lab in Hopkinsville and Kentucky Department of Agriculture's funding, Mr. Warren Beeler explained the budget was $366,000 of general funds for operating. Murray State had $2.2 million for operating the lab.

Responding to Representative McKee's question about last year's hemp production grant in Winchester, Mr. Warren Beeler explained that 22 counties put up money and were matched for $242,000 for seed processing of tallow oil at the Winchester plant.

Responding to Representative Stone's question about On-Farm Energy Programs, GOAP officials said the approved funds go towards projects such as grain dryer updates. GOAP officials explained that applicants are eligible for half of the cost up to $10,000 per year and up to $25,000 lifetime. Most of these projects are dairy and poultry related.

The committee received reports on five regional projects: (1) Fish Market, Inc., approved by the board for $427,550 in state funds, as a 2 percent loan, for building renovation and to purchase breeding, freezing, meat processing and filling line equipment; (2) Jessamine County FFA Alumni Association, approved by the board for $8,000 in Jessamine County funds to cost-share with 4-H/FFA students on agriculture-related projects; (3) Cumberland County Extension District, approved by the board for $5,000 in Cumberland County funds to construct a 24' x 24' post frame building to house small livestock for educational use; (4) Cumberland County 4-H Council, approved by the board for $24,000 in Cumberland County funds to cost-share with youth participating in the Cumberland County 4-H Agricultural Entrepreneurship Program; and (5) Allen County Fiscal Court, approved by the board for $67,450 in Allen County funds to construct a 72' x 150' open span building including plumbing, electricity, wash racks and panels.

The GOAP representatives described two funding denials: (1) Kentucky Wineries Association, Inc., turned down for $147,700 in state funds to hire a fulltime Executive Director, promote the Kentucky Wine Trail, produce the KWA WineFest, and help individual wineries market their products with traditional and social media advertising. Concerns about duplication of services were mentioned as reason for denial; (2) Route 52 Moonshine, LLC, turned down for $35,125 in Estill County funds and $35,125 in State funds to increase production at their distillery in Estill County. Concerns about limited producer impact were mentioned as reason for denial.

Responding to Representative McKee's question about the corn market in Estill County, GOAP officials said about 1 ton of corn/week is produced for the market.

Update on the Master Settlement Agreement

Mr. Michael Plumley, Assistant Attorney General, and Mr. Mitchel Denham, Civil Branch, Kentucky Attorney General's Office, gave an update on the Master Settlement Agreement (MSA), tobacco settlement enforcement, and the effects of provisions contained in HB 512 (2015 Regular Session).

In response to a question from Representative McKee, Mr. Plumley explained payments will be down in the future due to the fact there will be only one more supplemental payment in 2017. Furthermore, payments will be reduced by increased amounts in 2017. MSA cigarette sales in general are declining due to electronic cigarettes, pipe tobacco, and little cigars, which are all taxed differently than cigarettes, combined with reduced smoking rates. The sales markets are down.

Responding to Representative Stone's question about escrow payments and distribution, Mr. Plumley explained some money can be recovered over time, but they will look for ways to go after that money.

Documents distributed during the meeting are available with meeting materials in the LRC Library. There being no further business, the meeting was adjourned.

PROGRAM REVIEW AND INVESTIGATIONS COMMITTEE

Minutes

June 9, 2016

Call to Order and Roll Call

The Program Review and Investigations Committee met on Thursday, June 9, 2016, at 10:00 AM, in Room 131 of the Capitol Annex. Senator Danny Carroll, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Danny Carroll, Co-Chair; Representative Terry Mills, Co-Chair; Senators Julie Raque Adams, Tom Buford, Perry B. Clark, Dorsey Ridley, Dan "Malano" Seum, Stephen West, and Whitney Westerfield; Representatives Tim Couch, David Meade, Ruth Ann Palumbo, Rick Rand, Arnold Simpson, Chuck Tackett, and Jeff Taylor.

Legislative Guest: Representative Derrick Graham.

Guests: Damon Talley, Attorney, Bluegrass Water Supply Commission; Tom Marshall, Frankfort attorney; Dr. Ronnie Nolan, Director, Kentucky Educational Collaborative for State Agency Children; Paula Stafford, School Administrator, Rowan County; Gage Ramage, student, Lake Cumberland Youth Development Center; Michelle Sanborn, President, Children's Alliance; and Terry Brooks, Executive Director, Kentucky Youth Advocates.

LRC Staff: Greg Hager, Committee Staff Administrator; Chris Hall; Colleen Kennedy; Van Knowles; Jean Ann Myatt; Chris Riley; William Spears; Shane Stevens; Joel Thomas; Aurora Cooper and Rayann Houghlin, Graduate Fellows; and Kate Talley, Committee Assistant.

Senator Carroll welcomed legislative guest Representative Derrick Graham and opened the meeting with a prayer and the pledge of allegiance.

Minutes for May 12, 2016

Upon motion by Senator Raque Adams and second by Representative Simpson, the minutes for the May 12, 2016, meeting were approved by voice vote, without objection.

Staff Report: *State Funding Of The Bluegrass Water Supply Commission*

Mr. Riley stated that drought conditions in 1999 negatively impacted the water supply in central Kentucky. Municipalities from the region formed a utilities round table group to discuss strategies for addressing water supply issues. Senate Bill 409, enacted in 2000, increased responsibilities for area development districts to develop strategies to address water supply shortages.

The Bluegrass Area Development District partnered with central Kentucky water utilities to form the Bluegrass Water Supply Consortium, which had 18 members as of 2004. The consortium received grants from the US Environmental Protection Agency and the Kentucky Infrastructure Authority for a $450,000 feasibility study to determine an optimal regional water supply strategy for the region. Based on the study's evaluation criteria, the preferred option was construction of a water treatment facility at Pool 3 on the Kentucky River with supplemental raw water supply from the Ohio River. The study also called for the formation of a regional water commission to manage the construction and daily operation of the proposed water infrastructure projects.

The Bluegrass Water Supply Commission (BWSC) was formed in August 2004 under KRS 74.420-520 by an executive order from the Lexington-Fayette Urban County Government. Nine consortium members became founding members: Cynthiana, Frankfort, Georgetown, Lancaster, Lexington-Fayette, Mt. Sterling, Nicholasville, Paris, and Winchester. Berea joined the commission in 2007; Mt. Sterling left in 2011. Kentucky American Water, an investor-owned water utility that serves Fayette County and portions of surrounding counties, was a working partner of BWSC but not a member of the commission. The commission has maintained a consistent ratio of seven utility officials to two or three elected officials.

The mission of BWSC is to ensure adequate water supply to its members under any conditions, maximize use of the Kentucky River as raw water source, and maintain reasonable wholesale water rates.

Construction of the proposed water treatment facility and grid network was estimated to require capital funding in excess of $150 million. BWSC determined that the majority of funding for these projects would have to come from federal grants.

More than $2 million in state funding has been awarded to BWSC. A $250,000 Community Economic Growth grant was not used by the commission in the allotted time, so the funds reverted to the Governor's Office for Local Development. The commission has used more than $1.8 million in state funding since FY 2005: two $900,000 appropriations and a $30,000 grant from the Kentucky River Authority (KRA).

