

# 2013 Interim LEGISLATIVE

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## RECORD

## 2013 General Assembly

### Human trafficking, hemp bills pass

#### SB 50:

#### The ‘hemp bill’ takes effect this month

by Rebecca Hanchett  
*LRC Public Information*

Legislation that will legalize the growth of industrial hemp in Kentucky—with pending federal government approval—takes effect this month.

The legislation is Senate Bill 50, sponsored by Senate Agriculture Committee Chair Paul Hornback, R-Shelbyville, and Senate Majority Caucus Chair Dan Seum, R-Fairdale. It passed the Kentucky General Assembly on March 26, the last day of the 2013 Regular Session, and becomes law on June 25.

Hornback told lawmakers during debate on SB 50 last session that his bill would give Kentucky a market edge should growing of hemp be legalized. Growth of industrial hemp is now prohibited in the U.S. by federal law without a federal waiver or permit, and either a waiver or permit would have to be obtained by the state before most provisions in SB 50 could be implemented. State and federal officials are working together now to secure a waiver.

“You have to be first to seize opportunities. If you’re not first, you’re last,” Hornback said.

Licensure of growers as well as research, monitoring, and promotion of industrial hemp would be controlled by the Kentucky Industrial Hemp Commission—which will be expanded from 17 to 26 members (two serving at-large) under SB 50. With federal approval, hemp could

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#### HB 3:

#### The “Human Trafficking Victims Rights Act”

by Amy Rose Karr  
*LRC Public Information*

A bill that will aid victims of human trafficking in Kentucky was unanimously passed by the General Assembly and signed into law during the 2013 Regular Session.

According to the advocacy group Kentucky Rescue and Restore, human trafficking is one of the fastest-growing criminal activities in the state. Their statistics show that more than half of all victims are children.

“It’s a problem the state of Kentucky could do more to... prevent and protect against,” Senate Judiciary Chair Whitney Westerfield, R-Hopkinsville, said about human trafficking. House Bill 3 accomplishes that, he said.

HB 3, known as the Human Trafficking Victims Rights Act, was sponsored jointly by House Majority Caucus Chair Sannie Overly, D-Paris, and Rep. Addia Wuchner, R-Burlington. It strengthens human trafficking laws by adding the crime to the state’s abuse and neglect statutes, including the mandatory reporting statute.

Under the bill, reports of child trafficking will be investigated by the Cabinet for Health and Family Services regardless of whether the perpetrator is a legal parent or guardian and victims can be taken into pro-

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## Over one-third of state ‘smoke-free’

by Rebecca Hanchett  
*LRC Public Information*

A little over 34 percent of Kentuckians are covered by local smoke-free laws that ban smoking in workplaces and enclosed public places or buildings open to the public, state tobacco prevention and cessation officials told

state lawmakers on June 5.

Those Kentuckians live or work in 23 municipalities with comprehensive smoke-free ordinances that ban smoking in all workplaces and public areas or facilities, Kentucky Tobacco Prevention and Cessation Program official

**“There is  
no safe amount  
of secondhand  
smoke.”**

**Angela Criswell**  
Kentucky Tobacco  
Prevention  
and Cessation  
Program

Angela Criswell told the Tobacco Settlement Agreement Fund Oversight Committee. The municipalities are among 37 local governments statewide, including Louisville Metro and the Lexington-Fayette Urban County government, covered by either a comprehensive smoke-free ordinance or some degree of smoke-free regulation, according to the Kentucky Tobacco Policy Research Program.

The City of Williamsburg passed the most recent comprehensive ordinance in February, Criswell said.

Smoke-free ordinances limit exposure to secondhand smoke, which Criswell said can trigger asthma attacks, cause lung disease, and decrease the heart’s ability to pump blood leading to heart disease or heart attack. “There is no safe amount of secondhand smoke,” she said.

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## Hemp, from page 1

be grown in approved small demonstration plots by approved licensed growers through a five-year industrial hemp research program overseen by the Commission and managed by the University of Kentucky in collaboration with other state universities, with administrative support from the state Department of Agriculture.

The Kentucky State Police and local law enforcement would be notified of the size and whereabouts of all industrial hemp grown, according to the legislation.

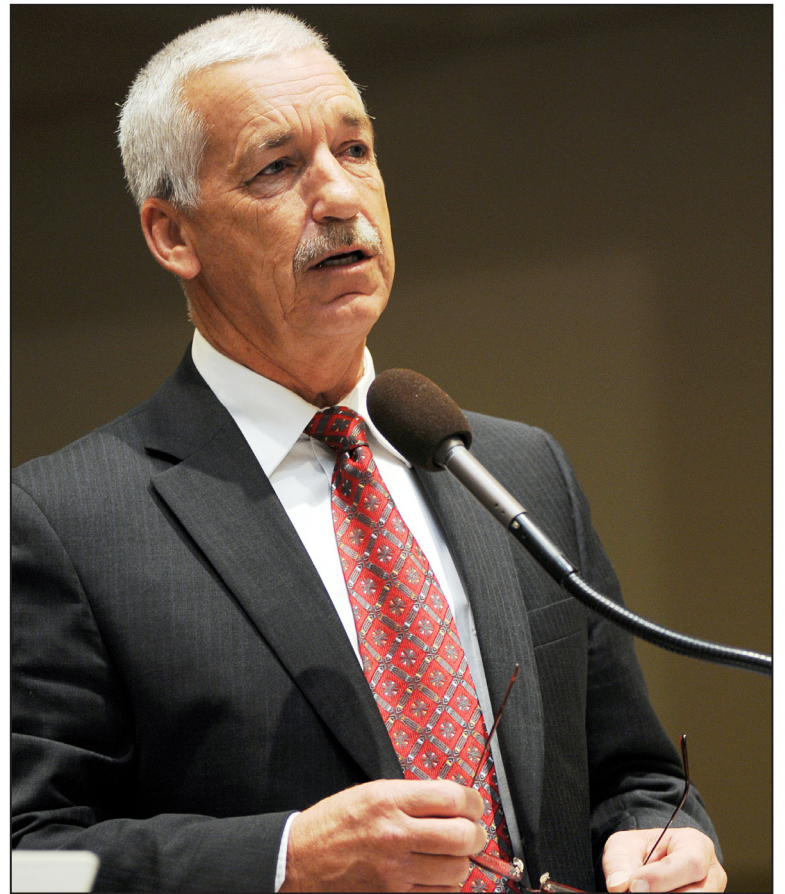
“I think the goal of SB 50 is to set up a strong regulatory framework,” said House Majority Floor Leader Rocky Adkins, D-Sandy Hook, before calling the bill to a vote on the House floor on March 26. “(The framework needs to be strong) because we are going to be asking the Federal Drug Administration for a waiver to be able to grow industrial hemp in a demonstration project.

“If we are going to be serious in that strong regulatory framework, then it is important that we have a collaborative effort...,” said Adkins.

SB 50 would also require the Commission to work with the Economic Development Cabinet to promote financial incentives that may be available to businesses that turn industrial hemp into hemp products, as well as work with UK’s Center for Applied Energy Research to study the use of industrial hemp in new energy technologies. Those technologies include, but are not limited to, growth of industrial hemp on reclaimed mine sites and the use of hemp seed oil in production of fuel, according to SB 50.

Concerns by some that marijuana—a hallucinogenic plant that is illegal to grow, possess, or sell in Kentucky and resembles industrial hemp in appearance—would be grown as industrial hemp under SB 50 were also addressed, beginning with the requirement that law enforcement be told the size and location of all approved industrial hemp plots, and that growers be licensed.

Additionally, SB 50 specifies that “‘marijuana’ does not include industrial hemp” as defined by the legislation, and that a state or national criminal background check is required for all growers applying for licensure.



Sen. Paul Hornback, R-Shelbyville, above, and Senate Majority Caucus Chair Dan Seum, R-Fairdale, were the primary sponsors of SB 50.

## Human trafficking, from page 1

tective custody by law enforcement.

HB 3 includes a “safe harbor provision” that protects trafficking victims from prosecution for forced crimes, like prostitution, and provides treatment and recovery services for them instead.

“What these advocates tell us is that these children are very resilient and, with therapy, they can (recover),” Overly told fellow lawmakers during discussion of the bill.

The bill includes a screening tool and increased training in the identification of human trafficking for law enforcement and first responders. Supporters of the measure believe this will help officers discover instances of trafficking that might otherwise go undetected.

HB 3 creates an assistance fund that would support the cost of the training, as well as aid agencies responsible for helping human trafficking victims through treatment, investigation and prosecution.

The fund will be supported by service fees and fines paid by convicted traffickers, proceeds from seized and forfeited assets of traffickers, and any grants, contributions or other funds that may become available.

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House Majority Caucus Chair Sannie Overly, D-Paris, above, and Rep. Addia Wuchner, R-Burlington, were the primary sponsors of HB 3.

## Smoking, from page 1

Criswell’s 13-year-old program is funded in part with Kentucky’s share of the 1998 Master Settlement Agreement, a multi-billion-dollar settlement reached between 46 states, including Kentucky, and the nation’s cigarette companies. The program received \$2.12 million in tobacco settlement dollars in fiscal year 2013 and is budgeted to receive \$2.09 million in tobacco settlement funds in fiscal year 2014 which begins July 1, Criswell said.

About 80 percent of the program’s tobacco settlement funding is allocated to local health departments for tobacco cessation and prevention programming and to cover tobacco coordinator costs, she said.

In response to a question from Rep. Jonathan Shell, R-Lancaster, state Health Programs Branch manager and former Tobacco Prevention and Cessation Program manager Irene Centers said the state’s smoking rate dropped from 32 to 25 percent between 2000 (when the

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# Food banks, grain facility to receive state ag funds

by Rebecca Hanchett  
LRC Public Information

Farmers, food banks, and grain producers are among those that will benefit from \$2.212 million in agricultural development funds approved by the state Agricultural Development Board in April, a state legislative committee learned on May 1.

While the money will fund 12 different projects, the bulk of the funds—\$2 million—goes to Meade County Riverport Authority as a one-percent interest loan to help set up a regional port facility for grain producers, Kentucky Agricultural Finance Corporation official Bill McCloskey told the General Assembly's Tobacco Settlement Agreement Fund Oversight Committee.

To secure the state loan, McCloskey said the facility will be leased to Consolidated Grain and Barge and a usage fee will be paid for cargo entering or leaving the port. The total cost of the project is \$5.6 million, with Consolidated providing \$3.6 million of the construction and installation cost. The remainder will be covered by the \$2 million loan, which will be repaid over 20 years.

Governor's Office of Agricultural Policy (GOAP) Executive Director Roger Thomas said the loan agreement "guarantees that this money will be repaid," although the committee's co-chair, Sen. Paul Hornback, R-Shelbyville, said he had concerns with the facility being overseen by one company. Consolidated Grain and Barge will have authority over operations since it holds the lease, the committee was told by McCloskey.

"I do have a little concern about ... how much competition that really brings into the marketplace," Hornback said.

Also approved was a total of \$1,750 in multi-county funds to study the feasibility of building a regional meat processing facility for Henry, Oldham, Shelby, and Trimble counties, and up to \$75,000 in state funds for the Kentucky Association of Food Banks'



Rep. Terry Mills, D-Lebanon, makes a comment at the May 1 meeting of the Tobacco Settlement Agreement Fund Oversight Committee. Below: Sen. Carroll Gibson, R-Leitchfield, poses a question.



(KAFB) surplus farm produce program—provided that up to \$75,000 in county funds are also committed to the project.

Called Farms to Food Banks, the program buys edible surplus produce and so-called "seconds" (food that is edible but not suitable for retail sale) from farmers and distributes it through the state's food bank and food pantry network. The program was initiated in 2009 as a pilot project by God's Pantry Food Bank and was expanded statewide in 2011 with \$163,000 in state agricultural development funds, said GOAP Chief of Staff Joel Neaveill.

Farms to Food Banks distributed almost one million pounds of surplus produce across Kentucky in 2012, Neaveill said. A total 217 farmers participated, with each farmer netting around \$973.

"This just provides some level of payment to producers for (food) that would otherwise lie fallow in the fields," Neaveill told the committee.

Committee co-chair Rep. Wilson Stone, D-Scottsville, said Farms to Food Banks is a good "self help" program that benefits both the grower and the consumer. "It's also a market .... for something that's basically unmarketable without this kind of (program)," he said.

Kentucky farmers who donate their surplus food products to non-profit food banks and food pantries can receive a 10-percent state income tax credit on the value of the products as a result of language added to this year's Senate Bill 1, sponsored by Senate President Robert Stivers, R-Manchester. The provisions are similar to those found in 2013 House Bill 141, sponsored by House Agriculture and Small Business Committee Chairman Tom McKee, D-Cynthiana, and Rep. Mike Denham, D-Maysville.

"I think that we will see some farmers take advantage of it," McKee said of the legislation.

McKee said he has talked to officials with the Kentucky Association of Food Banks about the possibility of acquiring county matching funds for the program, and believes the matching funds will be provided. "It looks like they'll get the matching money, so they'll have \$150,000, and this program will move forward and continue to feed people who are hungry in Kentucky—and it'll also benefit farmers," McKee said.

## Smoking, from page 2

Tobacco Prevention and Cessation Program was established) and 2010. Some of the credit for the decrease is owed to Kentucky's "quit line"—1-800-QUIT-NOW—which smokers can call to receive counseling on how to kick the habit, although Criswell said additional funding for NRT (nicotine replacement therapy) for smokers could improve the state's "quit success rate" significantly.

With additional NRT funding, Criswell indicated that Kentucky's current quit success rate of 26 percent—which she said is above the national average—could reach 40 percent. NRT is now being offered through the program for a limited time with funding assistance from the federal Centers for Disease Control and Prevention (CDC), she said.

"We see that (additional funding) as a very real need," she said.

Committee co-chair Sen. Paul Hornback, R-Shelbyville, praised the program's work. "You are to be commended for the recognition you're getting because of how well your programs are doing," he said.



# 2013 KENTUCKY

## General Assembly

### Senate

**Walter Blevins, Jr.**

115 Hill N Dale Morehead 40351  
Work 606-743-1200  
Home 606-743-1212  
FAX 606-743-1214

**Joe Bowen**

2031 Fieldcrest Drive Owensboro 42301  
Home 270-685-1859

**Tom Buford**

409 W. Maple Nicholasville 40356  
Home/FAX 859-885-0606

**Jared Carpenter**

PO Box 100 Berea 40403  
Home 859-623-7199

**Julian M. Carroll**

Room 229 Capitol Annex  
Frankfort 40601  
502-564-8100

**Perry B. Clark**

5716 New Cut Road Louisville 40214  
Home 502-366-1247

**Julie Denton**

1708 Golden Leaf Way  
Louisville 40245  
502-564-8100

**Carroll Gibson**

PO Box 506 Leitchfield 42755  
Home 270-230-5866

**Chris Girdler**

PO Box 395 Somerset 42502  
502-564-8100

**David P. Givens**

PO Box 12 Greensburg 42743  
502-564-8100

**Sara Beth Gregory**

PO Box 1835 Monticello 42633  
Home 606-348-9767  
FAX 606-348-3459

**Denise Harper Angel**

2521 Ransdell Ave. Louisville 40204  
Home 502-452-9130

**Ernie Harris**

PO Box 1073 Crestwood 40014  
Home 502-241-8307

**Jimmy Higdon**

344 N. Spalding  
Lebanon 40033  
Home 270-692-6945

**Paul Hornback**

6102 Cropper Rd. Shelbyville 40065  
502-564-8100

**Stan Humphries**

763 Sinking Fork Rd., Cadiz 42211  
Home 270-522-0195

**Ray S. Jones II**

PO Drawer 3850 Pikeville 41502  
Work 606-432-5777  
FAX 606-432-5154

**Alice Forgy Kerr**

3274 Gondola Dr. Lexington 40513  
Home 859-223-3274

**Bob Leeper**

229 South Friendship Paducah 42003  
Work 270-554-9637  
Home 270-554-2771  
FAX 270-554-5337

**Christian McDaniel**

PO Box 15231 Latonia 41015  
502-564-8100

**Morgan McGarvey**

2250 Winston Ave.  
Louisville 40205  
Home 502-589-2780

**Gerald A. Neal**

Suite 1250 Meidinger Twr  
462 S. 4th Street  
Louisville 40202  
Work 502-584-8500  
Home 502-776-1222  
FAX 502-584-1119