In 2005, BWSC entered into loan agreements of $165,000 each with the Kentucky League of Cities and the Kentucky Association of Counties. The loans were used as part of the local matching requirement for the first $900,000 appropriation to the commission and for operating expenses. Both loans were retired with funds from the second $900,000 appropriation to the commission in May 2012 at a total cost of $354,232 including accrued interest.

BWSC contracted with the Flint Group in 2005 for financial management, federal grant writing assistance, and lobbying. The Flint Group, which was paid more than $23,000 from the KRA grant, was registered as a federal lobbyist on behalf of BWSC in 2005, primarily to secure capital funding through a State and Tribal Assistance Grant. The efforts to secure capital funding through federal grants was unsuccessful.

The first $900,000 appropriation awarded to BWSC came from HB 267, the 2004-2006 biennium budget bill. The appropriation required $200,000 in local matching. The terms of the appropriation listed the Kentucky Infrastructure Authority (KIA) as the grantor of the funds, meaning that payments from the grant would be administered by KIA to BWSC. KIA was also authorized to request periodic reviews of projects associated with the funding. KRA, listed as the grantee of the funds, was responsible for overseeing the submission of project profiles, budgets, and other documentation associated with the project. BWSC was listed as the sub-grantee and was responsible for providing project profiles, project budgets, legal counsel, and other requirements per the grant assistance agreement to KIA after review by KRA. The funds were to be used for pre-construction activities including routing/engineering studies, legal fees, administrative fees, and property acquisition associated with proposed water infrastructure projects.

Total spending for this stage of BWSC's efforts was more than $1.1 million, which included the $900,000 appropriation and more than $200,000 in matching. O'Brien & Gere Engineers, which received nearly $324,000 from BWSC, served as the primary engineering firm for the commission. Damon Talley, general counsel of the commission, was paid more than $300,000 for legal services and for reimbursement of expenses. The Bluegrass Area Development District was paid nearly $161,000 for administrative functions. Kentucky American Water was paid $171,000 for an engineering design modification that would have increased the capacity of its proposed water treatment facility by 25 percent as part of a potential partnership between BWSC and Kentucky American Water. Seven other vendors accounted for the remaining $144,000.

Mr. Thomas explained that Kentucky American Water decided at an informal conference convened by the Public Service Commission on March 14, 2006, to proceed with plans to build a water treatment facility near Pool 3 on the Kentucky River. During the conference, the BWSC general counsel stated that the commission was having difficulty securing the funding needed to partner with Kentucky American for the construction of the proposed water treatment facility. In 2008, the Public Service Commission granted permission to Kentucky American to move forward with the construction of the Pool 3 facility and pipeline. The treatment facility came online in September 2010. The 31-mile pipeline connects the Kentucky River with a Kentucky American connection point in Fayette County.

BWSC was awarded a second $900,000 appropriation during the 2006 Regular Session as HB 380. The appropriation was amended by HB 4 of the 2009 Extraordinary Session, which permitted BWSC to use funds from the second appropriation to pay off the Kentucky League of Cities and Kentucky Association of Counties loans from 2005. Because these loans had been used as local matching for the first $900,000 appropriation in 2005, in effect, state funds from one year were used to match state funds from another year.

After paying off the loans in 2012, BWSC had more than $545,000 remaining of the HB 380/HB 4 appropriation. In October 2012, BWSC voted to allow member municipalities to submit projects for funding from these funds. The projects had to meet BWSC's original goals of providing water supply interconnectivity. Six member municipalities were awarded funding: Berea, Cynthiana, Frankfort, Lancaster, Nicholasville, and Paris. As of January 2016, only Berea and Frankfort had drawn down their funding from BWSC. At that time, BWSC had a remaining balance of nearly $184,000 restricted for use on these projects.

Senator Buford expressed concerns pertaining to the accountability of funds spent by the commission. There is a need for more detail for how these funds were used. He stated he was unclear of the status of the remaining $184,000, saying that perhaps the funding should revert to the state. The question is what the state received for the money spent. Based on a detailed breakdown of expenditures, committee staff may have recommendations. He proposed postponing approval of the report.

In response to a question from Senator Buford, Mr. Thomas said that $184,000 remaining is allocated to local municipalities' projects.

Mr. Talley thanked the General Assembly for the two $900,000 appropriations. Central Kentucky cities were working together with Kentucky American to solve the water shortage problem. The effort included workshops, public meetings, engineering studies, and planning. Kentucky American had the financial resources to follow through and build a water treatment plant and pipeline. More recently, BWSC has been an advocate for rebuilding dams on the Kentucky River and has supported user fees to do so.

Mr. Marshall stated that he has followed BWSC closely since 2007. There was considerable opposition to the pipeline proposed by BWSC through Franklin and Scott Counties. He expressed concern as to whether BWSC spent money it was awarded by the state properly and whether BWSC followed all procurement laws. Perhaps some of the money should be returned to the state. The General Assembly should consider reviewing the contract review process and implementing more oversight for projects and entities such as the ones described in the report.

Senator West made a motion to adopt the report, but there was not a second. He withdrew the motion.

Senator Buford restated he would like a more detailed breakdown of expenditures of BWSC and added that perhaps legislation pertaining to the oversight of where and how state funds are spent should be considered.

Representative Simpson motioned to pass the vote to the next meeting. Senator Perry Clark seconded, and the motion carried.

Senator Stephen West requested that a member of BWSC be present at the next meeting to discuss the future of BWSC and to comment.

Dr. Nolan said that the mission of the Kentucky Educational Collaborative for State Agency Children (KECSAC) is to ensure that all state agency children receive a quality education by establishing and maintaining collaborative partnerships with public and private agencies. KECSAC's authority is from statute and regulation. State agency partners are the Department of Education, the Cabinet for Health and Family Services, and the Justice and Public Safety Cabinet. KECSAC has 85 education programs and partners with 51 school districts. It serves 2,100 students daily and nearly 12,500 annually. He gave examples of types of programs. A6 students attend school 210 days per year. Classroom ratios are 10:1 or 15:1.

The interagency advisory group, which is outlined in regulation, includes representatives of state agency partner agencies, school district superintendents, school administrators, and a student representative. The group serves as an administrative hearing board and approves the biennial plan. KECSAC submits quarterly and annual reports to the Kentucky Board of Education.

The local school district is responsible for providing education services to state agency children. There are 338 full-time teachers, 151 classroom aides, and 59 on-site school administrators for A6 schools.

State agency children participate in all state assessments and are pre- and post-tested locally. A6 programs receive school report cards. A6 programs are monitored annually by a team of three experts.

Supplemental funding for state agency children is a $10.1 million line item in the Department of Education budget. Of this, 94.1 percent is allocated to local school districts to support instruction.

Mr. Ramage told of his experience as an A6 student. After receiving his GED, he encountered many obstacles while trying to obtain a postsecondary education. As a convicted felon, he received limited educational benefits and financial aid. Often he used his own money to pay for courses. He obtained his certificate in welding and successfully completed his first semester of college.

Ms. Sanborn said that state agency children are the responsibility of the Kentucky Department of Juvenile Justice; the Department for Community Based Services (DCBS); and the Department for Behavioral Health, Developmental and Intellectual Disabilities. KECSAC was designed to limit inequities and increase coordination of educational services for state agency children. She is unsure whether this intent is being fulfilled.