**R.J. Palmer II**

1391 McClure Road Winchester 40391  
Home 859-737-2945

**Dennis Parrett**

731 Thomas Rd. Elizabethtown 42701  
Home 270-765-4565

**Jerry P. Rhoads**

9 East Center Street  
Madisonville 42431  
Home 270-825-2949

**Dorsey Ridley**

4030 Hidden Creek  
Henderson 42420  
Home 270-826-5402  
Work 270-869-0505  
Work FAX 270-869-0340

**Albert Robinson**

1249 S. Main London 40741  
Work 502-584-8500  
Home 606-878-6877

**John Schickel**

2147 Natches Trace Union 41091  
502-564-8100

**Dan “Malano” Seum**

1107 Holly Ave. Fairdale 40118  
Home 502-749-2859

**Brandon Smith**

P.O. Box 846 Hazard 41702  
Home 606-436-4526  
FAX 606-436-4526

**Kathy W. Stein**

364 Transylvania Park Lexington 40508  
Work 859-225-4269  
Home 859-252-1500

**Katie Stine**

21 Fairway Drive Southgate 41071  
Home 859-781-5311

**Robert Stivers II**

207 Main Street Manchester 40962  
Work 606-598-2322  
Home 606-598-8575  
FAX 606-598-2357

**Damon Thayer**

102 Grayson Way Georgetown 40324  
502-564-8100  
FAX 502-868-6086

**Johnny Ray Turner**

849 Crestwood Dr. Prestonsburg 41653  
Home 606-889-6568

**Robin L. Webb**

404 W. Main Street Grayson 41143  
Home 606-474-5380

**Whitney Westerfield**

700 S. Main PO Box 1107  
Hopkinsville 42241-1107  
502-564-8100  
Work 270-885-7671

**Mike Wilson**

631 Washington Avenue  
Bowling Green 42103  
502-564-8100

**\* Members of the  
Kentucky General Assembly  
may also be contacted by calling  
502-564-8100.**

## House of Representatives

**Julie Raque Adams**

213 S. Lyndon Ln.  
Louisville 40222  
Home 502-744-9264

**Rocky Adkins**

PO Box 688 Sandy Hook 41171  
Work 606-928-0407  
Home 606-738-4242  
FAX 606-929-5213

**John A. Arnold, Jr.**

PO Box 124 Sturgis 42459  
Work 270-333-4641

**Lynn Bechler**

2359 Brown Mines Road  
Marion 42064  
Home 270-988-4171

**Johnny Bell**

108 North Green St. Glasgow 42141  
Work 270-651-7005  
Home 270-590-0110

**Robert Benvenuti III**

2384 Abbeywood Rd Lexington 40515  
Home 859-421-1464

**Kevin D. Bratcher**

10215 Landwood Drive  
Louisville 40291  
Home 502-231-3311

**Regina Bunch**

179 Mountain St. Williamsburg 40769  
Home 606-549-3439

**Tom Burch**

4012 Lambert Ave.  
Louisville 40218  
Home 502-454-4002

**Denver Butler**

PO Box 9041 Louisville 40209  
Work 502-817-3044

**Dwight D. Butler**

PO Box 9 Harned 40144  
Home 270-756-0100

**John Carney**

341 Pembroke Way  
Campbellsville 42718  
Home 270-465-5400

**Larry Clark**

5913 Whispering Hills Blvd.  
Louisville 40219  
Home 502-968-3546

**Hubert Collins**

72 Collins Dr. Wittensville 41274  
Home 606-297-3152

**Leslie Combs**

245 E. Cedar Drive Pikeville 41501  
Home 606-444-6672

**Tim Couch**

PO Box 710 Hyden 41749  
Home/FAX 606-672-8998

**Will Coursey**

285 Oak Level Elva Road  
Symsonia 42082  
Home 270-851-4433  
Work 270-252-1278

**Jesse Crenshaw**

121 Constitution Lexington 40507  
Work 859-259-1402  
Home 859-252-6967  
FAX 859-259-1441

**Ron Crimm**

PO Box 43244 Louisville 40253  
Work 502-400-3838  
Home 502-245-8905

**Robert R. Damron**

231 Fairway West Nicholasville 40356  
Home 859-887-1744

**Jim DeCesare**

PO Box 122 Rockfield 42274  
Home 270-792-5779  
Home FAX 888-275-1182  
Work 270-792-5779

**Mike Denham**

306 Old Hill City Road Maysville 41056  
Home 606-759-5167

**Bob M. DeWeese**

6206 Glenhill Rd. Louisville 40222  
Home 502-426-5565

**Jeffery Donohue**

PO Box 509 Fairdale 40118  
Work 502-439-6175

**Myron Dossett**

491 E. Nashville St. Pembroke 42266  
Home 270-475-9503

**C.B. Embry, Jr.**

PO 1215 Morgantown 42261  
Work 270-526-6237  
Home 270-791-1879

**Joseph M. Fischer**

126 Dixie Place Fort Thomas 41075  
Work 513-794-6442  
Home 859-781-6965

**Kelly Flood**

121 Arcadia Park Lexington 40503  
Home 859-221-3107

**David Floyd**

102 Maywood Ave. Bardstown 40004  
Home 502-350-0986

**Jim Glenn**

PO Box 21562 Owensboro 42304  
Home 270-686-8760

**Jim Gooch Jr.**

714 North Broadway B2  
Providence 42450  
Work 270-635-7855  
Home 270-667-7327  
FAX 270-667-5111

**Derrick Graham**

Room 329F Capitol Annex Frankfort 40601  
Home 502-223-1769

**Jeff Greer**

PO Box 1007 Brandenburg 40108  
Home 270-422-5100  
Home FAX 270-422-5100

**Keith Hall**

213 E. Fourth Frankfort 40601  
502-564-8100

**Mike Harmon**

633 N. 3rd St. Danville 40422  
Home 859-238-7792

**Richard Heath**

438 Millers Chapel Rd.  
Mayfield 42066  
Home 270-705-7539  
Work 270-247-2210  
Work FAX 270-247-2304

**Richard Henderson**

3483 Grassy Lick Rd. Mt. Sterling 40323  
Home 859-585-0886

**Toby Herald**

PO Box 1602 Beattyville 41311  
Home 606-464-8510

**Jeff Hoover**

PO Box 985 Jamestown 42629  
Work 270-343-5588  
Home 270-343-2264

**Dennis Horlander**

1806 Farnsley Rd., Ste. 6 Shively 40216  
Work 502-447-9000  
Home 502-447-2498

**Kenny Imes**

4064 US 641 N Murray 42071  
502-564-8100

**Joni L. Jenkins**

2010 O'Brien Ct. Shively 40216  
Home 502-447-4324

**Dennis Keene**

1040 Johns Hill Road Wilder 41076  
Home 859-441-5894

**Thomas Kerr**

5415 Old Taylor Mill Rd. Taylor Mill 41015  
Work 859-431-2222  
Home 859-356-1344  
FAX 859-431-3463

**Kim King**

250 Bright Leaf Drive Harrodsburg 40330  
Home 859-734-2173

**Martha Jane King**

633 Little Cliff Estates Lewisburg 42256  
Home 270-657-2707  
FAX 270-657-2755

**Adam Koenig**

No. 12 170 Harrington Ct. Erlanger 41018  
Home 859-653-5312

**Jimmie Lee**

901 Dogwood Drive Elizabethtown 42701  
Work 270-765-6222  
Home 270-737-8889  
FAX 270-765-2312

**Stan Lee**

PO Box 2090 Lexington 40588  
Home 859-252-2202  
FAX 859-259-2927

**Brian Linder**

16 Ridgeview Circle Dry Ridge 41035  
502-564-8100

**Mary Lou Marzian**

2007 Tyler Ln. Louisville 40205  
Home 502-451-5032

**Donna Mayfield**

2059 Elkin Station Rd.  
Winchester 40391  
Home 859-745-5941

**Tom McKee**

1053 Cook Road Cynthiana 41031  
Home 859-234-5879  
FAX 859-234-3332

**David Meade**

PO Box 121 Stanford 40484  
502-564-8100

**Reginald Meeks**

PO Box 757 Louisville 40201  
Work 502-741-7464

**Michael Meredith**

PO Box 292 Brownsville 42210  
Work 270-597-6049

**Charles Miller**

3608 Gateview Circle Louisville 40272  
Home 502-937-7788

**Terry Mills**

695 McElroy Pike Lebanon 40033  
Home 270-692-2757

**Brad Montell**

543 Main Street Shelbyville 40065  
Work 502-633-7017  
Home 502-633-7533

**Tim Moore**

417 Bates Rd. Elizabethtown 42701  
Home 270-769-5878

**Rick G. Nelson**

117 Gumwood Dr. Middlesboro 40965  
Home/FAX 606-248-8828

**David Osborne**

PO Box 8 Prospect 40059  
Work 502-645-2186  
Home 502-228-3201

**Sannie Overly**

340 Main Street Paris 40361  
Home 859-987-9879

**Darryl T. Owens**

1018 S. 4th St., Ste. 100 Louisville 40203  
Home 502-584-6341

**Ruth Ann Palumbo**

10 Deepwood Dr. Lexington 40505  
Home 859-299-2597

**Tanya Pullin**

1026 Johnson Lane South Shore 41175  
Work 606-932-2505

**Ryan Quarles**

PO Box 1001 Georgetown 40324  
502-564-8100

**Marie Rader**

PO Box 323 McKee 40447  
Work 606-287-3300  
Home 606-287-7303  
FAX 606-287-3300

**Rick Rand**

PO Box 273 Bedford 40006  
Work 502-255-3286  
Home 502-255-3392  
FAX 502-255-9911

**Jody Richards**

817 Culpeper St. Bowling Green 42103  
Home 270-842-6731

**Steve Riggs**

PO Box 24586 Louisville 40224  
502-564-8100  
FAX 502-564-6543

**Tom Riner**

1143 E. Broadway Louisville 40204  
Home 502-584-3639

**Bart Rowland**

PO Box 336  
Tompkinsville 42167  
502-564-810

# Committee Meetings

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### CAPITAL PLANNING ADVISORY BOARD

Minutes of the 1st Meeting  
of the 2013 Calendar  
May 22, 2013

#### Call to Order and Roll Call

The 1st meeting of the Capital Planning Advisory Board was held on Wednesday, May 22, 2013, at 9:00 AM, in Room 169 of the Capitol Annex. Representative Terry Mills, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Stan Humphries, Co-Chair; Representative Terry Mills, Co-Chair; Senator Whitney Westerfield; Representative Tom Riner; Charles Byers, Laurie Dudgeon, Carole Henderson, John Hicks, Sherron Jackson, James W. Link, Carol Palmore, and Katie Shepherd. Jane Driskell, Office of State Budget Director, attended on behalf of Mary Lassiter.

Guests testifying before the board: Katie Smith and Hollie Spade, Economic Development Cabinet; Tim Pollard and Mike Swatzyna, Tourism, Arts, and Heritage Cabinet; Tammy Branham and Winn Turney, Transportation Cabinet; Scott Shannon, Capital City Airport; Jerry Graves, David Hamilton, and Jennie Wolfe, Kentucky River Authority; Dr. Bob Tarvin, School Facilities Construction Commission; Tony Wilder, Russ Salsman, and Darren Sammons, Department for Local Government; J. Michael Brown, Justice and Public Safety Cabinet; Michael Rodgers, Department of Public Advocacy; Beth Jurek, Sherry Randle, Rodney Murphy, and Chuck Ammons, Cabinet for Health and Family Services.

LRC Staff: Shawn Bowen, Josh Nacey, and Jennifer Luttrell.

#### Approval of Minutes

A motion to approve the minutes of the September 21, 2012, meeting was made by Mr. Hicks, seconded by Senator Humphries, and approved by voice vote.

#### Welcome New Members

Representative Mills welcomed everyone to the board's first meeting of the year. In addition to his appointment as co-chair, three new legislative members were appointed: Senator

Stan Humphries, Senator Whitney Westerfield, and Representative Tom Riner.

#### Overview of the Capital Planning Process

Representative Mills said the major responsibility of the board is to develop a statewide capital improvements plan in each odd-numbered year. Over the next five months, the board will meet monthly to complete its work. Members will hear testimony from agencies that have submitted requests for capital needs. Members will also hear reports from outside agencies that assist with preparation of the *2014-2020 Six-Year Statewide Capital Improvements Plan*. The last meeting in September will require members to vote upon the final draft of the plan.

#### Summary Information on Certain Executive Branch Agency Plans

Included in members' folders was a list of state agencies, boards, and cabinets that are not scheduled to testify before the board. These agencies utilize restricted funds for capital needs or did not submit capital project requests.

#### Consideration of Agency Plans

The first plan to be reviewed was for the Economic Development Cabinet. Representing the cabinet were Katie Smith, Executive Director of the Office of Compliance, and Hollie Spade, Chief of Staff. Ms. Smith gave a brief overview of the cabinet's capital plan, and discussed three general fund project requests for the Kentucky Economic Development Finance Authority (KEDFA), the High-Tech Construction and Investment Pools, and the Economic Development Bond Program.

In response to questions from Representative Mills regarding KEDFA loans, Ms. Smith said the default rate for KEDFA loans is 1.25 percent. Most of the loans are collateralized with letters of credit or cash-backed assets, and are paid back with interest. The program functions as a revolving loan pool and some of the money returned to the pool funds additional projects. The interest earned helps defray some of the expenses related to operation of KEDFA programs.

In response to another question from Representative Mills, Ms. Smith

said companies that receive loans from the High Tech Pool, or grants from the Economic Development Bond (EDB) Program, must submit progress reports to the cabinet. If the companies have not met job or wage requirements, they are required to payback a portion of the loan/grant.

In response to questions from Senator Westerfield, Ms. Smith said surrounding states such as Texas, Florida, and Tennessee have invested millions of dollars in economic development programs. Kentucky cannot compete at that level of funding, but the cabinet tries to maintain cash balances and focus on the tax-incentive programs to attract business to the state.

Senator Humphries asked if the state is able to compete with border states for huge economic development projects. He cited Hemlock Semiconductor, a manufacturing company that located near the Kentucky border in Clarksville, Tennessee. Kentucky and Tennessee both offered the Michigan-based company incentive packages. The project was expected to create up to 500 new full-time jobs and more than 800 construction jobs. Hemlock eventually selected a site in Clarksville, Tennessee. Ms. Spade said Tennessee's incentive package included the provision of static energy rates for the company. Kentucky's statutes do not allow the cabinet to create a static level for energy costs. The state was competitive on tax credits, but Hemlock's decision to locate in Clarksville was based on a combination of the cash available and the static energy rates.

The next plan to be reviewed was the Tourism, Arts, and Heritage Cabinet (TAHC). The cabinet was represented by Tim Pollard, Executive Director, Office of Finance, and Mike Swatzyna, Director of Facilities Management, Department of Parks. Mr. Pollard gave a brief overview of the cabinet's capital plan, which focused on maintenance of current facilities and the state parks. The two largest non-maintenance pool items are the removal of old Cardinal Stadium located at the Kentucky State Fairgrounds and replacement with a 70,000-square-foot warehouse (\$15 million), and the Kentucky International Convention Center



Expansion (\$180 million).

In response to a question from Representative Mills, Mr. Pollard said the Kentucky Horse Park Campground Expansion project could generate revenues up to \$530,000 annually, with a net return of \$375,000 annually after expenses.

In response to a question from Representative Mills, Mr. Pollard replied that the scope of work for the Kentucky International Convention Center project will include the addition of 250,000-square-foot of contiguous exhibit space on the second floor. The additional square footage will make the facility more marketable to trade show promoters and producers.

Representative Mills said the opening of the KFC Yum! Center resulted in the loss of \$2,000,000 in University of Louisville basketball income. He asked how the Fair Board has been impacted by this loss of revenue, and if there are any future plans to supplement this loss. Mr. Pollard said the Fair Board lost parking and lease revenue when the Yum! Center opened. The Fair Board is working to reopen Kentucky Kingdom, which should help with the revenue loss.

Mr. Hicks asked how deferred maintenance and preventive maintenance projects are undertaken, given the limited resources available for maintenance of the state park system. Mr. Swatzyna said the department has implemented a computerized preventive maintenance system to reduce some of the emergencies that occur. The department also utilizes a rotating maintenance schedule for renovation of facilities, cottages, and lodge rooms at about 15 percent annually.

The next plan to be reviewed was the Kentucky Transportation Cabinet. Representing the cabinet was Tammy Branham, Executive Director, Office of Budget and Fiscal Management, Scott Shannon, Assistant Director, Capital City Airport, and Winn Turney, Commissioner, Department of Aviation. Ms. Branham said the cabinet's plan included construction of 14 new maintenance facilities throughout the state. These projects support the need to provide employees with a safe and adequate work facility. The Construct Frankfort C-1 Garage project will consolidate three Cabinet-owned buildings that are deteriorating. The structural integrity of one of the buildings has become unsafe for employees, and the inadequate fire suppression system does not meet

current safety standards. The rebar throughout the facility is rusting, causing the concrete to crumble, and fall from the ceiling.

In response to a question from Representative Mills, Ms. Branham replied that she would find out what cost elements were included in the Breathitt County District Ten Office project (\$244-per-square-foot), and let the board know at its next meeting.

Representative Mills asked if the current aircraft maintenance pool allocation is sufficient to address the ongoing needs of an aging aircraft fleet. Mr. Shannon replied that the aircraft are safe, the mechanics are experienced, and the maintenance pool adequately funds maintenance requirements for the aircraft.

Relative to a question from Senator Westerfield regarding funding for airport development projects statewide, Mr. Turney said the Transportation Cabinet, in conjunction with the Federal Aviation Administration (FAA), has projects throughout the state. The projects are prioritized, submitted to the cabinet secretary for review and approval, and if funding is available, those projects come to fruition. The projects are funded 90 percent federal funds, 7.5 percent local funds, and 2.5 percent state funds.

Mr. Hicks explained that the Aviation Trust Fund is utilized for these types of projects. The state contributes jet fuel tax proceeds and the matching FAA grants. These funds are not budgeted in the capital budget, but rather in the operating budget for the Transportation Cabinet, because it is a grant program.

Relative to a question from Representative Mills regarding the distribution of essential air service funds from the FAA, Mr. Turney said the FAA no longer funds this program.

The next presentation was from the Kentucky River Authority (KRA). Representing KRA was Jerry Graves, Executive Director, David Hamilton, Staff Engineer, and Jennie Wolfe, Staff Assistant. Mr. Graves said plans include construction of Dam 8, renovation of Locks 1 and 2, and design work for Dam 10. Upon completion of these projects, KRA will request funding from the General Assembly, or request a rate increase from its board. The last rate increase was March 2013, from .06 to .13 cents per thousand gallons.

Relative to a question from Senator Humphries regarding the

price of water, Mr. Graves responded that there are 11 major drawers of water, and the price is dictated by the board. For residents living in the Kentucky River basin, there is a Tier I fee, which is 2.2 cents per thousand gallons. Tier I fees are paid by all users for the benefit of the entire watershed. The Tier II fee is 13 cents per thousand gallons. Tier II fees are an additional charge on the water withdrawn from the "main stem" of the Kentucky River. A normal household pays, on average, 45 cents per 4,000 gallons of water.

In response to questions from Senator Humphries, Mr. Graves stated that if any of the retaining walls were to ever fail, contract labor would be used to repair the walls. KRA also has a drought response plan in effect.

In response to a question from Representative Mills, Mr. Hamilton said the Lock and Dam 3 and Lock 4 Renovation project is 47 days past the construction completion date. Liquidated damages, per the contract specifications, are set at \$2,000. KRA is working with the contractor and the Finance Cabinet to settle this issue.

The next plan reviewed was the School Facilities Construction Commission (SFCC). Dr. Bob Tarvin, Executive Director, gave a brief overview of the agency's capital plan. The two major components of their plan are targeted urgent needs funding and SFCC regular offers of assistance. The total request, over the six-year period, is \$675 million general funds.

The next plan reviewed was for the Department for Local Government. Representing the department were Tony Wilder, Commissioner, Russell Salsman, Chief of Staff, and Darren Sammons, Staff Attorney. The department is requesting \$42 million general funds to administer three loan/grant programs: the Flood Control Matching Program, the Renaissance on Main Program, and the Community Enhancement Fund.

The next plan to be reviewed was for the Justice and Public Safety Cabinet. Representing the cabinet was Secretary J. Michael Brown, who provided a brief overview of the cabinet's responsibilities and its capital needs. Secretary Brown said the cabinet's top priority remains the construction of a joint facility in Jefferson County to house the Medical Examiner's Office and the Jefferson Laboratory (\$22,629,000 general funds).

In response to a question from Representative Mills, Mr. Brown

replied that if the Renovate New Academy Buildings and Grounds project remains unfunded for several years, the \$7.9 million general fund request will be insufficient to complete the project due to inflationary project costs.

In response to a question from Representative Mills regarding the Public Advocacy Main Office Relocation project, Michael Rodgers, Director of Law Operations, Department of Public Advocacy, responded that the building is in a state of disrepair, and ongoing maintenance problems are the cause of health and safety issues for employees. One out of three elevators in the five-story building is operational, bricks have fallen from the roof to the ground, and three massive floods on the third floor have occurred due to HVAC problems.

Relative to a question from Representative Mills regarding the Kentucky State Police (KSP) Purchase Gas Chromatography/Mass Spectrometer project, Secretary Brown responded that the project is vital because cases are delayed when evidence is not reported to the courts in a timely manner. He added that the equipment is in constant use, and only 18 percent of testing done is for KSP cases.

In response to questions from Representative Mills regarding the Department of Corrections' plans to build a new sewer plant at the Kentucky Correctional Institution for Women (KCIW), Mr. Brown replied that it would be impractical to add on to the existing sewer plant, because it is near design capacity of 125,000 gallons per day. The plant has had several EPA "Notice of Violation" letters, and has increasing potential for fines if capacity is exceeded, or if regulated discharge levels are not met. Either a new plant must be built on-site with design capacity to meet the needs of the inmate population, or KCIW must connect to one of the regional sewer districts.

In response to a question from Mr. Hicks regarding the handling of deferred maintenance with limited resources, Secretary Brown stated that the Kentucky State Reformatory and Eddyville are two of the older institutions the cabinet maintains. Due to the age and design of these facilities, the cabinet struggles to keep up with deferred maintenance.

The next plan to be reviewed was for the Cabinet for Health and Family Services (CHFS). Representing the cabinet were Beth Jurek, Executive

Director, Office of Policy and Budget, Sherry Randle, Division Director, Division of Systems Management, Rodney Murphy, Executive Director, Office of Administration and Technology Services, and Chuck Ammons, Director, Division of Mechanical Services. Ms. Jurek gave a brief overview of the cabinet's capital plan, focusing on the top five general fund project requests and information technology project requests.

In response to a question from Representative Mills, Ms. Jurek stated that the \$57.5 million funding request for the Eligibility Systems Integration Services project includes funding for training employees to use the new system. The funding sources include \$46,121,700 federal funds and \$11,378,300 general funds.

Representative Mills asked cabinet representatives to further discuss the Commonwealth Energy Management and Control System project. Mr. Ammons explained that the project includes the installation of automated systems throughout state-owned and leased buildings. The automated systems can be regulated as needed, and controls lighting, HVAC, and oxygen levels from one central location. The pilot project produced a savings of about 20 percent in energy costs at Central State Hospital.

Representative Riner asked if CHFS has a plan in place to continue operations if a cyber attack was to occur. Mr. Murphy replied that the cabinet has a number of preventive measures in place. In the case of cyber terrorism, the system is designed to shut-down if malicious activity is suspected. In addition, routine vulnerability assessments against all systems are conducted, and contracts with security watchdog companies are maintained to monitor new threats and alerts. The cabinet would be able to continue operations in critical mode and systems would function manually. Mobile trailers and satellite phones are available for local communities, and all agencies are required to have a disaster recovery plan for critical applications.

#### **Adjourn**

The next meeting is scheduled for Wednesday, June 26, 2013 in Room 171 Annex starting at 9:30 AM. With there being no further business, Representative Mills made a motion to adjourn the meeting. The motion was seconded by Senator Westerfield, and the meeting adjourned at 12:03 PM.

## **CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE**

### **Minutes**

**April 16, 2013**

#### **Call to Order and Roll Call**

The Capital Projects and Bond Oversight Committee met on Tuesday, April 16, 2013, at 1 p.m., in Room 169 of the Capitol Annex. Kristi Culpepper, Committee Staff Administrator, called the meeting to order and the secretary called the roll.

Present were:

Members: Senators Julian Carroll, Bob Leeper, and Christian McDaniel; Representatives Robert Damron, Steven Rudy, Kevin Sinnette, and Jim Wayne.

Guest: Representative Dennis Horlander.

LRC Staff: Kristi Culpepper, Josh Nacey, and Jennifer Luttrell.

#### **Election of House Co-Chair**

Ms. Culpepper said that pursuant to KRS 45.790, an election was needed for the positions of House and Senate Co-Chairs. Representative Rudy nominated Representative Sinnette for the position of House Co-Chair. The motion was seconded by Representative Wayne. Representative Wayne then made a motion that nominations cease and that Representative Sinnette be elected as House Co-Chair by acclamation. The motion was seconded by Representative Rudy and approved by voice vote.

#### **Election of Senate Co-Chair**

Senator McDaniel nominated Senator Girdler for the position of Senate Co-Chair. The motion was seconded by Senator Leeper. Senator Leeper then made a motion that nominations cease and that Senator Girdler be elected as Senate Co-Chair by acclamation. The motion was seconded by Senator McDaniel and approved by voice vote.

#### **Approval of Minutes**

Representative Wayne made a motion to approve the minutes of the March 19, 2013, meeting. The motion was seconded by Representative Rudy and approved by voice vote.

#### **Information Items**

Ms. Culpepper said that there were five information items for members to review. The first item was a report from Moody's Investors Service, one of the three major rating agencies in the municipal bond market, explaining that Moody's regards the pension reform legislation passed by the General Assembly as a positive development from a credit

perspective.

The next three information items were quarterly status reports on capital projects provided by the Finance and Administration Cabinet; the universities that manage their own capital construction programs; the Commonwealth Office of Technology; and the Administrative Office of the Courts.

The last information item was the Semi-Annual Report of the Kentucky Asset/Liability Commission, which discusses the state's investment and debt portfolios and associated interest rate derivative contracts.

#### **Project Reports Submitted by the University of Kentucky (UK)**

Mr. Bob Wiseman, Vice President for Facilities Management, UK, presented four project reports. The first report involved the purchase of two pieces of scientific and medical research equipment. The first item purchased was a Small Channel Fischer-Tropsch Synthesis Reactor for \$280,000, which will be paid from a grant award from the University of Wyoming (State of Wyoming funds). The second item purchased was an Echocardiology Ultrasound System for \$254,114, which will be paid from restricted funds. No action was required.

The second report related to the consolidation of two capital project authorizations for the Renovate/Expand Gatton Building – Design Phase Only (authorized in 2012 HB 265) and Renovate/Expand Gatton Building (authorized in 2013 HB 7). This consolidation was done for accounting purposes to better track and report on the project uniformly as a whole. No action was required.

The third report was a request for a scope increase of \$700,000 (10 percent) for the Renovate/Expand Soccer Facilities project, which received interim authorization from the committee at the September 18, 2012, meeting.

Senator McDaniel asked Mr. Wiseman to explain the rationale for the upgrades. Mr. Wiseman explained that this is a new facility and a scope increase will allow the complex to be fully completed, eliminating empty space. He said the project is funded by private athletic donations. Senator Carroll made a motion to approve the scope increase. The motion was seconded by Senator McDaniel and approved by roll call vote.

The fourth report was a request for a new unbudgeted capital project. The Upgrade/Relocate Pediatric

Critical Care (UK Healthcare) project would renovate approximately 38,600 square feet of the Kentucky Children's Hospital Acute Care Unit at the Chandler Medical Center. The project has an estimated scope of \$6,000,000, which will be paid from private donations.

In response to questions from Senators McDaniel and Leeper, Mr. Wiseman explained that the project must also be approved by the Council on Postsecondary Education. He said if private donations are insufficient, the project will not proceed. The design phase of the project will serve as a kick-off to raise funds for construction. Senator Carroll made a motion to approve the new project contingent upon its approval by the Council on Postsecondary Education. The motion was seconded by Senator Leeper and approved by roll call vote.

#### **Lease Reports Submitted by the Finance and Administration Cabinet**

Scott Aubrey, Director, Division of Real Properties, presented two items. The first item was the quarterly lease modification report for October through December 2012. Nine properties required lease modifications resulting in an additional 4,335 square feet at an annual rental cost of \$14,565.

In response to a question from Representative Wayne, Mr. Aubrey explained that the leased property for the Department of Military Affairs is for the Kentucky National Guard. In response to questions from Senator McDaniel, Mr. Aubrey clarified that the Department of Public Advocacy hired two new employees, and thus needed additional office and storage space. No action was required.

The second item was a report on the amortization of leasehold improvements for the Kentucky Real Estate Commission. The improvements will provide additional space to accommodate six additional staff and expand an existing boardroom. Two estimates were obtained for the improvements. The agency recommended accepting the lowest bid of \$27,240 from Construction Services Inc. No action was required.

#### **Kentucky Infrastructure Authority (KIA) Fund A Loan**

Sandy Williams, Financial Analyst, KIA, presented a request for a \$533,485 Fund A loan for the City of Pineville for Phase I of the Virginia Avenue Utility Replacement project. Phase I includes the construction of two sewage lift stations and an



associated force main in order to comply with a consent judgment with the Energy and Environment Cabinet to reduce and eliminate sewer overflows that discharge to the Cumberland River. The twenty-year loan has an interest rate of 0.75 percent and an estimated annual debt service payment of \$20,889. This is the first of three phases with an overall estimated cost of \$8,200,000.

In response to questions from Representative Wayne, Ms. Williams said the city is in the process of applying for the Community Development Block Grant (CDBG) and Appalachian Regional Commission (ARC) grants. Representative Rudy made a motion to approve the Fund A loan. The motion was seconded by Representative Wayne and approved by roll call vote.

#### **Kentucky Infrastructure Authority (KIA) Fund B Loans**

Ms. Williams presented three Fund B loan requests. The first request was for the Graves County Water District to assume \$247,668 in outstanding infrastructure debt of the Hickory Water District, which has merged with the Graves County Water District (effective January 1, 2013). The original assistance agreement was for \$528,000 and was used to construct a 500,000 gallon water storage tank on property owned by an industrial park. The original loan was for twenty years with a 1.80 percent interest rate and an estimated annual debt service payment of \$32,610. These terms will not change.

The second request was a \$1,380,000 Fund B loan for the City of Pineville for the Radio Head Metering System project. The project involves the replacement of approximately 5,500 water meters with a radio read metering system. The project will reduce the amount spent on meter reading by approximately \$85,000 (50 percent) and improve water usage accuracy. It is a twenty-year loan with an interest rate of 0.75 percent and an estimated annual debt service payment of \$77,193.

In response to a question from Senator McDaniel, Ms. Williams explained that the required 15 percent rate increase relates to a previously approved loan for a different project.

The third request was a \$1,175,000 Fund B loan for the Green River Valley Water District for the Rio Verde Dam Improvement project. This project involves a geotechnical evaluation and subsequent reconstruction of a twenty foot section of the Rio Verde Dam due to severe seepage through

the dam's foundation. It will include surface repairs of the concrete buttress dam and address erosion problems at the dam's foundation. It is a twenty-year loan with an interest rate of 0.75 percent and an estimated annual debt service payment of \$65,726.

Senator Carroll made a motion to approve the Fund B loans. The motion was seconded by Representative Rudy and approved by roll call vote.

#### **Kentucky Infrastructure Authority (KIA) Fund F Loans**

Ms. Williams presented a request for a \$200,000 increase to an existing \$230,000 Fund F loan to the City of Barlow. The increase was needed because of a discrepancy between the estimated cost per cubic yard of concrete at \$600 per cubic yard and the actual bid price of concrete at \$1,000 per cubic yard to be used in the construction of the clearwell. The project, which involves the construction of a new clearwell and the repair and refurbishment of a 100,000 gallon water storage tank, had been bid twice. On both occasions, bids exceeded the engineer's estimates. The revised loan has a twenty-year term, an interest rate of 1 percent, and estimated annual debt service of \$14,910.

This request had been presented at the March 16, 2013, meeting, but the committee postponed taking action until the committee received additional information about the factors driving project costs. According to information obtained by staff, the additional cost is due to the complexity of the clearwell structure, which requires vents, piping, and pouring a concrete lid.

Senator McDaniel said he spoke with the mayor and the engineer and is comfortable with the project.

Senator Leeper asked who at KIA was responsible for evaluating such project issues. Ms. Williams responded that KIA and the Division of Water work jointly on all loan requests. All loan and grant-funded projects are required to go through the public procurement process. All requests for loan increases are reviewed by KIA staff and by the KIA Board of Directors.