Of the 47 residential licensed programs serving children in the custody of the state on contract with DCBS, 23 have on-site schools. Children served in these schools struggle with multiple issues. Most have four diagnoses or more and have had more than five placements.

On-site schools reduce school disruption by providing stable care, significantly reduce school suspensions for children, increase attendance rates and classroom time, allow teachers to teach by having therapeutic interventions and behavioral supports immediately available, and increase school progress. No busing is needed, which saves the school district money and is safer.

The issue she emphasizes is that residential agencies are asked to provide mandated services, but they are not reimbursed to cover the cost of the care provided. Expenses for an on-campus school are not allowable expenses through DCBS. The cost of these critical services provided by residential providers are not being reimbursed by DCBS, KECSAC, or the Department of Education. Agencies cannot keep up with the added expenses.

Several Children's Alliance members have worked to negotiate ways to share the costs of these services with their local public school agencies. Negotiations between some residential programs and their local public school agency have not been successful at resolving how the costs of these services will be covered. Additionally, individual negotiations do not provide for a standard, uniform way to ensure that the costs of services are reimbursed.

Several schools in one county worked to negotiate a new agreement and the negotiations were unsuccessful. KECSAC stepped into resolve the issue but ended up requiring additional tasks for agencies, to be funded by the agencies, such as administering medications, developing a plan for addressing crisis behaviors, staffing and supervising a time-out room, and monitoring the cafeteria.

What is needed from Program Review is a third-party review of the 23 on-site schools to be included in the committee's study of foster care and adoption. Legislators need to know whether resources being provided to the children in these schools are being used appropriately, whether children in these schools are receiving the same services that other children in public schools are receiving, and who is responsible for providing and covering the cost of treatment and other services being required in the KECSAC agreements.

Mr. Brooks said that little is definitively known from objective and independent sources about A6 education. The quality of A6 programs varies so much across and within school districts that placement of students is like a lottery. a student could be placed in an innovative and personalized program or a program that lacks resources and fails to deliver a quality education.

He suggested five question groups that should be studied:

What is the budget of each A6 program and why do budgets vary so much? How is funding tracked?

What are program outcomes? When were programs assessed by external and independent sources and what were the results?

How are student outcomes tracked? Are there pre- and post-assessments? How are evaluations used?

How are supplemental services delivered?

Is the current governance structure effective enough?

In response to a question from Senator Raque Adams, Dr. Nolan said that each student receives the same amount of funding. Funding is provided to each district based on the number of students.

Mr. Brooks commented that Kentucky Youth Advocates has concerns about whether A6 students are fully funded. Variations for side-by-side districts in per pupil expenditures varied by thousands of dollars.

Senator Raque Adams said that she would like to see a study and compare side-by-side funding.

In response to questions from Senator Carroll, Dr. Nolan said districts determine how SEEK [Support Education Excellence in Kentucky] funding is spent. KECSAC funding is required to be spent on students. School districts are responsible for all educational services. Mr. Brooks would like the committee to look at categorical funding, SEEK funding, and allocation. Ms. Sanborn commented that clarity on who is responsible for certain funds is needed. Therapeutic services are the responsibility of private agencies.

In response to a question from Senator Seum, Dr. Nolan said only districts that have A6 programs are served by KECSAC. Funds do not flow from district to district. Local tax dollars are used to provide educational services for students who must attend another district with an A6 program.

Representative Graham clarified that most districts are working with private agencies to provide services but are not paying for the services.

In response to a question from Senator Clark, Dr. Nolan said KECSAC does not track students long term. The Department for Juvenile Justice and the DCBS may have that information.

In response to a question from Representative Taylor, Dr. Nolan said the highlighted schools on the press releases enclosed in KECSAC's packet are the A6 schools.

In response to a question from Representative Graham, Dr. Nolan will find out if Mr. Ramage's lack of being able receive funding due to a felony is a federal or state guideline. Mr. Brooks said youth expungement is a federal and state issue and is currently being discussed regarding postsecondary education.

Senator Carroll summarized that the main concerns regarding A6 schools are equitable funding, quality in each program, standardization, and responsibility of funding.

Mr. Brooks commented that youth fall under different agencies frequently. Integrated responsibility for care would make sense.

The meeting adjourned at 12:14 PM.

GOVERNMENT CONTRACT REVIEW COMMITTEE

Committee Minutes

June 14, 2016

Call to Order and Roll Call

The Government Contract Review Committee met on Tuesday, June 14, 2016, at 10:00 AM, in Room 131 of the Capitol Annex. Representative Dennis Horlander, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Max Wise, Co-Chair; Representative Dennis Horlander, Co-Chair; Senators Julie Raque Adams, Julian M. Carroll, and Paul Hornback; Representative Brent Yonts.

Guests: David Adkins, Jennifer Miracle, Jackie Cecil, Pam Duncan, Tim Burcham, Jennifer Linton, Andy Casebeir, Brian Maynard, DJ Wasson, Charlie Harmon, Donna Duncan, Eric Pelfrey, Evan Dick, Nikki James, Kim Potter Blair, Hilary Daily, Marc Guilfoil, Leslie Strohm, Bill Wickliffe, Kevin Peach, and Stephanie Robey.

LRC Staff: Kim Eisner, Daniel Carter, and Jarrod Schmidt.

A motion was made by Representative Yonts to approve Minutes of the May 2016, meeting of the committee. Senator Wise seconded the motion, which passed without objection.

A motion was made by Representative Yonts to consider as reviewed the Personal Service Contract List, with exception of those items selected for further review by members of the committee. Senator Carroll seconded the motion, which passed without objection.

A motion was made by Representative Yonts to consider as reviewed the Personal Service Contract Amendment List, with exception of those items selected for further review by members of the committee. Senator Carroll seconded the motion, which passed without objection.

A motion was made by Representative Yonts to consider as reviewed the Memoranda of Agreement List, with exception of those items selected for further review by members of the committee. Senator Carroll seconded the motion, which passed without objection.

A motion was made by Representative Yonts to consider as reviewed the Memoranda of Agreement Amendment List, with exception of those items selected for further review by members of the committee. Senator Carroll seconded the motion, which passed without objection.

A motion was made by Representative Yonts to consider as reviewed the Correction List. Senator Carroll seconded the motion, which passed without objection.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE REVIEWED WITHOUT OBJECTION:

AGRICULTURE, DEPARTMENT OF:

Saybolt, LP, 1600002373.

AUDITOR OF PUBLIC ACCOUNTS, OFFICE OF THE:

Harding Shymanski and Company, 1600002570; Blue & County, LLC, 1600002668.

CABINET FOR HEALTH AND FAMILY SERVICES:

Fred Department Rosset, 1600001988; Tahira Morenike Bland, 1600002476.

CORRECTIONS, DEPARTMENT OF:

Secon, Inc., 1600001802.

CRIMINAL JUSTICE TRAINING, DEPARTMENT OF:

Premier Integrity Solutions, 1600002579.

DEPARTMENT FOR ENVIRONMENTAL PROTECTION:

Kentucky Rural Water Associates, Inc., 1600001668; Ross and Company, PLLC, 1600002431.

DEPARTMENT FOR NATURAL RESOURCES:

Pinnacle Actuarial Res, Inc., 1600002560; Tichenor and Associates, 1600002563.

DEPARTMENT OF INSURANCE:

Axams, LLC, 1600002180; PSI Services, LLC, 1600002417; Taylor-Walker Consulting, LLC, 1600002453; Actuarial Resources Corporation, 1600002477.

DEPARTMENT OF REVENUE:

Donald L. Richardson, 1600002964.

EASTERN KENTUCKY UNIVERSITY:

Crowe Horwath, LLP, 16-197; Council for Adult and Experiential Learning (CAEL), Inc., 18-003; Rauch, Inc., 18-004; Central Kentucky Interpreters Referral, Inc., 18-005; Mark French - Freelance Art Direction & Graphic Design, 18-009; Splash Box Marketing, 18-010; Baldwin Creative and Company, LLC d/b/a B63, 18-011; McBrayer, McGinnis, Leslie & Kirkland (MML&K), 18-012; Prosigns, LLC, 18-013; Crowe Horwath, LLP, 18-014; The Center for Accessible Living, Inc., 18-016; Alexander Haas, 18-018; Employee Network, Inc., 18-021; Multi, 18-034.

ECONOMIC DEVELOPMENT - OFFICE OF THE SECRETARY:

Mountjoy Chilton Medley, LLP, 1600002367.

EDUCATION, DEPARTMENT OF:

Multi, 1600001444; Mary E. Martins, 1600001454; The Hanover Research Council, LLC, 1600001458; Danville Pediatrics, 1600001486; Hands On Therapy, PSC, 1600001487; Kentucky Museum of Art and Craft, Inc., 1600001597; Jennifer R. Stocker, 1600001599; Humrro, 1600002274.

EDUCATIONAL TELEVISION, KENTUCKY:

Britt Davis, 1600002619; James H. Bugay, 1600002626; Michelle Grant, 1600002632; Carla Gover Barnett, 1600002671; Blue & County, LLC, 1600002729.

FINANCE AND ADMINISTRATION CABINET - DIVISION OF ENGINEERING:

Strand Associates, Inc., 1600000611; Ross Tarrant Architects, Inc., 1600001849; Kohrs Lonnemann Heil Engineers, PSC, 1600002220; Barnette Bagley Architects, 1600002300; Kentucky Auctioneers Associates, Inc., 1600002722.

FISH & WILDLIFE, DEPARTMENT OF:

Gregory K. Johnson, 1600001688.

INFRASTRUCTURE AUTHORITY:

American Municipal Tax-Exempt Compliance Corporation, 1600002771; Blue & County, LLC, 1600002936.

JUVENILE JUSTICE, DEPARTMENT OF:

Carol Barnett, 1600002480; Dale Jones, 1600002483.

KENTUCKY COMMUNITY & TECHNICAL COLLEGE SYSTEM:

Kentucky Field Service Realty, Inc., 656; Hagyard-Davidson-McGee Associates, PLLC, 657; Sign Language Network, Inc., 658; Center for Occupational Research and Development, 659; Baptist Health Madisonville, 664; Immediate Solutions, LLC, 666; Jobs for the Future, 670; Teacher's College, Columbia University The Community College Research Center, 671; Lake Cumberland CDL Training School, Inc., 673; Women's Crisis Center, 676; SCATE Inc., 678; Harold D. Smathers Jr. Smathers and Associates Consulting, Inc., 682; American Association of Collegiate Registrars and Admissions Officers, 683; Sierra-Cedar Inc., 686; Summit 7 Systems, Inc., 687; SCATE, Inc., 688; eBusiness Advantage, Inc., 689; Scoppechio f/k/a Creative Alliance, 690; High Monkey Consulting, 691; Hanna Resource Group, LLC, 692.

KENTUCKY LOTTERY CORPORATION:

IGT Global Solutions Corporation f/k/a GTECH Corporation, 17-10-001; Affiliated Forensic Laboratory, Inc., 17-12-019-2; Gaming Laboratories International, LLC, 17-14-035; IGT Global Solutions Corporation f/k/a GTECH Corporation, 17-15-001; Gaming Laboratories International, LLC, 17-15-028-2; Clark Schaefer Consulting, LLC, 17-15-041.

KY RACING COMMISSION:

Joseph B. Henderson, 1600002147.

LEGISLATIVE RESEARCH COMMISSION:

Ron Hambleton, 16/17-06; Daniel Koretz, 16/17-08; Dr. Lynette Russell, 16/17-18.

MILITARY AFFAIRS, DEPARTMENT OF:

Joe W. Warren, 1600002203.

MURRAY STATE UNIVERSITY:

Capitol Solutions, 002-17.

NORTHERN KENTUCKY UNIVERSITY:

Site Solutions Consulting, LLC, 2016-733; Learfield Communications, Inc., 2017-101.

OCCUPATIONAL THERAPY, BOARD OF:

Resprivata Enterprise, Inc., 1600002618.

PERSONNEL-OFFICE OF THE SECRETARY:

Cannon Cochran Management Services, Inc., 1600001353.

PHYSICAL THERAPY, BOARD OF:

Brian Fingerson RPH, Inc., 1600002289.

REAL ESTATE COMMISSION:

KCH & Associates LLC, 1600002604.

STATE POLICE, DEPARTMENT OF:

Sorenson Forensics, 1600002641.

TRANSPORTATION CABINET:

Bacon Farmer Workman Engineering & Testing, Inc., 1600002442; Stantec Consulting Services, Inc., 1600002541; QK4, Inc., 1600002562; Palmer Engineering, 1600002564; Stantec Consulting Services, Inc., 1600002757; CDM Smith, Inc., 1600002758; Parsons Brinckerhoff, Inc., 1600002760; Northrop Grumman Systems Corporation, 1600003299.

TURNPIKE AUTHORITY OF KENTUCKY:

American Municipal Tax-Exempt Compliance Corporation, 1600002546.

UNIVERSITY OF KENTUCKY:

BKD, LLP, K17-101; Fund Evaluation Group, LLC, K17-102; Apax Software, K17-103; Fellon-McCord & Associates, Inc., K17-104; Huron Consulting Services, LLC, K17-105; UASI-United Systems, Inc., K17-106; Pitts Management Associates, Inc., K17-107; MediRevv, Inc., K17-108; Lattimore, Black, Morgan & Cain, K17-109; Divurgent, LLC, K17-110; Dentons US, LLP, K17-111; Deloitte Consulting, LLP, K17-112; BKD, LLP, K17-113; Blue & Company, LLC, K17-114; Bolder Outreach Solutions, LLC f/k/a Medicaid Eligibility and Denial Solutions, K17-115; Cenergistic, LLC, K17-116; Huron Consulting Services, LLC, K17-117; Cammack Retirement Group, K17-118; Kaufman, Hall & Associates, LLC, K17-119.