Representative Wayne asked why the original scope increase was attributed to the increase in the cost of concrete rather than the nature of the project. Ms. Williams responded that she was now better prepared to address the committee's concerns. Senator McDaniel made a motion to approve the Fund F loan. The motion

was seconded by Representative Wayne and approved by roll call vote.

#### **New Bond Issues Submitted by the Office of Financial Management**

Ryan Barrow, Executive Director, Office of Financial Management, presented a new bond issue: the Kentucky Public Transportation Infrastructure Authority (KPTIA) Downtown Crossing Project Revenue Bonds, Series 2013, and Downtown Crossing Transportation Infrastructure Finance and Innovation Act (TIFIA) Loan (expected 2013). The project is comprised of three components: 1) Kennedy Interchange in downtown Louisville at the convergence of I-64, I-65, and I-71; 2) construction of a new bridge over the Ohio River adjacent to and east of the existing I-65 Kennedy Bridge; and 3) reconfiguration of I-65 and associated ramps north of the new Downtown Bridge. Mr. Barrow said the financing structure of this project includes a cash component from the Kentucky Transportation Cabinet (KYTC); the securitization of federal highway appropriations through Grant Anticipation Revenue Vehicle (GARVEE) bonds; toll revenue bonds; and a direct loan through TIFIA. He said the credit review process is underway and two meetings with three of the rating agencies had been held. The bonds are scheduled to be sold on May 6, 2013; however, the TIFIA loan process will drive the process and may delay the sell date. The toll revenue bonds are estimated at approximately \$375,000,000 and the TIFIA loan is approximately \$375,000,000. The toll revenue bonds include three different series: Series A, which are current interest bonds; Series B, capital appreciation bonds (CABs); and Series C, which are convertible capital appreciation bonds.

In response to questions asked by Representative Wayne about the capital appreciation bonds, Mr. Barrow explained that CABs are similar to zero coupon bonds in that there is a period where no interest payments are made. He said they are commonly used in toll revenue bonds because the assets have a long usable life. In order not to overburden rate payers, there will be a gradual increase in toll rates that are tied to inflation. The gradual increase is also determined by the debt service on the bonds. The project financing will mirror the growth in the revenue stream over time. If a level structure were used instead, the toll rates would have to be substantially higher in the beginning.

Mr. Barrow said the estimated

interest cost is approximately 5.5 percent, which is higher than what the state typically receives for appropriation-supported bonds because these bonds will be paid from toll revenues. The state will not provide credit enhancement on the senior bonds, which results in a premium on the CABs. The estimated total debt service for the toll revenue bonds is \$1.3 billion and approximately \$732 million for the TIFIA loan.

In response to questions from Representative Wayne, Mr. Barrow said that the plan of finance does not include tolls or work on the Sherman Minton Bridge. Mr. Barrow also said that the financial advisor on the project, David Miller, Managing Director, Public Financial Management, specializes in toll revenue bond structures. He said any additional bonding capacity will be driven by the revenue stream.

David Talley, Deputy Executive Director, KYTC, said toll rates will be determined by a tolling body, which is a joint venture between Kentucky and Indiana. He said the estimated rates listed in the traffic and revenue study that was conducted were: \$1 for frequent-user traffic, \$2 for commuter traffic, \$5 for small trucks, and \$10 for large trucks.

Senator McDaniel said that the 5.7 percent estimated true interest cost on the bonds was high. Mr. Barrow explained that the credit rating will be lower than state lease appropriation transactions and the toll revenue bonds will be longer in duration.

Senator McDaniel said that he had heard that the Indiana portion was being constructed without the use of prevailing wage, while the Kentucky portion is being constructed with the use of prevailing wage. Mr. Talley said that he would verify that information and report back to the committee.

Representative Damron asked if the issuance of bond anticipation notes (BANs) had been considered as an alternative to CABs and, if so, how would BANs compare with the structure decided upon. Mr. Barrow said that they had considered BANs and other options. He said there was concern about market access risk with the use of BANs. No action was required.

#### **New School Bond Issues with School Facilities Construction Commission (SFCC) Debt Service Participation**

Mr. Barrow reported twelve local school districts with SFCC debt service participation with a total par amount



of \$138,015,000. The state portion of the annual debt service payment is \$1,759,662 and the local portion is \$8,438,993. Eight of the bond issues were refunding and four would finance improvements at existing facilities. None of the bond issues involved tax increases. Representative Wayne made a motion to approve the new school bond issues. The motion was seconded by Representative Damron and approved by voice vote.

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

Ms. Culpepper said nine local school bond issues were reported to the committee. These bond issues have 100 percent local debt service support and involve no SFCC participation. Additionally, none of the bond issues required tax increases. The purpose of four of the bond issues is to redeem outstanding Building America Bond (BAB) issues. Under sequestration, the federal subsidy provided for BABs has been reduced. Some BABs carry call provisions that allow for refunding in this situation.

With there being no further business, the meeting adjourned at 2:01 p.m.

## **CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE**

### **Minutes**

May 21, 2013

#### **Call to Order and Roll Call**

The Capital Projects and Bond Oversight Committee met on Tuesday, May 21, 2013, at 1 p.m., 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: Senators Chris Girdler, Bob Leeper, and Christian McDaniel; Representatives Steven Rudy, Kevin Sinnette, and Jim Wayne.

Guests Testifying Before the Committee: Bob Wiseman, Vice President for Facilities Management, University of Kentucky; Mitchell Payne, Associate Vice President for Business Affairs, University of Louisville; Scott Aubrey, Director, Division of Real Properties; John Hicks, Deputy State Budget Director; Debby Milton, Financial Analyst, Kentucky Infrastructure Authority; Horace Harrod, Chairman, Oldham County Environmental Authority; Ryan Barrow, Executive Director, Office of Financial Management; David Ritchay, Director of Housing Production, The Housing Partnership;

and Shawn Dyer, Tax Credit Administrator, Kentucky Housing Corporation.

LRC Staff: Kristi Culpepper, Josh Nacey, Jennifer Luttrell, and Angela Offerman.

#### **Approval of Minutes**

Representative Rudy made a motion to approve the minutes of the April 16, 2013, meeting. The motion was seconded by Senator Leeper and approved by voice vote.

#### **Correspondence Items**

Kristi Culpepper, Committee Staff Administrator, said that there were three correspondence items for members to review. The first item was a letter from the Transportation Cabinet responding to a question from the committee at the April 16, 2013, meeting regarding prevailing wage on the Louisville-Southern Indiana Ohio River Bridges project. The Transportation Cabinet verified that Indiana included an agreement to pay prevailing wage rates in its public/private partnership for the project.

The next two correspondence items were letters from Northern Kentucky University and the University of Kentucky (UK) notifying the committee of their intention to use the construction management-at-risk project delivery method on two projects – the Renovate/Expand Albright Health Center project and the Academic Science Building project, respectively. Both projects were authorized by the 2013 General Assembly in House Bill 7.

#### **Project Reports from the University of Kentucky**

Mr. Bob Wiseman, Vice President for Facilities Management, UK, presented two items. First, UK requested an increase in the authorized scope of the Construct/Replace/Upgrade Student Housing Phase I project from \$175,000,000 to \$277,000,000, of which \$68,000,000 will come from private funds and up to \$34,000,000 will come from university restricted funds.

In response to a question asked by Senator McDaniel, Mr. Wiseman explained that prevailing wage will be used for the project.

Representative Wayne made a motion to approve the scope increase. The motion was seconded by Representative Rudy and approved by roll call vote.

Second, UK reported four leases to provide student housing while the previously reported project was underway. Two of the leases, Royal Lexington Apartments and

Courtyard University of Kentucky, exceed \$200,000 annually and were authorized in House Bill 265. The third and fourth leases, Red Mile Apartments and Courtyard University of Kentucky, exceed \$100,000 annually.

Representative Rudy made a motion to approve the new leases. The motion was seconded by Senator Leeper and approved by roll call vote.

#### **Project Report from the University of Louisville (UofL)**

Mr. Mitchell Payne, Associate Vice President for Business Affairs, UofL, requested an unbudgeted capital project to replace the Papa John's Cardinal Stadium sound system. The project has a \$3,000,000 scope, which will be paid for from Athletic Association (private) funds.

In response to a question from Representative Wayne, Mr. Payne explained that internal staff and an outside consultant reviewed the cost of replacing the sound system.

Representative Rudy made a motion to approve the unbudgeted capital project. The motion was seconded by Senator McDaniel and approved by roll call vote.

#### **Lease Reports from the Finance and Administration Cabinet**

Mr. Scott Aubrey, Director, Division of Real Properties, presented three items. The first item was a lease modification for the Department for Workforce Investment in Warren County. An additional 200 square feet (sq ft) of space was acquired and five new staff offices were created. Two estimates were obtained and the agency recommended accepting the lowest bid of \$24,764 from Century Construction Company. The cost will be amortized through the term of the lease, which will expire June 30, 2020. No action was required.

The second item was a lease renewal for the Transportation Cabinet in Jefferson County for the storage of salt. The lease was renewed under the same terms and conditions for an annual rental cost of \$198,028 through June 30, 2014.

Representative Wayne made a motion to approve the lease renewal. The motion was seconded by Representative Rudy and approved by roll call vote.

The third item was for a new lease for the Cabinet for Health and Family Services in Madison County. New space was requested by the agency to consolidate two offices and alleviate overcrowded conditions. The lease was for 15,035 sq ft at a cost of

\$12.89 per sq ft for an annual cost of \$193,801 and included 132 reserved parking spaces. The lease will expire June 30, 2019.

Representative Wayne made a motion to approve the lease renewal. The motion was seconded by Senator McDaniel and approved by roll call vote.

#### **Project Report from the Finance and Administration Cabinet**

Mr. John Hicks, Deputy State Budget Director, presented an Emergency Repair, Maintenance, or Replacement Project for the Kentucky State Fair Board (KSFB) to repair horse barn roofs damaged by hailstorms on April 28, 2013, at the Kentucky Fair and Exposition Center. The KSFB has been working with the Finance and Administration Cabinet, Facilities and Support Services, and State Risk and Insurance Services on this project. The cost of the project was \$875,600 and will be funded with proceeds from the Fire and Tornado Insurance Fund. Subsequent projects resulting from the same storm will be reported to the committee at a later date.

In response to a question asked by Representative Wayne, Mr. Hicks explained that due to the extent of the damage, the repairs have not been completed but are presently underway. No action was required.

#### **Kentucky Infrastructure Authority (KIA) Fund A Loans**

Ms. Debby Milton, Financial Analyst, KIA, presented two Fund A loan requests. The first request was for a \$6,500,000 Fund A loan for the Oldham County Environmental Authority (OCEA) Orchard Grass Regional Wastewater Treatment Plant project. Chairman Girdler said that the committee had concerns about the OCEA Fund A loan and, to allow sufficient time to address the concerns, the committee would postpone taking action on the item until the June meeting. Chairman Girdler asked Ms. Milton to continue with the presentation so that some questions may be addressed.

Ms. Milton said the project would involve the construction of a 1.25 million gallon per day regional wastewater treatment plant and related transmission lines to decommission the existing Orchard Grass and Willow Creek wastewater treatment plants in order to comply with a pending Division of Water (DOW) agreed order. Additionally, the project will provide additional treatment capacity to further decommission the



Ash Avenue wastewater treatment plant owned by OCEA and an existing 140,000-gallon per day plant owned by the Kentucky Correctional Institute for Women, which will come to the committee under a new project phase at a later meeting.

The project's total cost is \$13,366,800. The remaining \$6,866,800 will come from Kentucky Rural Water Finance Corporation bond financing. Ms. Milton said that as a standard practice, KIA requires all entities to review rates annually for operations, maintenance, and debt coverage. OCEA has adopted a rate increase annually for the past four years. An additional increase will go into effect July 2013. (A special condition was placed on the loan due to non-compliance with debt conditions. Documentation of compliance of a special condition placed on the loan was received by KIA resulting in loan approval.) Ms. Milton said KIA has already received the documentation that was the subject of the special condition described in the credit analysis.

Senator McDaniel asked Ms. Milton to discuss the regional facility plan and if OCEA had defaulted on a loan in 2009. Ms. Milton stated that the facility plan was presented to DOW and it presented two alternatives: 1) build a new plant; or 2) send the flow to the Louisville Metropolitan Sewer District (MSD). The initial plan indicated that it would be most economical to build a new plant. Ms. Milton said that DOW certified to KIA approval of the facility plan. Senator McDaniel said that information received by the committee indicates unresolved issues.

Ms. Culpepper said committee staff spoke with DOW regarding this project and they confirmed that the facility plan had outstanding deficiencies and had not been approved. The facility plan was not in compliance with state regulations on how facilities plans should be crafted, which resulted in concerns about how calculations were made regarding which alternative would be most cost effective. Ms. Milton said that KIA would speak with DOW and present the project to the committee at the June 18, 2013, meeting.

In response to a question from Senator McDaniel, Mr. Horace Harrod, Chairman, OCEA, said he was not aware of a loan default in 2009. The loan with the Kentucky League of Cities was refinanced by the Oldham County Fiscal Court.

Senator McDaniel asked Mr. Harrod to provide clarification on the issue to the committee.

Representative Wayne asked why OCEA did not hold a public hearing for the project. Mr. Harrod responded that the OCEA Board has approved the project, but there will be a public hearing. Representative Wayne said that as a matter of public policy, the public hearing should be held prior to the OCEA Board approval of the project.

Senator Leeper requested that committee staff send KIA a letter with the committee's questions about the project.

The second request was a \$1,538,750 Fund A loan for the Regional Water Resource Agency in Daviess County for the construction of a lift station, a force main near the Owensboro Community College, gravity sewer mains, collector sewers, and sewer mains. The project will add 25 immediate customers with the potential of serving a total of 80 new customers in a new development. The project will also eliminate three package treatment plants which will improve service to existing customers. The Regional Water Resource Agency initiated a five-year annual rate increase. The loan will have a twenty-year term and an interest rate of 1.75 percent, with an estimated annual debt service payment of \$94,596.

Representative Wayne made a motion to approve the Fund A loan. The motion was seconded by Senator Leeper and approved by roll call vote.

#### **Kentucky Infrastructure Authority (KIA) Fund B Loans**

Ms. Milton presented three Fund B loan requests. The first request was for a \$89,225 Fund B loan with 95 percent principle forgiveness for the Bullitt County Sanitation District's Big Valley MHP Lagoon Rehabilitation project. The project will repair and upgrade the existing facilities at the Big Valley collection system and lagoon treatment facility. The Bullitt County Sanitation District will adjust rates as needed. KIA placed four special conditions on the loan regarding receivership.

Senator McDaniel said that he is concerned that loans are approved with unmet conditions. Senator Leeper said that when the committee has had concerns about this in the past, a motion would be made contingent upon the conditions being met. Ms. Milton said that all standard and special conditions must be met before KIA enters into an assistance

agreement.

The second request was a \$500,000 Fund B loan for the City of Burkesville in Cumberland County to supplement a previously approved Fund A loan for the Sanitary Sewer Overflow Remediation project. Several items were identified as necessary for addition or replacement after the original request was prepared. Those items include a portable generator for back-up power; aeration equipment; and a flow meter and fencing for the City Hall pump station. The City of Burkesville increased the water and sewer rates. The loan will have a twenty-year term and an interest rate of 0.75 percent, with an estimated annual debt service payment of \$27,969.

Representative Wayne said that the City of Burkesville Sanitary Sewer Overflow Remediation project had geotechnical conditions that were not identified at the time of the original estimate. Ms. Milton said that the conditions have been resolved.

The third request was a \$1,416,540 Fund B loan for the City of Scottsville in Allen County for the Wastewater Treatment Plan Improvements project. This project involves the construction of a waste-activated sludge pump station; force main; new flow splitter box; and associated piping.

This loan will complete the funding package, which includes two legislative line-item grants. No rate adjustments are anticipated. However, KIA requires that rates are reviewed annually to ensure that operations, maintenance, and debt service will be covered.

Senator McDaniel made a motion to approve the Fund B loans contingent upon the special conditions being met. The motion was seconded by Representative Leeper and approved by roll call vote.

#### **Kentucky Infrastructure Authority (KIA) Fund F Loans**

Ms. Milton presented three Fund F loan requests. The first request was for a \$1,538,817 Fund F loan for the City of Carrollton, for the benefit of Carrollton Utilities, for the Carroll County Interconnect project. The project will provide two interconnections between Carrollton Utilities (CU) and the Carroll County Water District (CCWD); an interconnection between the CCWD and Gallatin County Water District; and will close a gap between a portion of the West Carroll Water District (WCWD) that is currently served by the City of Milton and the rest of the WCWD system.