UNIVERSITY OF LOUISVILLE:

Dr. Gery Hochanadel, LLC, 17-001; Crowe Horwath, LLP, 17-002; Embry, Merritt, Shaffar, Womack, PLLC, 17-003; Multi, 17-004; Aon, 17-005; Nelnet Diversified Solutions, LLC d/b/a Merchant Preservation Service, 17-006; John McGinnis Auctioneers, Inc. d/b/a McGinnis Auction & Appraisal Service, 17-007; Right Management, Inc., 17-008; Power Agency, 17-009.

VETERANS AFFAIRS, DEPARTMENT OF:

Norton Medical Industries Corp, 1600001288; Disabled American Vets, 1600001405; American Legion of Kentucky, Inc., 1600001406; Veterans of Foreign Wars, 1600001408; Hargis & Associates, LLC, 1600002742.

WESTERN KENTUCKY UNIVERSITY:

Multi, 161702; Contemporary Services Corporation, 161703; Community Action of Southern Kentucky, Inc., 161704; Sodexo Education Services, Inc., 161705; Hafer Associates, 161802; Crowe Horwath, LLP, 161803; Ross Tarrant Architects, 161804; McDonald Transit Associates, Inc., 161805.

WORKER'S COMPENSATION FUNDING COMMISSION:

Blue & County, LLC, 1600002434.

Workers Claims, Department of:

Underwriters Safety and Claims, Inc.,

1600001931.

WORKFORCE INVESTMENT, OFFICE OF:

Kimberly D. Martin, 1600002364; Cell Staff, LLC, 1600002623; Maher & Maher, 1600002624

THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

CABINET FOR HEALTH AND FAMILY SERVICES:

Conliffe Sandmann and Sullivan, 1400003654.

DEPARTMENT FOR BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES:

LabCorp, 1500000884; AMS Temporaries, Inc., 1500001706; Crown Services, Inc., 1500001707; Guardian Angel Staffing Agency, 1500001708; Guardian Healthcare Providers, 1500001709; Nursestaffing Group Kentucky, LLC, 1500001710.

DEPARTMENT FOR INCOME SUPPORT:

Ann Hess, 1400000896.

DEPARTMENT FOR MEDICAID SERVICES:

Myers and Stauffer, LC, 1500001822.

DEPARTMENT FOR PUBLIC HEALTH:

Crown Services, Inc., 1400001199; National Jewish Health, 1500002004.

ECONOMIC DEVELOPMENT - OFFICE OF THE SECRETARY:

Stoll Keenon Ogden, PLLC, 1400003109; Stites and Harbison, 1400003110; C. H. Johnson Consulting Incorporated, 1400003156; Aecom Technical Services, Inc., 1400003167.

EDUCATION, DEPARTMENT OF:

John Thompson, 1400002404; Michelle E. Deal, 1400002411; Jennifer R. Stocker, 1400002418; Gail P. Binder, 1400003722; One Plus Services, 1400003770; The Hanover Research Council, LLC, 1500000889.

FINANCE AND ADMINISTRATION CABINET:

Conliffe Sandmann and Sullivan, 1400003628; Cunningham Lindsey U.S., Inc., 1500002124.

FINANCE AND ADMINISTRATION CABINET - DIVISION OF ENGINEERING:

Omni Architects, 0700003255; Ross Tarrant Architects, Inc., 1200001550; Stengel Hill Architecture, Inc., 1500001000; Sherman Carter Barnhart, 1500001025; Omni Architects, 1500001238; Clotfelter Samokar, PSC, 1500001995; H.A. Spalding, Inc., 1500002882; CMTA, Inc., 1600000031; Third Rock Consultants, LLC, 1600000239; John L. Carman and Associates, Inc., 1600001100.

MILITARY AFFAIRS, DEPARTMENT OF:

Joe W. Warren, 1500002614.

PERSONNEL BOARD:

Roland P. Merkel, PSC, 1400003480; Darren L. Embry, 1400003560.

TRANSPORTATION CABINET:

Northrop Grumman Commercial Systems Incorporated, 0700005206; HMB Professional Engineers, Inc., 0900012535; HMB Professional Engineers, Inc., 1000000851; BTM Engineering, Inc., 1100001221; URS Corporation, 1100002324; HMB Professional Engineers, Inc., 1100002335; PB Americas, Inc., 1200000666; Stantec Consulting Services Inc., 1200001543; HDR Engineering, Inc., 1200002612; Strand Associates, Inc., 1300000205; E A Partners, PLC, 1300001430; EA Partners, PLC, 1300002466; American Engineers, Inc., 1300002467; URS Corporation, 1300002471; QK4, 1400000709; Tammy L. Barnes, 1400001328; James Bauer, 1400001329; Rick O. Baumgardner, 1400001331; Edward L. Beck, 1400001332; Charles Joseph Bird, 1400001334; Matt Chapman, 1400001340; Mary McClinton Clay, 1400001341; William R. Cox, 1400001342; Intequal-Duncan Appraisal, 1400001345; Gary Endicott, 1400001347; Thurston Freeman, 1400001349; Dennis Badger & Associates, Inc., 1400001353; J. Michael Jones, 1400001354; Keaton Real Estate Services, LLC, 1400001355; John Daniel Lyons, 1400001358; McPherson Appraisal Service, Douglas McPherson, 1400001361; Kentucky Field Service Realty, 1400001362; Dixon Nunnery, 1400001364; Stephen G. Raleigh, 1400001368; Appco Appraisal Service, Inc., 1400001374; David P. Schoepf Associates, 1400001377; Darin Sizemore, 1400001379; Sloan Appraisal & Realty Services, 1400001380; W and W Appraisals, 1400001387; Jason L. Cox, 1400001785; Stantec Consulting Services Inc., 1400003195; Parsons Brinckerhoff, Inc., 1400003196; Family Medicine Associates of Flemingsburg, 1400003394; HMB Professional Engineers, Inc., 1400003676; URS Corporation, 1500000075; T H E Engineers, Inc., 1500000101; Bluegrass Valuation Group, LLC, 1500000180; QK4, 1500000187; HMB Professional Engineers, Inc., 1500000216; HMB Professional Engineers, Inc., 1500000232; Strand Associates, Inc., 1500000240; QK4, 1500000241; HMB Professional Engineers, Inc., 1500000294; Stantec Consulting Services, Inc., 1500000295; WMB, Inc., 1500000296; Bureau Veritas Company, 1500000299; Kentucky Field Service Realty, 1500000477; Baptist Medical Associates, Inc., 1500000777; Eric R. Fegan Enterprises, LLC, 1500001062; Booker Engineering, Inc., 1500001398; Strand Associates, Inc., 1500001637; Presnell Associates, Inc. d/b/a Qk4, C-02061099-3.

TREASURER, OFFICE OF THE KENTUCKY STATE:

Bryant Law Center, PSC, 1500001329.

UNIVERSITY OF KENTUCKY:

Sasaki Associates, Inc., A131070; Bell Engineering, A161150.

UNIVERSITY OF LOUISVILLE:

Working Buildings, LLC, 15-049; Seldge Holding d/b/a Wheless Partners, 16-006; Brailsford & Dunlavey, Inc., 16-047.

WESTERN KENTUCKY UNIVERSITY:

Sibson Consulting, Division of Segal Group, 151617; Isaacson Miller, Inc., 151625.

THE FOLLOWING MEMORANDA OF AGREEMENTS WERE REVIEWED WITHOUT OBJECTION:

AGRICULTURE, DEPARTMENT OF:

Northern Kentucky Area Development District, 1600002207; Purchase Area Development District, 1600002208; Gods Pantry Food Bank, Inc., 1600002210; Dare To Care Food Bank, 1600002211; Feeding America, Kentucky Heartland, Inc., 1600002212; Dare To Care Food Bank, 1600002213; Gods Pantry Food Bank, Inc., 1600002215; Purchase Area Development District, 1600002216; Northern Kentucky Area Development District, 1600002217.

ATTORNEY GENERAL, OFFICE OF THE:

Kentucky State Police, 1600002634.

CORRECTIONS, DEPARTMENT OF:

Seven Counties Services, Inc., 1600001191; Bluegrass.Org, 1600001366; Boyle County Detention Center, 1600001381; Bullitt County Jailer, 1600001384; Fulton County Jail, 1600001387; Northkey Community Care, 1600001401; Mason County Detention Center, 1600001415; Seven Counties Services, Inc., 1600001420; Boyd County Detention Center, 1600001820; Louisville Metro Corrections, 1600001827; Laurel County Jail, 1600001836; Montgomery County Jail, 1600001837; Danville Public Library, Inc., 1600002372.

DEPARTMENT FOR ENVIRONMENTAL PROTECTION:

Morehead State University, 1600002199; U. S. Department of Interior Geological Survey, 1600002259; Banklick Watershed Council, 1600002311; Pulaski County Conservation District, 1600002544.

DEPARTMENT FOR NATURAL RESOURCES:

Hazard Community and Technical College, 1600001377; UK Research Foundation, 1600002337; University of Kentucky Research Foundation, 1600002356.

DEPARTMENT OF INSURANCE:

KCTCS Finance Department Sponsored Projects, 1600001503.

EDUCATION PROFESSIONAL STANDARDS BOARD:

Danville Independent Board of Education, 1600002175; UK Research Foundation, 1600002205.

EDUCATION, DEPARTMENT OF:

Walton Verona Independent Board of Education, 1600000140; Boone County Board of Education, 1600001251; Western Kentucky University, 1600001684; Fayette County Board of Education, 1600001819; Pulaski County Board of Education, 1600001829.

EDUCATION, OFFICE OF THE SECRETARY:

Governor's Scholars Program, Inc., 1600002184; Kentucky Entrepreneurship Education Network, Inc., 1600002944.

JUVENILE JUSTICE, DEPARTMENT OF:

University of Kentucky Medical Center, 1600002447; University of Kentucky Medical Center, 1600002448.

KENTUCKY HOUSING CORPORATION:

University of Kentucky Research Foundation Center for Drug and Alcohol Research, MOA FY2017-UK.

KENTUCKY RIVER AUTHORITY:

U.S. Department of Interior Geological Survey, 1600002016; Bluegrass Water Supply Commission, 1600002285.

MEDICAL LICENSURE, BOARD OF:

Kentucky Physicians Health Foundation, Inc., 1600002693.

OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT:

City of Guthrie, 1600002059; Crittenden County Fiscal Court, 1600002545; City of Richmond, 1600002553; City of Elkhorn City, 1600002566; Clark County Fiscal Court, 1600002633; City of Central City, 1600002724; Wolfe County Fiscal Court, 1600003147; Magoffin County Fiscal Court, 1600003188.

TRANSPORTATION CABINET:

Kentucky Department of Fish & Wildlife Resources, 1600001738.

UNIVERSITY OF KENTUCKY:

Gateway Community Technical College, MOA-001-17; Southeast Kentucky Community & Technical College, MOA-002-17.

VETERANS AFFAIRS, DEPARTMENT OF:

Brain Injury Alliance of Kentucky, 1600001412; Volunteers of America of Kentucky, Inc., 1600001413.

WORKFORCE INVESTMENT, OFFICE OF:

Kentuckianaworks, 1600001233; Eastern Kentucky C. E. P., Inc., 1600001609; American Institutes for Research, 1600001793.

THE FOLLOWING MEMORANDA OF AGREEMENT AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

AGRICULTURE, DEPARTMENT OF:

Multi, 1500001216.

DEPARTMENT FOR AGING & INDEPENDENT LIVING:

Multi, 1400001066; Multi, 1400001156; Multi, 1400001157; Multi, 1400001158; Multi, 1400001159; Multi, 1400001160; Multi, 1400001164; Multi, 1400002654; Central Kentucky Community Action Council, Inc., 1500001763.

DEPARTMENT FOR BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES:

University of Kentucky Research Foundation, 1400001035; NAMI Kentucky, 1400001275; Four Rivers Behavioral Health, 1500001721; Green River Regional Mental Health Mental Retardation Board, 1500001723; Communicare, Inc., 1500001725; Seven Counties Services, 1500001726; Northern Kentucky Regional Mental Health Mental Retardation Board, 1500001727; Comprehend, Inc., 1500001728; Pathways, Inc., 1500001729; Lifeskills, Inc., 1500001993.

DEPARTMENT FOR COMMUNITY BASED SERVICES:

Louisville/Jefferson County Metro Government, 1500001304.

DEPARTMENT FOR FAMILY RESOURCE CENTERS & VOLUNTEER SERVICES:

Homeless and Housing, 1400003292; Ohio Valley Education Cooperative, 1400003295; Berea College, 1400003302; Kentucky Coalition Against Domestic Violence, Inc., 1400003309; Teach for America, 1400003311; Project Unite, 1400003312; Green River Area Development District, 1400003316; Green River Area Development District, 1400003346.

DEPARTMENT FOR INCOME SUPPORT:

Kentucky State Police Headquarters, 1400001330-1.

DEPARTMENT FOR MEDICAID SERVICES:

Pathways, Inc., 1400001717.

EDUCATION, DEPARTMENT OF:

Hancock County Board of Education, 1500001153; Monroe County Board of Education, 1500001273; Bourbon County Board of Education, 1500001278; Floyd County Board of Education, 1500001279; Whitley County Board of Education, 1500001280; Casey County Board of Education, 1500001813; Adair County Board of Education, 1500002048; Ballard County Board of Education, 1500002049; Campbell County Board of Education, 1500002053; Campbellsville Independent Board of Education, 1500002054; Caverna Independent Board of Education, 1500002056; Clinton County Board of Education, 1500002057; Cloverport Independent Board of Education, 1500002058; Covington Independent Board of Education, 1500002060; Cumberland County Board of Education, 1500002062; Eminence Independent Board of Education, 1500002063; Fulton County Board of Education, 1500002065; Fulton Independent Board of Education, 1500002066; Garrard County Board of Education, 1500002067; Hancock County Board of Education, 1500002071; Henderson County Board of Education, 1500002072; Jackson Independent Board of Education, 1500002073; Knott County Board of Education, 1500002074; Leslie County Board of Education, 1500002075; Letcher County Board of Education, 1500002076; Lincoln County Board of Education, 1500002077; Livingston County Board of Education, 1500002078; Ludlow Independent Board of Education, 1500002079; Lyon County Board of Education, 1500002080; McCracken County Board of Education, 1500002081; Metcalf County Board of Education, 1500002082; Newport Independent Board of Education, 1500002084; Owensboro Independent Board of Education, 1500002085; Paducah Independent Board of Education, 1500002086; Somerset Independent Board of Education, 1500002088; Spencer County Board of Education, 1500002089; Taylor County Board of Education, 1500002090; Todd County Board of Education, 1500002091; Wayne County Board of Education, 1500002092; Woodford County Board of Education, 1500002094; Boys and Girls Club, Inc., 1500002097; Hazard Perry County Community Ministries Development Center, 1500002099; Lighthouse Promise, Inc., 1500002100; Lotts Creek Community School, 1500002101; Save the Children, 1500002102; YMCA of Greater Cincinnati, 1500002103; Fayette County Board of Education, 1500002327; Boyd County Board of Education, 1500002472; Breathitt County Board of Education, 1500002473; Burgin Board of Education, 1500002474; Hickman County Board of Education, 1500002476; Boone County Board of Education, 1500002477; Nicholas County Board of Education, 1500002481; Pendleton County Board of Education, 1500002482; Webster County Board of Education, 1500002483; Nelson County Board of Education, 1500002611; Fayette County Board of Education, 1500002669; Shelby County Board of Education, 1500002682; Barren County Board of Education, 1600000010; Corbin Independent Board of Education, 1600000011; Fayette County Board of Education, 1600000012; Greenup County Board of Education, 1600000013; Murray State University, 1600000187; Pleasant Green Baptist Church, 1600000442.