The individual projects have components that are specific to each utility. The components include a 150,000 gallon elevated water tank and the replacement of 2,300 linear feet of asbestos cement water line for CCWD; a booster pump station and 1,700 linear feet of water line to tie discrete sections of the system together for WCWD; and a new groundwater well and associated piping, emergency generator, and interconnections for CU. The loan has a thirty-year term and an interest rate of 0.75 percent, with an estimated annual debt service payment of \$45,918. The City of Carrollton implemented a two percent rate increase for water and sewer in 2012. Senator Leeper made a motion to approve the Fund F loan. The motion was seconded by Representative Rudy and approved by roll call vote.

The second request was a \$4,000,000 Fund F loan for the Northern Kentucky Water District (NKWD) for the Kenton and Campbell County Water Main project. The project includes the installation of new raw and finished water transmission mains along with equipment upgrades at the Taylor Mill treatment plant. The project will provide a more reliable water supply to wholesale customers and give the NKWD flexibility in conveying raw water between reservoirs. The total cost of the project is \$5,930,000 and NKWD will fund the remaining \$1,930,000. The NKWD has implemented an annual rate increase over the past several years.

Senator McDaniel made a motion to approve the Fund F loan. The motion was seconded by Representative Rudy and approved by roll call vote.

The third request was a \$4,000,000 Fund F loan for the City of Hopkinsville for the benefit of the Hopkinsville Water Environment Authority, for the Westside Two Million Gallon Tank and Water Main Extension project. The project is for the construction of a two million gallon elevated storage tank and for approximately 19,000 linear feet of iron pressure pipe to service the tank and underserved areas along the Eagle Way Bypass. This project will also permit business and residential expansion on the west side of Hopkinsville. The total cost of the project is \$6,000,000 and the balance will be funded by revenue bonds. The rates are adjusted annually.

Representative Rudy made a motion to approve the Fund F loan. The motion was seconded by Representative Wayne and approved



by roll call vote.

#### **New Bond Issues Submitted from the Office of Financial Management (OFM)**

Mr. Ryan Barrow, Executive Director, OFM, presented five new bond issues. The first bond issue was State Property and Buildings Commission (SPBC) Revenue Bonds, Project No. 106 Series A and Revenue Refunding Bonds, Project No. 106 Series B. The purpose of the bonds is to provide permanent financing for approximately \$115,000,000 of projects authorized by the General Assembly in House Bill 267 (2004-2006 Budget); House Bills 380 and 557 (2006-2008 Budget); House Bills 406, 410, 514, and 608 (2008-2010 Budget); House Bill 1 (2010-2012 Budget); and House Bill 265 (2012-2014 Budget). The issue will also provide for repayment of the 2012 Asset/Liability Commission Interim Bank Loan with Citibank (which will permanently finance an additional \$45,000,000 of projects), refund certain SPBC bonds for a net present value savings, and pay the costs of issuance.

The pricing is scheduled for June 4, 2013, with a closing date of June 17, 2013. Expected ratings on the bonds are Moody's Aa3; Standard & Poor's A+; and Fitch A+. The par amount of the bonds is estimated to be \$158,525,000. The interest cost is estimated at 3.22 percent with a twenty-year term. Citi will serve as underwriter; Peck, Shaffer & Williams LLP, bond counsel; Frost Brown Todd, underwriters counsel; US Bank, trustee; and OFM, financial advisor.

Senator Leeper made a motion to approve the bond issue. The motion was seconded by Representative Sinnette and approved by roll call vote.

The second bond issue was Murray State University General Receipts Bonds, 2013 Series A, with a par amount of \$15,795,000. This bond issue will finance the Renovate Hester Hall, Capital Renewal of Housing and Dining Facilities, and Upgrading Sprinkler System at College Courts projects, which were authorized in 2013 House Bill 7. The pricing is scheduled for May 10, 2013, with a closing date of May 29, 2013. The issue carries ratings of Moody's A2, underlying, and Aa3 as enhanced by the state university intercept program. The interest cost is estimated at 3.154 percent with a twenty-year term. The financing team included Peck, Shaffer & Williams LLP, bond counsel;

Hilliard Lyons, financial advisor; and US Bank, trustee.

Senator Leeper made a motion to approve the bond issue. The motion was seconded by Representative Wayne and approved by roll call vote.

The third bond issue was for Kentucky Housing Corporation (KHC) Single-Family Housing Revenue Bonds 2013 Series C, Series D, Series E, Series F, and Series G in an amount not to exceed \$150,000,000. The proposed date of sale is June 12, 2013, with an initial settlement date of July 10, 2013. The expected ratings are Moody's Aaa and Standard & Poor's AAA. The interest cost is estimated at 3.42 percent with an average annual debt service of \$8,646,083. The financing team includes Citi, underwriter; Kutak Rock LLP, bond counsel; Peck, Shaffer & Williams LLP, underwriters counsel; The Bank of New York Trust Company, trustee; and OFM, financial advisor.

Representative Wayne made a motion to approve the bond issue. The motion was seconded by Representative Rudy and approved by roll call vote.

The fourth item presented was KHC Conduit Multifamily Housing Revenue Bonds, Most Blessed Sacrament Senior Apartments Project, Series 2013, for the acquisition and renovation of a vacant former Catholic school for senior housing. The proposed date of sale is June 13, 2013. This will be a non-rated transaction that will carry a four percent interest rate at a 40-year term. The financing team includes Frost Brown Todd LLC, bond counsel; Citizens Union Bank of Shelbyville, purchaser; The Housing Partnership, financial advisor; Reed Weitkamp Schell & Vice PLLC, financial advisor counsel and borrower counsel; and Citizens Union Bank of Shelbyville, trustee.

In response to a question from Representative Wayne, Mr. David Ritchay, Director of Housing Production, The Housing Partnership, said that The Housing Partnership will serve as the developer.

Representative Wayne made a motion to approve the bond issue. The motion was seconded by Representative Rudy and approved by roll call vote.

The fifth item presented was KHC Conduit Multifamily Housing Revenue Bonds, California Square II and Portland Plaza, Series 2013. The proceeds will be used to finance the acquisition, construction, and equipping of the California Square

II Apartments and Portland Plaza Apartments, each located in Louisville. The intended date of sale was June 2013, and the anticipated rating's from Standard & Poor's will be AAA/A-1+. The anticipated interest rate is 0.50 percent for a term of 13 months. The financing team includes Peck, Shaffer, & Williams LLP, bond counsel; Sidley Austin LLP, underwriter counsel; and Merchant Capital, L.L.C., underwriter.

In response to a question from Representative Wayne, Mr. Shawn Dyer, Tax Credit Administrator, KHC, said that the project developer was Integra Property Group from Seattle, Washington and that KHC will provide information on the developer to the committee.

Representative Sinnette made a motion to approve the bond issue. The motion was seconded by Senator Leeper and approved by roll call vote.

#### **Follow-up Report from the Office of Financial Management**

Mr. Barrow presented a follow-up report on the previously approved \$107,860,000 for KHC Single-Family Housing Revenue Bonds, 2013 Series A and Series B (Taxable) bond issue, which closed April 30, 2013. The pricing was at three percent with a maturity date of November 1, 2041. This bond issue was negotiated with Citigroup and carried Standard & Poor's AAA and Moody's Aaa ratings. The refunding produced a \$5,301,961 net present value savings. No action was required.

#### **New School Bond Issues with School Facilities Construction Commission (SFCC) Debt Service Participation**

Mr. Barrow reported seven local school districts with SFCC debt service participation with a total par amount of \$66,912,000. The state portion of the annual debt service payment was \$1,032,864 and the local contribution was \$4,252,171. None of the bond issues involved tax increases.

Representative Wayne made a motion to approve the bond issue. The motion was seconded by Representative Rudy and approved by roll call vote.

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

Ms. Culpepper said nine local school bond issues were reported to the committee. The bond issues have 100 percent local debt service support and involved no SFCC participation. Three would provide new money to improve existing facilities and six were refunding. Five of the refundings

would redeem outstanding Build America Bonds. Under sequestration, the federal subsidy provided for Build America Bonds has been reduced. Some of the bonds carry call provisions that allow for refunding in this situation.

With there being no further business, the meeting adjourned at 2:07 p.m.

#### **ADMINISTRATIVE REGULATION REVIEW SUBCOMMITTEE**

Minutes of the April Meeting  
April 9, 2013

##### **Call to Order and Roll Call**

The April meeting of the Administrative Regulation Review Subcommittee was held on Tuesday, April 9, 2013, at 1:00 PM, in Room 149 of the Capitol Annex. Representative Johnny Bell, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senators Joe Bowen, Sara Beth Gregory, Ernie Harris, and Perry B. Clark, and Representatives Johnny Bell, Robert Damron, Tommy Turner, and Jimmie Lee.

Guests: Katie Stine, Alice Forgy Kerr, Senators; Jim Gooch, Arnold Simpson, Representatives; Beau Barnes, Kentucky Teachers' Retirement System; David Gordon, Mark Johnson, Kendy Parks, Melissa Russell, Department of Revenue; Mark Brengelman, Board of Physical Therapy; Ryan Halloran, Cheryl Turner, Board of Licensure for Massage Therapy; Shelli Deskins, Ryan Halloran, Applied Behavior Analysis Board; Misty Dugger Judy, Deborah Van Horn, Kentucky Historical Society; Ron Brooks, Margaret Everson, and Benjy Kinman, Kentucky Fish and Wildlife Resources; Bruce Scott, Randy Payne, Department for Environmental Protection; Amy Barker, Department of Corrections; LaDonna Koebel, LaShana Harris, Department of Juvenile Justice; Catherine Burgin, Ann D'Angelo, Rick Taylor, Transportation Cabinet; Susan Barkley, Kevin Brown, Amy Peabody, Department of Education; Dawn Bellis, Ann Ramser, Department of Housing, Buildings and Construction; Eric Friedlander, Dionna Mullins, Cabinet for Health and Family Services; Teri Blanton, Carey Henson, Jim Porter, Kentuckians for the Commonwealth; Lane Boudman, Alex Desha, Mary K. Miller, Sierra Club; Cara Cooper, Kentucky Student Environmental Coalition; Rusty



Cress, Kentucky Association of Manufacturer and Kentucky League of Cities, Chad Harpole, Amelia Kirby, Michael Mills, Tarence Ray, Douglas Swan, Rita Swan, Brenda Valenza, Sethea Valenza, Private Citizen; Marie Alagia Cull, Marian Hayden, John Muller, Care Spring; Mike Baker, Eric Gillian, Denise D. Hundley, Khaldon Jundi, MD, Robert Long, Baptist Life Commission; Saint Joseph East; Gary Moore, Boone County; and Steve Pendrey, Campbell County.

LRC Staff: Dave Nicholas, Donna Little, Emily Caudill, Sarah Amburgey, Emily Harkenrider, Karen Howard, Betsy Cupp, and Laura Napier.

Administrative Regulations Reviewed by the Subcommittee:

FINANCE AND ADMINISTRATION CABINET: Kentucky Teachers' Retirement System: General Rules

102 KAR 1:070. Application for retirement. Beau Barnes, deputy executive secretary and general counsel, represented the system.

A motion was made and seconded to approve the following amendments: (1) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; and (2) to amend Sections 1, 2, and 6 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

102 KAR 1:320. Qualified domestic relations orders.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph to correct statutory citations; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; and (3) to amend the STATUTORY AUTHORITY paragraph and Sections 3, 5, and 10 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

102 KAR 1:350. Full actuarial cost purchase.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph for consistency with

formatting among administrative regulations; and (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220. Without objection, and with agreement of the agency, the amendments were approved.

Department of Revenue: Forms  
103 KAR 3:010. General Administrative Forms Manual. David Gordon, executive director, property taxes; Mark Johnson, tax policy consultant, corporate taxes; and Kendy Parks, internal policy analyst, represented the department.

103 KAR 3:030. Property and Severance Forms Manual.

A motion was made and seconded to approve the following amendments: to amend Sections 1 and 3 to insert two (2) tax forms that were inadvertently omitted. Without objection, and with agreement of the agency, the amendments were approved.

103 KAR 3:040 & E. Income Tax Forms Manual.

GENERAL GOVERNMENT CABINET: Board of Physical Therapy: Board

201 KAR 22:020. Eligibility and credentialing procedure. Mark Brengelman, board counsel, represented the board.

A motion was made and seconded to approve the following amendment: to amend Section 7(5) to specify the type of information that is required. Without objection, and with agreement of the agency, the amendment was approved.

201 KAR 22:035. A credential holder's change of name, employment, or address.

A motion was made and seconded to approve the following amendments: (1) to amend the TITLE to clearly reflect the content of the administrative regulation; and (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220. Without objection, and with agreement of the agency, the amendments were approved.

Board of Licensure for Massage Therapy: Board

201 KAR 42:020. Fees. Ryan Halloran, assistant attorney general, and Cheryl Turner, vice chair, represented the board.

A motion was made and seconded to approve the following amendments:

to amend Section 5 and the material incorporated by reference to correct citations. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 42:035. Application process, exam, and curriculum requirements.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph to add statutory citations; (2) to amend Section 3: (a) for clarity; (b) to delete provisions that repeated the statute in violation of KRS 13A.120(2); and (c) to delete a provision that could have allowed additional examinations to be approved by the board outside the regulatory review process in violation of KRS 13A.130(1); and (3) to amend Section 5 and the material incorporated by reference to correct citations. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 42:040. Renewal.

In response to a question by Senator Harris, Ms. Turner stated that this administrative regulation was amended to clarify that the ethics credits were a required part of the continuing education requirements.

201 KAR 42:070. Endorsement.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph to correct a typographical error; and (2) to amend Section 2 for clarity. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 42:080. Programs of massage therapy instruction.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph to include an additional relevant citation; (2) to amend Sections 1, 4, and 5 to comply with the drafting and formatting requirements of KRS Chapter 13A; and (3) to amend the material incorporated by reference to conform to the administrative regulation. Without objection, and with agreement of the agency, the amendments were approved.

Kentucky Applied Behavior Analysis Licensing Board: Board

201 KAR 43:030. Fees. Dr. Shelli Deskins, psychologist and chair, and Ryan Halloran, assistant attorney general, represented the board.

201 KAR 43:060. Complaint and disciplinary process.

201 KAR 43:070. Supervisees.

A motion was made and seconded to approve the following amendments:

(1) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; and (2) 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.

201 KAR 43:080. Renewals.

A motion was made and seconded to approve the following amendments: (1) to amend the material incorporated by reference to provide for licensure reinstatement; and (2) to amend Sections 1, 4, and 5 to correct form titles and an edition date. Without objection, and with agreement of the agency, the amendments were approved.

TOURISM, ARTS AND HERITAGE CABINET: Kentucky Historical Society: Society

300 KAR 5:010. Museum unclaimed property. Misty Dugger Judy, staff attorney, and Deborah Van Horn, registrar, represented the Kentucky Historical Society.

Department of Fish and Wildlife Resources: Fish

301 KAR 1:410. Taking of fish by nontraditional fishing methods. Ron Brooks, fisheries director; Margaret Everson, assistant attorney general; and Benjy Kinman, deputy commissioner, represented the department.

Water Patrol

301 KAR 6:020. Boating safety equipment.

ENERGY AND ENVIRONMENT CABINET: Department for Environmental Protection: Division of Water: Water Quality Standards

401 KAR 10:031. Surface water standards. Randy Payne, water quality branch, and Bruce Scott, commissioner, represented the division. Representative Jim Gooch, Jr. appeared as a legislative quest regarding this administrative regulation. Rusty Cress, Kentucky League of Cities and Kentucky Association of Manufacturers, and Chad Harpole, vice president, Kentucky Chamber of Commerce, appeared in support of this administrative regulation. Lane Boldman, Sierra Club; Cara Cooper, state organizer, Kentucky Student Environmental Coalition; Carey Henson, Kentuckians for the Commonwealth; Amelia Kirby, citizen; Jim Porter, Kentuckians for the Commonwealth; Tarence Ray,



citizen; and Ted Withrow, citizen and member of Kentuckians for the Commonwealth, appeared in opposition to this administrative regulation.