FISH & WILDLIFE, DEPARTMENT OF:

University of Tennessee, 1500000984.

HERITAGE COUNCIL:

African American Heritage Foundation, Inc., 1600000905.

INFRASTRUCTURE AUTHORITY:

Elkhorn City, 0800010383; Henderson County Fiscal Court, 0900011658; Mountain Water District, 0900012076; City of Buckhorn, 1000002778; Henderson County Water District, 1200000887; Mountain Water District, 1200002325; City of Sturgis, 1300001386; Magoffin County Fiscal Court, 1400000535; Troublesome Creek Environmental Authority, 1400001283; Mountain Water District, 1400001591; City of Hanson, 1500002012.

MILITARY AFFAIRS, DEPARTMENT OF:

Multi, 1100001569; Multi, 1200003894; Multi, 1200003933; Multi, 1200003957; Multi, 1200003959; Multi, 1300000008; Multi, 1300000009; Multi, 1300002443; Central City Municipal Water and Sewer System, 1500000743; Wildlife Management Institute, 1600000668.

OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT:

Letcher County Fiscal Court, 0600002930; Letcher County Fiscal Court, 0700006672; Letcher County Fiscal Court, 1000000908; Pike County Fiscal Court, 1000003224; Letcher County Fiscal Court, 1200000290; Coal Fields Regional Independent Authority, 1200000963; Johnson County Fiscal Court, 1200001277; Johnson County Fiscal Court, 1200001287; Letcher County Fiscal Court, 1200001369; Magoffin County Public Library, 1200003278; Pike County Fiscal Court, 1200003408; Knott County Fiscal Court, 1300000723; City of Nicholasville, 1300000905; Perry County Fiscal Court, 1300000939; City of Loyall, 1300001276; City of Edmonton, 1300001364; Webster County Fiscal Court, 1300001857; City of Grand Rivers, 1300002408; Martin County Fiscal Court, 1300002863; Knott County Fiscal Court, 1400000057; Morgan County Fiscal Court, 1400000076; Johnson County Fiscal Court, 1400000316; Wolfe County Fiscal Court, 1400000363; Letcher County Fiscal Court, 1400000427; Letcher County Fiscal Court, 1400000428; Letcher County Fiscal Court, 1400000436; Letcher County Fiscal Court, 1400000437; Johnson County Fiscal Court, 1400000802; Johnson County Fiscal Court, 1400000964; City of Nortonville, 1400001093; Martin County Fiscal Court, 1400001419; Johnson County Fiscal Court, 1400002097; Bell County Fiscal Court, 1400002357; Letcher County Fiscal Court, 1400002658; Letcher County Fiscal Court, 1400002662; Jackson County Fiscal Court, 1400002771; City of Nebo, 1400002892; Pike County Fiscal Court, 1400003054; Pike County Fiscal Court, 1400003063; Wolfe County Fiscal Court, 1400003064; City of Flemingsburg, 1400003163; City of Earlington, 1400003336; Mountain Comp Care Center, 1400003478; Magoffin County Fiscal Court, 1400003535; Letcher County Fiscal Court, 1500000591; Rockcastle County Fiscal Court, 1500000620; Madisonville Community College, 1500000733; Martin County Fiscal Court, 1500000734; City of Dawson Springs, 1500000996; Clay County Fiscal Court, 1500001270; Breathitt County Fiscal Court, 1500001347; Martin County Fiscal Court, 1500001348; Letcher County Fiscal Court, 1500001379; Letcher County Fiscal Court, 1500001380; Leslie County Fiscal Court, 1500001455; Clay County Fiscal Court, 1500001581; Knox County Fiscal Court, 1500001590; Boyd County Fiscal Court, 1500001854; Boyd County Fiscal Court, 1500001855; Bell County Fiscal Court, 1500001958; City of West Liberty, 1500002215; City of Eubank, 1500002262; City of West Liberty, 1500002295; Laurel County Fiscal Court, 1500002300; Laurel County Fiscal Court, 1500002303; Laurel County Fiscal Court, 1500002305; Laurel County Fiscal Court, 1500002306; Laurel County Fiscal Court, 1500002308; Laurel County Fiscal Court, 1500002309; Laurel County Fiscal Court, 1500002312; Laurel County Fiscal Court, 1500002315; Laurel County Fiscal Court, 1500002318; Laurel County Fiscal Court, 1500002319; Laurel County Fiscal Court, 1500002321; Laurel County Fiscal Court, 1500002322; City of Cumberland, 1500002663; Breathitt County Fiscal Court, 1500002690; Martin County Fiscal Court, 1600000084; Morgan County Fiscal Court, 1600000086; City of Saint Charles, 1600000229; Wolfe County Fiscal Court, 1600000238; Morgan County Fiscal Court, 1600000383; Henderson County Fiscal Court, 1600000393; Knott County Fiscal Court, 1600000586; Knott County Fiscal Court, 1600000586; Johnson County Fiscal Court, 1600000804; Perry County Fiscal Court, 1600001297.

TRANSPORTATION CABINET:

University of Kentucky Research Foundation, 1400002932; Kentucky Heritage Council, 1600000562.

WORKFORCE INVESTMENT, OFFICE OF:

Independence Place, 1600000714.

MAY 2016 DEFERRED ITEM:

KENTUCKY COMMUNITY & TECHNICAL COLLEGE SYSTEM:

Commonwealth Economics, 660. David Adkins and Jennifer Miracle discussed the contract with the committee. A motion was made by Senator Carroll to consider the contract as reviewed. Senator Hornback seconded the motion, which passed.

FINANCE AND ADMINISTRATION CABINET- DIVISION OF ENGINEERING:

EOP Architects, PSC, 1100002570. Jennifer Linton and Andy Casebeir discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Senator Wise seconded the motion, which passed.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE SELECTED FOR FURTHER REVIEW:

DEPARTMENT OF INSURANCE:

C & L Black Enterprises, LLC, 1600002193; Insurance Regulatory Services, LLC, 1600002195; Madison Consulting Group, Inc., 1600002331; Taylor & Mulder, Inc., 1600002358; Ami Risk Consultants, Inc., 1600002360; Regulatory Services, LLC, 1600002488; Eldridge Consulting Services, LLC, 1600002489; Donald D. Bratcher, LLC, 1600002491; J.W.G. Financial Examinations, LLC, 1600002492; Dennis Kluk, 1600002495; Central Analysis Service, LLC, 1600002496; MDG Examination Consulting, LLC, 1600002497; Knowledge Transformation Systems, Inc., 1600002498; Financial Analysis Services, LLC, 1600002499; Financial and Regulatory Consulting, LLC, 1600002500; Highland Clark, LLC, 1600002501; J. Landry & Associates, LLC, 1600002502; Leduke Financial Consulting, LLC, 1600002503. Brian Maynard and DJ Wasson discussed the contracts with the committee. A motion was made by Representative Yonts to consider the contracts as reviewed. Senator Carroll seconded the motion, which passed.

EDUCATION, DEPARTMENT OF:

Gail P. Binder, 1600001585; Timothy K. Lucas, 1600001590; Multi, 1600002288; Multi, 1600002291. Charlie Harmon and Donna Duncan discussed the contracts with the committee. A motion was made by Representative Yonts to consider the contracts as reviewed. Senator Carroll seconded the motion, which passed.

KENTUCKY COMMUNITY & TECHNICAL COLLEGE SYSTEM:

Sturgill, Turner, Barker & Maloney, 665; McBrayer, McGinnis, Leslie & Kirkland, PLLC, 667; Walther, Gay & Mack, PLC, 668; Bingham, Greenebaum, Doll, PLLC, 669. Jennifer Miracle, Jackie Cecil, and Pam Duncan discussed the contracts with the committee. A motion was made by Representative Yonts to consider the contracts as reviewed. Senator Carroll seconded the motion, which passed.

KENTUCKY COMMUNITY & TECHNICAL COLLEGE SYSTEM:

Thorn Run Partners, LLC, 675. Jennifer Miracle, Jackie Cecil, and Tim Burcham discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Senator Carroll seconded the motion, which passed.

KENTUCKY COMMUNITY & TECHNICAL COLLEGE SYSTEM:

Greenwood Asher & Associates, Inc., 684; Preston Pulliams d/b/a Gold Hill Associates, 685. Jennifer Miracle and Jackie Cecil discussed the contracts with the committee. A motion was made by Representative Yonts to consider the contracts as reviewed. Senator Carroll seconded the motion, which passed with Senator Raque Adams, Senator Hornback, and Senator Wise voting no.

OFFICE OF HOMELAND SECURITY:

Black & Veatch Assignee for RCC Consultants, Inc., 1600002202. A motion was made by Representative Yonts to defer the contract to the July 2016 meeting of the committee. Senator Wise seconded the motion, which passed.

TRANSPORTATION CABINET:

Palmer Engineering, 1600003081; Michael Baker International, Inc., 1600003185. Eric Pelfrey and Evan Dick discussed the contracts with the committee. A motion was made by Representative Yonts to consider the contracts as reviewed. Senator Carroll seconded the motion, which passed.

THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE SELECTED FOR FURTHER REVIEW:

CORRECTIONS, DEPARTMENT OF:

Diamond Drugs, Inc. d/b/a Diamond Pharmacy Services, 1400002507. Nikki James, Kim Potter Blair and Hilary Daily discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Senator Carroll seconded the motion, which passed.

KY RACING COMMISSION:

Stoll Keenon Ogden, PLLC, 1600000623. Marc Guilfoil discussed the contract with the committee. A motion was made by Senator Carroll to consider the contract as reviewed. Representative Yonts seconded the motion, which passed.

UNIVERSITY OF LOUISVILLE:

Multi, 15-007. Leslie Strohm discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Senator Carroll seconded the motion, which passed.

THE FOLLOWING MEMORANDA OF AGREEMENTS WERE SELECTED FOR FURTHER REVIEW:

AGRICULTURE, DEPARTMENT OF:

Feeding America, Kentucky Heartland, Inc., 1600002214. Bill Wickliffe and Kevin Peach discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Senator Carroll seconded the motion, which passed.

THE FOLLOWING MEMORANDA OF AGREEMENT AMENDMENTS WERE SELECTED FOR FURTHER REVIEW:

AGRICULTURE, DEPARTMENT OF:

God's Pantry Food Bank, Inc., 1400001971. Bill Wickliffe and Kevin Peach discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Senator Carroll seconded the motion, which passed.

CORRECTIONS, DEPARTMENT OF:

Eastern Kentucky University, 1400002094. Nikki James, Kim Potter Blair and Hilary Daily discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Senator Carroll seconded the motion, which passed.

MILITARY AFFAIRS, DEPARTMENT OF:

Multi, 0600000819; Multi, 0700004519; Multi, 0800007107; Multi, 0800011229; Multi, 0900011669; Multi, 0900012807; Multi, 1000000349; Multi, 1000002374; Multi, 1100000456. Stephanie Robey discussed the contracts with the committee. A motion was made by Senator Hornback to defer the contract to the July 2016 meeting of the committee. Senator Raque Adams seconded the motion, which failed with Representative Horlander and Representative Yonts voting no. A motion was made by Representative Yonts to consider the contracts as reviewed. Representative Horlander seconded the motion, which passed with Senator Raque Adams and Senator Hornback voting no.

EXEMPTION REQUESTS:

THE DEPARTMENT OF JUVENILE JUSTICE:

The Department of Juvenile Justice requests an exemption from the committees routine review process for emergency governmental services and unanticipated or specialized medical care of youths and will provide quarterly reports. A motion was made by Representative Yonts to grant the request to June 30, 2018. Senator Carroll seconded the motion, which passed without objection.

CABINET FOR HEALTH AND FAMILY SERVICES:

The Cabinet for Health and Family Services (CHFS) requests an exemption from the committee's routine review process for CHFS Intra-Agency Agreements and will provide semi-annual reports. A motion was made by Representative Yonts to grant the request to June 30, 2018. Senator Carroll seconded the motion, which passed without objection.

There being no further business, the meeting was adjourned at 11:32 a.m.

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The Commission and its staff, by law and by practice, perform numerous fact-finding and service functions for members of the Legislature, employing professional, clerical and other employees required when the General Assembly is in session and during the interim period between sessions. These employees, in turn, assist committees and individual legislators in preparing legislation. Other services include conducting studies and investigations, organizing and staffing committee meetings and public hearings, maintaining official legislative records and other reference materials, providing information about the Legislature to the public, compiling and publishing administrative regulations, administering a legislative intern program, conducting orientation programs for new legislators, and publishing a daily index and summary of legislative actions during sessions.

The LRC is also responsible for statute revision, publishing and distributing the Acts and Journals following sessions, and for maintaining furnishings, equipment and supplies for the Legislature. It also functions as Kentucky's Commission on Interstate Cooperation in carrying out the program of the Council of State Governments as it relates to Kentucky.

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