In response to a question by Representative Lee, Mr. Scott stated that all concerns regarding public comments and adequate public consideration of the agency amendment to this administrative regulation had been addressed. The division issued public notice, received comments, conducted two (2) meetings with stakeholders, prepared an additional Statement of Consideration pursuant to comments received, amended the division's technical document defending the proposed selenium limits, deferred this administrative regulation an additional month to provide more time for meetings, and discussed the issues with U.S. EPA. Mr. Scott stated that the division would not allow a pollutant standard that did not adequately protect water quality.

In response to questions by Representative Damron, Mr. Scott stated that there were numerous sources of selenium pollution beyond coal mining activities. The division did not expect rock removal from waterways for agricultural or noncommercial purposes on private property to be a source of selenium contamination.

Representative Damron stated that the cabinet seemed to be relaxing requirements for commercial rock quarries while at the same time becoming more stringent toward farmers, who were not harming downstream waterways.

Representative Gooch stated that Kentucky was a diverse state ecologically, and that diversity should be taken into consideration for the purposes of establishing environmental policy. In response, Mr. Scott stated that the Clean Water Act required each state to establish water quality standards and U.S. EPA exercised oversight of each state's established standards. Kentucky used U.S. EPA's guidance documents and oversight as part of its determination of standards. The division was not relaxing the selenium standard, but was establishing a different method for testing for selenium and establishing a standard related to that method. U.S. EPA still had to approve or disapprove Kentucky's selenium standard after the administrative regulation became effective. Taking into consideration discussions with U.S. EPA, the

division had reason to believe that the standard proposed by the division in the agency amendment would be accepted by U.S. EPA.

Mr. Harpole stated that the Kentucky Chamber of Commerce supported this administrative regulation and the proposed agency amendment thereto.

Mr. Cress stated that both the Kentucky League of Cities and the Kentucky Association of Manufacturers supported a standard based on sound science and economic feasibility. The proposed standard used state-specific data, which was key because Kentucky's needs differ from other states.

In response to a question by Senator Clark, Mr. Scott stated that some research studies were from 2004. The selenium standard in place prior to this proposed administrative regulation was based on research studies from 1990, the results of which had been vacated by the federal courts. During the KRS Chapter 13A-required public hearing and public comment period, the only concerns expressed regarding the division's initial proposal to delete the acute selenium limit completely came from U.S. EPA, not from commenters opposed to the agency amendments.

In response to questions by Co-Chair Bell, Mr. Cress stated that he was not a scientist or biologist, but the Kentucky League of Cities did have specialists who studied the scientific research regarding the selenium limit. The method of testing was what was different, and comparing the limits was not equivalent because of the method differences. Mr. Harpole stated that the Ohio River Valley Water Sanitation Commission, ORSANCO, had deleted the acute selenium limit altogether, and there did not seem to be a selenium problem in the Ohio River basin since that standard was deleted.

Senator Bowen noted that Kentucky was authorized by the Clean Water Act to establish state-specific standards, with oversight and ultimate approval or disapproval by U.S. EPA.

Representative Turner stated that the science was very complicated and independent, up-to-date studies were necessary to make the selenium determination.

Mr. Withrow stated that there were trend stations for water quality throughout Kentucky. Peter's Creek in Pike County was a dead waterway, devoid of aquatic life, and trend reports indicated there had been exceedances of

selenium limits. The proposed selenium limit in the agency amendment was unenforceable. If a fish could be found to test, and results showed the selenium limit had been violated, who would be cited because there were numerous coal activities from different companies in that area?

Ms. Henson, field biologist and ecologist for Kentuckians for the Commonwealth, stated that attendees of the public meetings that took place after the initial deferral of this administrative regulation at the February Subcommittee meeting were told that the meeting was for select stakeholders only. A member of the press was told at that meeting that the meeting was not open to the public; however, after the meeting the division characterized the meeting as a public meeting. The selenium standards would relax water quality standards in Kentucky. The division's defense of the standards was based on research that the division skewed in order to support the proposal in the agency amendment. Other portions of the research that did not support the agency proposal were dismissed by the division as unsound science. Testing concentrations of selenium in the water column was a better method than testing fish tissue. The safety of those eating fish and recreating in Kentucky's waterways was of prime importance.

Mr. Porter stated that Kentuckians for the Commonwealth did not support the agency amendment, which would weaken the selenium limit. The limit was based on unsound science and was practicably unenforceable.

Mr. Ray stated that his question regarding where the waterways referenced by the division were located was not addressed by the division in its response to comments. Mr. Ray was employed by a nonprofit watershed protection group. It was expensive to treat water that was contaminated with selenium. It was bad economic policy and would affect public safety and tourism. In response to Mr. Ray's question, Mr. Scott stated that the division did not find any selenium violations for exceedance of the limit. Mr. Scott noted that this administrative regulation did not relate to health risks from selenium, which were addressed in drinking water and fish consumption administrative regulations, but this administrative regulation addressed aquatic sustainability. The division believed that this administrative regulation was protective of the aquatic environment.

Ms. Boldman stated that the

division did not fully respond to Sierra Club's concerns regarding the proposed selenium method and limit. The division "cherry picked" research studies that supported the proposed agency amendment. Public involvement was truncated, and the proposed selenium method and limit were not protective of water quality. Selenium is a long-term problem because it bioaccumulated in aquatic species. Deferral to the May meeting of the Subcommittee was requested. The division was encouraged to drop the proposal and return to the selenium method and limit that was in place prior to the initial amendment to this administrative regulation. Coal companies were responsible to meet the obligations of the Clean Water Act.

Ms. Kirby stated that her family was dependent on the coal industry; however, she was also concerned about water quality. The selenium limit was unsafe and unenforceable. It was unnecessary to risk the health of those who live along affected waterways.

Ms. Cooper stated that the Kentucky Student Environmental Coalition was concerned that weakening of the selenium limit was a risk to future Kentuckians. Kentucky was establishing a state-specific standard, but did that mean that Kentucky was somehow better able to address the problem of selenium than other states?

In response to a question by Senator Bowen, Mr. Withrow stated that U.S. EPA was not directly establishing this standard; this standard was being proposed by the division. Ultimately, U.S. EPA had final approval or disapproval of the limit; however, Mr. Withrow had been in litigation with U.S. EPA for the past two (2) years. U.S. EPA had received petitions to remove the division's authority to enforce the Clean Water Act. Ms. Henson stated that the division was the proponent of the agency amendment, and U.S. EPA's oversight was somewhat ancillary.

Mr. Withrow encouraged U.S. EPA disapproval of the selenium standard because the supporting research was "cherry picked."

Representative Gooch stated that the discussion thus far seemed to focus on coal activities, but there were other dischargers of selenium. The discussion kept referencing health implications, but other administrative regulations were in place to protect drinking water, fish consumption, and recreational use of water from selenium contamination.



Ms. Boldman stated that the division's research studies on selenium were not as scientifically sound as those recommended by the Sierra Club. The more protective standard should be maintained until U.S. EPA promulgates new guidance regarding selenium limits. The division should at least aim to do no harm until the guidance was available. In response to Ms. Boldman, Mr. Payne stated that the portions of research studies that were excluded by the division were dismissed for sound scientific reasons.

In response to a question by Representative Turner, Mr. Scott stated that most streams that were identified as "dead streams" were impaired because of sediment or nutrient overload. It was not possible to make the determination for certain without research; however, it was unlikely that selenium was the cause of the impairment.

Representative Turner made a motion to defer consideration of this administrative regulation until independent, scientific data was provided. Co-Chair Bell asked if the division would agree to deferral. The division declined the request to defer. The Subcommittee did not have the authority to defer consideration of the administrative regulation without the division's agreement; therefore, the motion did not proceed. Representative Turner stated that he was disappointed that the division would not agree to defer such a crucial issue.

In response to a question from Representative Damron, subcommittee staff explained the contents of the agency amendment.

Representative Lee stated that the subcommittee's main concern was if this administrative regulation conformed to the authorizing statute and KRS Chapter 13A. It was inappropriate for this subcommittee to vote on the selenium limit itself. If the division was reluctant to establish selenium limits without action of the General Assembly, the division should get a legislative sponsor to propose the limits during the 2014 Regular Session of the General Assembly.

A motion was made and seconded to approve the following amendments: to amend limits related to selenium. A roll call vote was taken. With five (5) yes votes, one (1) no vote, and two (2) members passing, the amendments were approved.

**JUSTICE AND PUBLIC SAFETY CABINET:** Department of Corrections: Kentucky Crime Commission

500 KAR 5:006. Repeal of 500 KAR 5:005 and 500 KAR 5:015. Amy Barker, assistant general counsel, represented the department.

Department of Juvenile Justice: Child Welfare

505 KAR 1:160. Department of Juvenile Justice Policies and Procedures: treatment program for juvenile sexual offenders. LaShana Harris, assistant director, and LaDonna Koebel, assistant general counsel, represented the department.

A motion was made and seconded to approve the following amendments: to amend Section 1 and the material incorporated by reference to clarify provisions and to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

**TRANSPORTATION CABINET:** Department of Vehicle Regulation: Motor Vehicle Tax

601 KAR 9:135. Apportioned registration. Catherine Burgin, administrative section supervisor; Ann D'Angelo, assistant general counsel; and Rick Taylor, deputy commissioner, represented the department.

**EDUCATION AND WORKFORCE DEVELOPMENT CABINET:** Board of Education: Department of Education: School Administration and Finance

702 KAR 3:130. Internal accounting. Susan Barkley, assistant director; Kevin Brown, general counsel; and Amy Peabody, staff attorney, represented the department.

A motion was made and seconded to approve the following amendments: (1) to amend Section 2 to specify that the August 2007 edition of the Redbook shall be used until June 30, 2013 and the March 2013 edition shall be used beginning July 1, 2013; (2) to amend Section 3 to require that: (a) a report be made to the district board of education following the annual audit by a CPA of the activity funds internal accounts; and (b) a copy of the school audit report shall be available in both the school principal's office and the superintendent's office; (3) to amend Section 4 to change the edition date of the material incorporated by reference; and (4) to amend the material incorporated by reference and Section 1 to comply with the drafting and formatting requirements of KRS Chapter 13A and for clarity. Without objection, and with agreement of the agency, the amendments were approved.

**PUBLIC PROTECTION CABINET:** Department of Housing, Buildings and Construction: Division of Building Codes Enforcement: Elevator Safety

815 KAR 4:027. Reporting incidents involving personal injury or death. Dawn M. Bellis, general counsel, and Ann Ramser, staff attorney, represented the division.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph to add statutory citations; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220; and (3) to amend Section 2(1) to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

**CABINET FOR HEALTH AND FAMILY SERVICES:** Office of Health Policy: State Health Plan

900 KAR 5:020. State Health Plan for facilities and services. Eric Friedlander, acting executive director, Office of Health Policy, and Diona Mullins, policy advisor, represented the cabinet. Senator Alice Forgry Kerr, Senator Katie Stine, and Robert Long, president and CEO, Baptist Life Communities, appeared in opposition to proposed committee amendment #3. Mariam Hayden, attorney, Carespring Healthcare; Garry Moore, Boone County Judge Executive; John Muller, vice president of operations, Carespring Healthcare; Steve Pendrey, Campbell County Judge Executive; and Representative Arnold Simpson appeared in support of proposed committee amendment #3.

Senator Stine stated that proposed committee amendment #3 was not initiated by the agency, but by specific interested stakeholders. Litigation about the matter was ongoing, and, while the matter lost on appeal, it may go to the Kentucky Supreme Court for further consideration. The proposed committee amendment was adverse to Campbell County because it weakened the county's only hospital. The mayor of Alexandria, the Fiscal Court members, and Baptist Nursing Homes in the area opposed moving hospital beds from Campbell County to Boone County.

Representative Simpson stated that he, as a resident of Kenton County, advocated for proposed committee amendment #3. Kenton, Campbell,

and Boone Counties had worked hard to create a synergistic district. Boone County was growing significantly. The decision should be based on how best to serve citizens, not on archaic area distinctions. The proposed committee amendment did not weaken the CON process, but revised the State Health Plan.

Mr. Muller stated that proposed committee amendment #3 should be passed because Northern Kentucky Area Development District would still be subject to the CON process. Proposed committee amendment #3 just allowed the district to pursue the CON process.

Judge Executive Gary Moore stated that he had been judge executive for Boone County for four (4) terms so far. Boone County was experiencing significant population growth and was severely in need of infrastructure to support the growing population. Long-term care facilities for seniors constituted a major area where infrastructure improvement was needed.

Judge Executive Pendrey stated that he was willing to transfer hospital beds from Campbell County to Boone County because he was confident Campbell County would still be adequately provided for.

In response to questions by Representative Lee, Mr. Muller stated that a new 143-bed nursing facility would be built in Campbell County, regardless of the outcome of proposed committee amendment #3. The construction had already begun. Mr. Friedlander stated that, under the State Health Plan, Boone County would not currently demonstrate a need for the beds; however, that would be true for all of Kentucky. Mr. Muller noted that the beds already existed and had not been used since the 2006 decertification of another facility. Other counties had filed CON requests to transfer beds. Carespring did not intend to sell the beds it had acquired, which would mean 286 potential beds for Northern Kentucky.

Judge Executive Moore stated that transferring the existing beds to a new facility would be more efficient because the new facility would have superior technology. Even with the additional beds, Boone County would still show a need once population growth continued as expected. Carespring did not receive any government financial support.

In response to a question by Co-Chair Harris, Mr. Friedlander stated that the current State Health Plan

was based on county, rather than area development district, boundaries. The proposed committee amendment #3 would change those boundary restrictions for the two (2) areas with nursing facilities with more than 250 hospital beds: northern Kentucky and Jefferson County.

In response to questions by Senator Bowen, Mr. Muller stated that these were existing beds, and Carespring would not be circumventing the CON process. Other transfers of beds had been allowed.

In response to a question by Co-Chair Bell, Mr. Muller stated that the intention was to spend \$50 million to build two (2) needed care facilities.

In response to questions by Senator Kerr, Judge Executive Moore stated that care facilities needed to be located conveniently for families. Judge Executive Pendrey stated that Campbell County would not be left disadvantaged if the beds were moved to Boone County.

Senator Kerr stated that approving proposed committee amendment #3 would set a terrible precedent in attempts to transfer other beds across counties.

Representative Lee stated that the purpose of the CON process was to ensure adequate care facilities in all areas of the state. If proposed committee amendment #3 passed, similar transfers all across the state would be expected.

In response to a question by Representative Damron, Mr. Friedlander stated that the cabinet did not officially support or oppose proposed committee amendment #3. The cabinet was neutral because litigation about the matter was still ongoing. If it was the will of the Subcommittee to pass proposed committee amendment #3, then the cabinet would not oppose it. Senator Stine stated that it was inappropriate to intervene in litigation and make special exceptions in administrative regulations. Ms. Hayden stated that approving proposed committee amendment #3 was not a solution to the ongoing litigation. Even if proposed committee amendment #3 passed, there would be other legal problems with transferring beds from Campbell to Boone County. This was not a subversion of the CON process, and in fact put the matter back under full review.

In response to a question by Co-Chair Bell, Ms. Hayden stated that, even if the proposed committee amendment was approved, there would

still have to be a public hearing, which would last several days, before the bed transfer could actually take place. Proposed committee amendment #3 did not extend or expand the number of beds; it moved existing beds from Campbell to Boone County.

Representative Lee stated that proposed committee amendment #3 was strategically crafted to avoid competition against Carespring.

Ms. Hayden stated that the proposed committee amendment #3 addressed large care facilities of at least 250 beds. Carespring had made a business decision to buy beds that were for sale from a decertified facility.

Representative Lee stated that Carespring did make a business decision to buy beds in Campbell County, despite the moratorium on building new beds. The process would allow Carespring to correct a bad business decision. If an exception was made, it should be available to all interested facilities, not just Carespring. Mr. Muller stated that there was no good mechanism currently for transferring beds across counties.

Mr. Long stated that he was opposed to proposed committee amendment #3 because the exception would be unfair to other facilities. If Carespring had applied for a CON in Boone County, the facility would not have been approved for the 143 beds. The proposed committee amendment #3 gave unfair advantage to Carespring. Feasibility studies were needed. Quality of care as well as quantity should be addressed. The CON process is complicated, but it has worked for Kentucky. An exemption now would create turmoil in future CON processes.

A motion was made and seconded to approve the following amendments: (1) to amend Section 2 to change the edition date of the material incorporated by reference; and (2) to amend the State Health Plan incorporated by reference to: (a) comply with the drafting and formatting requirements of KRS Chapter 13A; (b) use terms consistently throughout the document; (c) amend provisions relating to special care neonatal beds to provide that applications proposing to convert up to fifty (50) percent of existing Level II special neonatal beds to Level III special neonatal beds shall be consistent with the state health plan if the hospital: 1. is licensed for a minimum of sixteen (16) neonatal Level II beds; 2. has a minimum of 1,500 Medicaid neonatal

Level II patient days per year; 3. has a gestational age lower limit of twenty-seven (27) weeks; and (d) has a full-time perinatologist on staff; and (d)1. to change the hospital reporting requirements to require a review of the hospital's data as part of the annual joint review of patient outcomes in collaboration with the hospital's affiliated provider of Level IV services, rather than an agreement to submit a data report from the Vermont Oxford Network on Level II and Level III outcomes; 2. require a hospital to participate in the Vermont Oxford Network, including the Kentucky State VON Report; and 3. establish requirements that apply after the two (2) year trial for hospitals proposing to provide comprehensive cardiac catheterization services. Without objection, and with agreement of the agency, the amendments were approved.

A motion was made and seconded to approve the following amendment: (1) to amend Section 2 to change the edition date of the material incorporated by reference; and (2) to amend the State Health Plan incorporated by reference to amend provisions relating to nursing facility beds to provide that notwithstanding the established criteria, an application submitted to transfer or relocate existing certificate of need approved nursing facility beds shall be consistent with the state health plan if the: (a) selling or transferring entity has a certificate of need or licensed nursing facility bed inventory of at least 250 beds; (b) proposed relocation is within the same area development district; and (c) selling or transferring entity does not propose to sell or transfer more than fifty (50) percent of its certificate of need approved or licensed nursing facility beds. A roll call vote was taken. With three (3) yes votes, three (3) no votes, and one (1) member passing, the amendments were not approved. Representative Damron stated that he had originally intended to vote for proposed committee amendment #3; however, the cabinet did not seem actively supportive and Representative Damron trusted Representative Lee's position on such matters. Therefore, he was abstaining from the vote on proposed committee amendment #3.

The following administrative regulations were deferred to the May 14, 2013, meeting of the Subcommittee:

GOVERNOR'S OFFICE:  
Kentucky Department of Veterans' Affairs: Office of Kentucky Veterans'

Centers: State Veterans' Nursing Homes

17 KAR 3:010. Calculation of resident charges at state veterans' nursing homes.

17 KAR 3:040. Admission to state veterans' nursing homes.

ENERGY AND ENVIRONMENT CABINET: Department for Environmental Protection: Division of Water: Water Quality Standards

401 KAR 10:030. Antidegradation policy implementation methodology.

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

501 KAR 6:070. Kentucky Correctional Institution for Women.

PUBLIC PROTECTION CABINET: Department of Alcoholic Beverage Control: Quotas

804 KAR 9:050. Retail liquor drink license quota.

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

815 KAR 7:120. Kentucky Building Code.

CABINET FOR HEALTH AND FAMILY SERVICES: Department for Medicaid Services: Commissioner's Office: Medicaid Services

907 KAR 1:711E. Repeal of 907 KAR 1:705 and 907 KAR 1:710.

Other Business: Senator Bowen made a motion, seconded by Senator Gregory, to nominate Senator Harris as Senate Co-Chair and to cease nominations. Senator Harris was elected Senate Co-Chair by unanimous voice acclamation.

Representative Damron made a motion, seconded by Representative Lee, to nominate Representative Bell as House Co-Chair and to cease nominations. Representative Bell was elected House Co-Chair by unanimous voice acclamation.

The Subcommittee had received a letter regarding the Kentucky State Fair Board administrative regulation, 303 KAR 1:041, which prohibits concealed deadly weapons in buildings owned by the Kentucky State Fair Board. A motion was made and seconded to call 303 KAR 1:041 for consideration at the May 14, 2013 meeting of the Subcommittee. Without objection, the motion was approved.

The Subcommittee adjourned at 4:30 p.m. until May 14, 2013 at 1 p.m.



## ADMINISTRATIVE REGULATION REVIEW SUBCOMMITTEE

Minutes of the May Meeting  
May 14, 2013

### Call to Order and Roll Call

The May meeting of the Administrative Regulation Review Subcommittee was held on Tuesday, May 14, 2013, at 1:00 PM, in Room 149 of the Capitol Annex. Representative Johnny Bell, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Ernie Harris, Co-Chair; Representative Johnny Bell, Co-Chair; Senators Joe Bowen, Perry B. Clark, and Sara Beth Gregory; Representatives Robert R. Damron, Jimmie Lee, and Tommy Turner.

Guests: Representative John Will Stacy; Gilda Hill, Ken Lucas, Department of Veterans' Affairs; Michael Burleson, Board of Pharmacy; Nathan Goldman, Board of Nursing; Margaret Everson, Karen Waldrop, Kentucky Fish and Wildlife Resources; Amy Barker, Department of Corrections; Dana Todd, Department of Criminal Justice Training; Virginia Carrington, Elizabeth Caywood, Christina Heavrin, Lawrence Kissner, Stuart Owen, Cabinet for Health and Family Services; Clifford Rippetoe, Kentucky State Fair Board; Nancy Galvani, Kentucky Hospital Association; Darlene Eakin, Kentucky Optometric Association; Nina Eisner, Kelli Reese, The Ridge Behavioral Health; Chris Slocum, Peter Harris, MHNNet/Coventry Cares of Kentucky; and Steven McBride, Citizen.

LRC Staff: Dave Nicholas, Donna Little, Emily Caudill, Sarah Amburgey, Emily Harkenrider, Karen Howard, Betsy Cupp, and Laura Napier.

The Administrative Regulation Review Subcommittee met on Tuesday, May 14, 2013, and submits this report:

The Subcommittee determined that the following administrative regulation did not comply with statutory requirements and was deficient:

**CABINET FOR HEALTH AND FAMILY SERVICES:** Department for Medicaid Services: Commissioner's Office: Managed Care

907 KAR 17:005 & E. Definitions for 907 KAR Chapter 17. Christina Heavrin, general counsel; Lawrence Kissner, commissioner; and Stuart Owen, regulation coordinator,

represented the department. Peter Harris, MD, PhD., and Chris Slocum, VP, Clinical Services, represented MHNNet and testified via teleconference in support of this administrative regulation. Nancy Galvagni, Kentucky Hospital Association; Nina Eisner, CEO, The Ridge Behavioral Health; and Kelli Reese, director of admissions and utilization review, The Ridge Behavioral Health, appeared in opposition to this administrative regulation.

Representative Damron stated his rationale for his proposed amendments to this administrative regulation. Coventry Life Insurance owned MHNNet; therefore, the insurance company was determining medical necessity payments to its own providing firm. Many MCOs were still owed money. The criteria used by MHNNet are an entirely different system than that used by most providers, and it drives up healthcare costs. The use of the criteria by the same company that developed it did not provide a level playing field in Kentucky. His amendment would specifically require recognition of Interqual or Milliman Care Guidelines as the nationally recognized standards of care and written criteria.

Dr. Harris, testifying via teleconference, stated that MHNNet's program was developed by providers, and providers were still part of MHNNet's administration. MHNNet's medical necessity criteria were available online and had been scientifically validated. Providers made the final decision regarding medical care. MHNNet differed from other programs in that its medical necessity criteria were never commercially available, though publicly accessible for review online. The criteria had been in place for 16 years, and the criteria was state specific, as appropriate. Criteria could be modified as necessary because other entities were not involved in establishing the standards. Dr. Harris asked the Subcommittee to oppose the proposed amendment to change the definition for "nationally recognized standards of care and written criteria."

Mr. Slocum stated that problems with the medical necessity criteria could be addressed by modification of the criteria if the criteria continued to be solely established by MHNNet. In response to questions by Representative Damron, Mr. Slocum stated that MHNNet was owned by Coventry Life Insurance and profits for MHNNet were reported to Coventry Life Insurance.

Ms. Galvagni stated that MHNNet's medical necessity criteria were not comparable to Interqual's criteria. The Kentucky Hospital Association was opposed to a nonnational standard.

Ms. Eisner stated that MHNNet experienced more denials and readmissions than more objective medical necessity criteria. She stated that even MHNNet's representative, Dr. Harris, described the criteria as a "guide." MHNNet did not update criteria, while Interqual had made many revisions. Readmission rates were double with MHNNet compared to all other MCOs combined.

Ms. Reese stated that some cases that were denied pursuant to MHNNet's criteria were approved pursuant to Interqual standards. MHNNet's criteria provided more flexibility, but sometimes resulted in different answers from different MHNNet representatives because of interpretation differences.

In response to a question by Senator Bowen, Ms. Eisner stated that other MCOs used Interqual. Dr. Harris stated that MHNNet's criteria were revised as necessary and were available online for review. Interqual was inflexible to unique patient needs. Mental health was a nuanced science. Physician providers made final medical decisions.

Co-Chair Bell stated that the MHNNet system limited access. Patients did not get appropriate treatment at first application; therefore, readmission rates were higher. MCOs were not getting paid in a timely fashion. In response, Dr. Harris stated that each patient was unique, and the more flexible standards were appropriate. For example, not all patients who discussed suicide frequently needed to receive inpatient treatment. Outpatient treatment was still appropriate on a case-by-case basis. Partnership between the insurer and the provider was a better system than an adversarial system. In response, Co-Chair Bell stated that treatment for a patient frequently discussing suicide should not be limited by financial motives. Dr. Harris stated that sometimes inpatient treatment was worse for a patient than outpatient care.

Mr. Slocum stated that the readmission rate for Medicaid was double that of patients with other payors generally.

In response to a question by Senator Bowen, Dr. Harris stated that other states were not restricted to Interqual criteria. Some states had specific criteria, especially pertaining

to substance abuse treatment.

Representative Lee stated that readmission rates were not all of the same acuity. The comparison was not a direct one. Criteria should be established by contractual agreement or by statute, not by administrative regulation.

Ms. Heavrin stated that the cabinet had approved the criteria established in all MCO contracts. Kentucky's Region 3 used the Milliman Cure Guidelines rather than Interqual. Mr. Kissner stated that Coventry Life Insurance had been purchased by Aetna. The cabinet did not agree to the amendment to revise the definition of "nationally-recognized standards of care and written criteria."

Co-Chair Bell stated that the cabinet's function was to protect the health of Kentucky's citizens in an efficient manner. The cabinet had a fiduciary duty to the Commonwealth, and was responsible for balancing treatment against cost. Youth with mental conditions were being incarcerated at an alarming rate because individuals did not meet treatment criteria. MCOs had destroyed mental health access in Glasgow and Barren County. Many providers had not received payment for eight or nine months. The cabinet did not appear to be fulfilling its statutory function.

In response to questions by Co-Chair Bell, Ms. Heavrin stated that the Department of Insurance approves MCOs, which were required to have certain reserves to ensure against bankruptcy. Mr. Kissner stated that further questions regarding reserves should be addressed to the Department of Insurance; however, Kentucky required 100 percent risk-based capital reserves.

A motion was made and seconded to approve the following amendments: to amend Section 1 to: (1) clarify that an "authorized representative" includes, for an enrollee who is authorized by Kentucky law to provide written consent, an individual or entity acting on behalf of, and with written consent from, an enrollee; or a legal guardian; and (2) comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

A motion was made and seconded to approve the following amendments: to amend Section 1 to insert a definition for "nationally-recognized standards of care and written criteria" and to renumber subsequent subsections accordingly. Because the agency did

not agree to these amendments, the Subcommittee could not approve the amendments.

A motion was made and seconded to find 907 KAR 17:005, as amended, deficient. A roll call vote was conducted. With six votes in favor of a finding of deficiency, two votes opposed to a finding of deficiency, and one abstention, this administrative regulation as amended by the first amendment was found deficient.

Administrative Regulations  
Reviewed by the Subcommittee:

GOVERNOR'S OFFICE:  
Kentucky Department of Veterans' Affairs: Office of Kentucky Veterans' Centers: State Veterans' Nursing Homes

17 KAR 3:010. Calculation of resident charges at state veterans' nursing homes. Gilda Hill, executive director; Ken Lucas, commissioner; and Dennis Shepherd, attorney, represented the department.

In response to questions by Representative Damron, Ms. Hill stated that these administrative regulations did not change the maximum charge of \$3,700, which was raised in 2012 in another administrative regulation. If residents qualified for Medicare or Medicaid, those residents would be asked to apply for those programs and the billing would be directed accordingly. Contract nurses were used if facilities were short staffed, such as during influenza and vacation seasons, and overtime was limited as much as practicable. Waiting lists at East and West were shorter than the waiting list for Thomas Hood. The department strove to maintain a good staffing ratio. Masser training was still provided as the department was financially able and as time permitted. Mr. Lucas stated that JECVO (Joint Executive Council of Veterans' Organizations) had previously been concerned about the stigma of veterans being classified as Medicare or Medicaid eligible and that the changes might allow nonveterans to become residents in these facilities. A Kentucky statute prohibited nonveterans, except for spouses of veterans, from being residents in these facilities. Although the statute authorized spouses of veterans to be residents at these facilities, it was not a requirement, and the department had not made provision for spouses of veterans to become residents of these facilities.

In response to questions by Representative Lee, Ms. Hill stated that, when the plans were completed,

the department expected 100 percent of beds to be classified as Medicare and Medicaid certified. Self-payors could stay in any bed, regardless of Medicare and Medicaid certification of the bed. The department did not foresee future problems of bed shortages for self-payors because beds were available on a first come-first served basis, not on payor classification.

A motion was made and seconded to approve the following amendments: (1) to amend Section 1(10) to make a technical correction for consistent formatting; and (2) to amend Section 7 to revise a form incorporated by reference. Without objection, and with agreement of the agency the amendments were approved.

17 KAR 3:040. Admission to state veterans' nursing homes.

GENERAL GOVERNMENT  
CABINET: Board of Pharmacy: Board  
201 KAR 2:074. Pharmacy services in hospitals or other organized health care facilities. Michael Burleson, executive director, represented the board.

A motion was made and seconded to approve the following amendments: (1) to amend the STATUTORY AUTHORITY paragraph to add statutory citations; and (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 1, 2, and 4 through 7 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 Nursing: Board  
201 KAR 20:059. Advanced practice registered nurse controlled substances prescriptions. Nathan Goldman, general counsel, represented the board.

A motion was made and seconded to approve the following amendments: (1) to amend the STATUTORY AUTHORITY paragraph to include a statutory citation; and (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to clearly state the necessity for and function served by this administrative regulation, as required by KRS 13A.220. Without objection, and with agreement of the agency, the amendments were approved.

201 KAR 20:500. Nurse licensure compact.

A motion was made and seconded to approve the following amendments: to amend Sections 2, 3, and 4 to comply with the drafting and formatting requirements of KRS

Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

TOURISM, ARTS AND  
HERITAGE CABINET: Department of Fish and Wildlife Resources: Game  
301 KAR 2:049. Small game and furbearer hunting and trapping on public areas. Margaret Everson, assistant attorney general, and Karen Waldrop, director, Wildlife Division, represented the department.

301 KAR 2:122. Seasons, methods, and limits for small game.

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

501 KAR 6:070. Kentucky Correctional Institution for Women. Amy Barker, assistant general counsel, represented the department.

In response to a question by Co-Chair Bell, Ms. Barker stated that the department changed the units where services were located; therefore, the procedure needed to be revised accordingly. More inmate populations needed mental health services. There were two facilities that housed females, but the facility in PeeWee Valley was the primary facility.

A motion was made and seconded to approve the following amendments: to amend Section 1 and the material incorporated by reference to clarify provisions and 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 Criminal Justice  
Training: Kentucky Law Enforcement  
Council: Council

503 KAR 1:170. Career Development Program. Dana Todd, assistant general counsel, represented the council.

In response to questions by Representative Damron, Ms. Todd stated that, other than one new certification, this administrative regulation was not an expansion of the program. This was a voluntary program, not tied to compensation. The council anticipated that the program would cost the agency approximately \$1,000 per year. Ms. Todd stated that the council did not anticipate asking for more funding. This program was not tied to insurance surtax but another program administered by the agency was. In response, Representative Damron stated that the insurance surtax supported the agency as a whole, and this program was still an expense of the agency.

Senator Bowen verified the continuing agency cost stated in the Fiscal Note on State and Local Government.

A motion was made and seconded to approve the following amendments: (1) to amend Section 1 to add definitions for "public safety dispatch" and "public safety dispatcher"; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph and Sections 17 and 18 to clarify provisions; and (3) to amend Sections 1, 2, 3, 9, and 10 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

CABINET FOR HEALTH AND  
FAMILY SERVICES: Department for Medicaid Services: Division of Provider Operations: Medicaid Services

907 KAR 1:056E. Repeal of 907 KAR 1:418 and 907 KAR 1:427. Christina Heavrin, general counsel; Lawrence Kissner, commissioner; and Stuart Owen, regulation coordinator, represented the division.

907 KAR 1:711E. Repeal of 907 KAR 1:705 and 907 KAR 1:710.

Commissioner's Office: Managed Care

907 KAR 17:010 & E. Managed care organization requirements and policies relating to enrollees. Christina Heavrin, general counsel; Lawrence Kissner, commissioner; and Stuart Owen, regulation coordinator, represented the division. Peter Harris, MD, PhD., and Chris Slocum, VP, Clinical Services, represented MHNet and testified via teleconference in support of this administrative regulation. Nancy Galvagni, Kentucky Hospital Association; Nina Eisner, CEO, The Ridge Behavioral Health; and Kelli Reese, director of admissions and utilization review, The Ridge Behavioral Health, appeared in opposition to this administrative regulation.

In response to questions by Representative Lee, Mr. Kissner stated that the agency agreed to amendments proposed by Representative Lee to address written consent requirements. Ms. Galvagni stated that the Kentucky Hospital Association supported Representative Lee's amendments to this administrative regulation.

Representative Damron stated that, in 2012, the cabinet assured the General Assembly that problems with payments to providers would be quickly remedied. After 14 months, the matter remained unresolved. If the



problems were not rectified before the 2014 Regular Session of the General Assembly, legislative directives would be proposed to address the situation.

A motion was made and seconded to approve the following amendments: (1) to amend Sections 1, 4, 5, 7, 8, 11, 13, 16, and 17 to comply with the drafting and formatting requirements of KRS Chapter 13A; (2) to amend Section 4 to clarify that: (a) a written appeal shall be signed by the enrollee or the enrollee's authorized representative; and (b) written notice that an appeal has been received and the expected date of resolution shall be sent to an enrollee's legal guardian or authorized representative, if applicable; (3) to amend Section 5 to specify that a document supporting an MCO's adverse action shall be received by the department no later than five days from the date the MCO receives the notice, rather than five days from the date a notice is sent to the MCO; (4) to amend Section 17 to specify that a child's caretaker may attend each meeting held to discuss the health care needs of that child; and (5) to amend Section 4(4)(b) to: (a) specify that: 1. for authorized representative purposes, written consent unique to an appeal or state fair hearing shall be required for the appeal or state fair hearing; and 2. a single written consent shall not qualify as written consent for more than one (1) hospital admission, physician or provider visit, or treatment plan; and (b) delete the provisions of paragraph (b), which would have required that written consent be signed and dated by the enrollee no earlier than the date of the MCO's action. Without objection, and with agreement of the agency, the amendments were approved.

Representative Damron withdrew the following proposed amendments: (1) to amend Section 4(4) to: (a) amend paragraph (a) to delete the requirement that the written consent be "for the specific action that is being appealed or that is the subject of state fair hearing"; and (b) delete the provisions of paragraph (b), which would have required that written consent be signed and dated by the enrollee no earlier than the date of the MCO's action; (2) to amend Section 5(1) to specify that a provider shall have a right to a state fair hearing administered by the department in accordance with KRS Chapter 13B to challenge an MCO's denial of coverage or payment for services rendered to a patient; (3) to amend references throughout Section 5 to correspond to that change; (4) to amend Section 6(3)(c) to require that an MCO facilitate direct access to a specialty provider, rather than

specialty physician, for an enrollee with a chronic or complex health condition; who is aged, blind, deaf, or disabled; or identified as having a special healthcare need and requiring a course of treatment or regular healthcare monitoring; and (5) to amend Section 8(2)(c)1. to require that the MCO's member handbook specify the names and contact information for all other providers included in the MCO's network, rather than leaving the inclusion of that information for other providers to the discretion of the MCOs. Without objection, the proposed amendments were withdrawn.

907 KAR 17:015 & E. Managed care organization requirements and policies relating to providers. Representative John Will Stacy appeared in support of the amendment to this administrative regulation.

Representative Lee stated that he was proposing to amend Section 2 of this administrative regulation to use miles for measuring services in all regions except Region 3 and to use minutes or miles for measuring services in Region 3.

Representative Stacy stated that litigation on the matter of distance requirements was ongoing. In response to a question by Representative Stacy, Ms. Heavrin stated that the distance limit of 60 minutes was established in the original contracts, which had already been submitted to CMS. MCOs used GEOAccess to determine distances.

In response to a question by Co-Chair Bell, Ms. Heavrin stated that the contracts were in place prior to this administrative regulation. Co-Chair Bell stated his belief that the agency had entered into a contract without authority because this administrative regulation was not in place upon the contractual agreement. In response to a question by Co-Chair Bell, Mr. Kissner stated that the division did not agree to defer consideration of this administrative regulation to the June Subcommittee meeting.

Ms. Galvagni stated that the Kentucky Hospital Association preferred a single standard for all regions of Kentucky, but could live with the amendment to this administrative regulation.

A motion was made and seconded to approve the following amendments: (1) to amend Sections 1, 2, 4, 7, 8, and 13 to comply with the drafting and formatting requirements of KRS Chapter 13A; (2) to amend Section 4 to specify the deadlines for obtaining accreditation from the National Committee for Quality Assurance (NCQA); and (3) to amend Section

2(7), 2(8), 2(9), 2(10), and 2(11) to specify that a hospital; behavioral or physical rehabilitation service; dental service; general vision, laboratory, or radiological service; or pharmacy service shall be within the specified number of: (a) minutes for Regions 1, 2, 4, 5, 6, 7, or 8; or (b) minutes or miles for Region 3. With two objections, and with agreement of the agency, the amendments were approved.

The following amendments, proposed by Representative Damron, were not considered: (1) to amend Section 2(7), 2(8), 2(9), 2(10), and 2(11) to delete the references to miles for a hospital; behavioral or physical rehabilitation service; dental service; general vision, laboratory, or radiological service; or pharmacy service; (2) to amend Section 2(10) (a) to delete the reference to miles for a general vision, laboratory, or radiological service; (3) to amend Section 4 to create a new subsection (5) to require an MCO to reimburse a provider for covered services beginning on the date the provider applied to be a provider for the MCO; and (4) to amend Section 11(2) to specify that a provider has the right to file a request for a state fair hearing.

907 KAR 17:020 & E. Managed care organization service and service coverage requirements and policies.

A motion was made and seconded to approve the following amendments: to amend Sections 4, 11, and 13 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

907 KAR 17:025 & E. Managed care organization requirements and policies related to utilization management and quality. Darlene Eakin, executive director, Kentucky Optometric Association, appeared in support of an amendment proposed by Representative Damron.

Ms. Eakin stated that the Kentucky Optometric Association was concerned about access. Nonoptometric providers did not always understand the scope of optometry.

Mr. Kissner stated that the division did not agree to Representative Damron's proposed amendment, which would require that a request based on optometry be reviewed by an optometrist.

A motion was made and seconded to find this administrative regulation deficient. A roll call vote was conducted. The motion was not

approved.

A motion was made and seconded to approve the following amendments: to amend Sections 1 and 11 to comply with the drafting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendment was approved.

A motion was made and seconded to approve the following amendment: to amend Section 1(3) to specify that if a request is made by an enrollee or enrollee's treating optometrist, the decision to deny a service authorization request or authorize a service in an amount, duration, or scope that is less than requested by the enrollee or enrollee's optometrist shall be made by a Kentucky licensed optometrist. Without agreement of the agency, the amendment was not approved.

907 KAR 17:030 & E. Managed care organization operational and related requirements and policies.

Department for Community Based Services: Division of Family Support: K-TAP, Kentucky Works, Welfare to Work, State Supplementation

921 KAR 2:015 & E. Supplemental programs for persons who are aged, blind, or have a disability. Virginia Carrington, branch manager, and Elizabeth Caywood, policy analyst, represented the division.

The following administrative regulations were deferred to the June 11, 2013, meeting of the Subcommittee:

ENERGY AND ENVIRONMENT CABINET: Department for Environmental Protection: Division of Water: Water Quality Standards

401 KAR 10:030. Antidegradation policy implementation methodology.

PUBLIC PROTECTION CABINET: Department of Alcoholic Beverage Control: Quotas

804 KAR 9:040. Retail liquor package license quota.

804 KAR 9:050. Retail liquor drink license quota.

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

815 KAR 7:120. Kentucky Building Code.

OTHER BUSINESS:

TOURISM, ARTS AND HERITAGE CABINET: Kentucky State Fair Board: Board

303 KAR 1:041. Certain objects and attire prohibited on premises. Clifford Rippetoe, president and CEO of the Kentucky State Fair Board, represented the board.

Steven McBride, citizen, appeared in opposition of this administrative regulation.

Mr. McBride stated that this administrative regulation: (1) was a violation of the Second Amendment to the Constitution of the United States; (2) had been in effect since 1978 and did not provide for the 1996 Kentucky Carry and Conceal statute; (3) was in violation of several statutes pursuant to KRS Chapter 13B; and (4) was onerous in regards to weapon searches.

Co-Chair Harris stated that only statutes, not administrative regulations, could provide requirements pertaining to weapons on state property. In response to a question by Co-Chair Harris, Mr. Rippetoe stated that the board agreed to defer consideration of this administrative regulation until the matter could be fully investigated. He stated that the board intended to amend this administrative regulation for compliance with all applicable law, federal and state, including provisions regarding weapon searches.

Without objection, and with agreement of the agency, the administrative regulation was deferred for consideration at the June Subcommittee meeting.

The Subcommittee adjourned at 3:15 p.m. until June 11, 2013 at 1 p.m.

**GOVERNMENT CONTRACT REVIEW COMMITTEE**

Committee Minutes  
April 9, 2013

**Call to Order and Roll Call**

The Government Contract Review Committee met on Tuesday, April 9, 2013, at 10:00 AM, in Room 169 of the Capitol Annex. Representative Dennis Horlander, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Sara Beth Gregory, Co-Chair; Representative Dennis Horlander, Co-Chair; Senators Julian M. Carroll, Paul Hornback, and Christian McDaniel; Representatives Brad Montell and Brent Yonts.

Guests: Larry Cox, Steve Kelly, Melissa Harrod, Steve Veno, Paul Brooks, Charlie Harman, Kay Kennedy, David Holcomb, Donna Davis, Eric Shaffer, Mike Denney, Chip Polston, Major Matt Scott, Ron Parritt, Mike Hill, Chris Slone, Nasby Stroop, Paul Royce, Brad Learn, Hollie Spade, Caroline Baesler, Benjy Kinman, Gilda Hill, Polly M. Bentley, Ken Mitchell, Michele Blevins, Kevin Mudd, Larry Taylor, Jon Trout,

Paulette Akers, Angie Wingfield, Dale Winkler, Cindy Parker, Anne Chaney, Laura Kronauer, and Hank Phillips.

LRC Staff: Kim Eisner, Charles Booker, and Becky Brooker.

**ELECTION OF HOUSE MEMBER CO-CHAIRMAN AND SENATE MEMBER CO-CHAIRMAN:**

Kim Eisner, Committee Staff Administrator, stated that in accordance with KRS 45A.705, the election of co-chairs from each chamber to serve for terms of two years was required. The floor was opened for the nomination of a Co-Chair from the House of Representatives.

Representative Yonts nominated Representative Dennis Horlander as Co-Chair from the House of Representatives, Senator Hornback seconded the nomination. Representative Yonts moved that the nominations cease, Representative Montell seconded the motion. Representative Dennis Horlander was elected by acclamation as the House Co-Chair of the Government Contract Review Committee.

The floor was opened for the nomination of a Co-Chair from the Senate.

Senator McDaniel nominated Senator Sara Beth Gregory as Co-Chair from the Senate, Senator Hornback seconded the nomination. Senator McDaniel moved that the nominations cease, Senator Hornback seconded the motion. Senator Sara Beth Gregory was elected by acclamation as the Senate Co-Chair of the Government Contract Review Committee.

A motion was made by Representative Yonts to approve Minutes of the March 2013 meeting of the committee. Representative Montell seconded the motion, which passed without objection.

**FEBRUARY 2013 DEFERRED ITEMS**

**WESTERN KENTUCKY UNIVERSITY:**

Fern River Incorporated, 121737. Per the university's request, this contract has been withdrawn.

**MARCH 2013 DEFERRED ITEM**

**NORTHERN KENTUCKY UNIVERSITY:**

American Associates of Collegiate Registrars & Admissions Officers (AACRAO), 854-13. A motion was made by Representative Yonts to consider the contract as reviewed. Senator Gregory seconded the motion, which passed without objection.

**EASTERN KENTUCKY UNIVERSITY:**

Stidham & Associates, PSC, Attorneys at Law, 14-032. Judy Spain 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 without objection.

**DEFERRED ITEM ADMINISTRATIVE OFFICE OF THE COURTS**

Luminosity Incorporated, 1300001402. A motion was made by Representative Yonts to defer the contract to the May 2013 meeting of the committee. Representative Montell 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.

**THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE REVIEWED WITHOUT OBJECTION:**

**COMMISSION FOR CHILDREN WITH SPECIAL HEALTH CARE NEEDS:**

University of Louisville Physicians Incorporated, 1200002243-1.

**DEPARTMENT FOR BEHAVIORAL HEALTH, DEVELOPMENTAL AND**

**INTELLECTUAL DISABILITIES:**  
Locum Tenens - LocumTenans.com, 1300001508.

**EDUCATION, DEPARTMENT OF:**

JKM Training Incorporated, 1300001805.

**KENTUCKY LOTTERY CORPORATION:**

PriceWeber Marketing Communications Incorporated, 14-08-043.

**MURRAY STATE UNIVERSITY:**

RubinBrown, LLP, 017-13.

**NORTHERN KENTUCKY UNIVERSITY:**

Dean Dorton Allen Ford, 2014-578-2; Michael Schuster Associates, 2014-629.

**PHYSICAL THERAPY, BOARD OF:**

Mark R. Brengelman, Attorney At Law, PLLC, 1300001734.

**TRANSPORTATION CABINET:**

QK4, 1300001839; Integrated Engineering, 1300001848; Strand Associates Incorporated, 1300001849; Strand Associates Incorporated, 1300001854; Strand Associates Incorporated, 1300001856; Palmer Engineering Company, 1300001866; J. M. Crawford & Associates Incorporated, 1300001870; Palmer Engineering Company, 1300001873; Parsons Brinckerhoff Incorporated, 1300001909; HDR Engineering Incorporated, 1300001910; Palmer Engineering Company, 1300001944; Strand Associates Incorporated, 1300001986; Bacon Farmer Workman Engineering & Testing, Inc., 1300002000; CDP Engineers Incorporated, 1300002002; American Engineers Incorporated, 1300002003; American Engineers Incorporated, 1300002023; DLZ Kentucky Incorporated, 1300002024; Burgess and Niple Incorporated, 1300002065; EA Partners, PLC, 1300002066.

**UNIVERSITY OF KENTUCKY:**

Koch Modular Process Systems, LLC, K13-176.

**WESTERN KENTUCKY UNIVERSITY:**

Murphy & Graves Architects, 121439.

**THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:**

**AUDITOR OF PUBLIC ACCOUNTS, OFFICE OF THE:**

Tichenor & Associates, 1300000645.

**BOARD OF CLAIMS & CRIME**



VICTIMS COMPENSATION:  
Mike Wilson, 1200003121;  
Goldberg Simpson, LLC, 1200003123.  
CRIMINAL JUSTICE  
TRAINING, DEPARTMENT OF:  
Law Enforcement Services  
Incorporated, 1200001593; Brett  
Scott, 1200002724.  
DEPARTMENT FOR  
BEHAVIORAL HEALTH,  
DEVELOPMENTAL AND  
INTELLECTUAL DISABILITIES:  
Kentucky Partnership for  
Families & Children Incorporated,  
1200001139; AMS Temporaries  
Incorporated, 1300001454; Crown  
Services Incorporated, 1300001455;  
Guardian Angel Staffing Agency,  
1300001456; Nursestaffing Group  
Kentucky, LLC, 1300001458.  
DEPARTMENT FOR INCOME  
SUPPORT:  
Carlos Hernandez, 1200001223.  
DEPARTMENT FOR NATURAL  
RESOURCES:  
R M Johnson Engineering  
Incorporated, 1300000965.  
FINANCE AND  
ADMINISTRATION CABINET:  
Goldberg and Simpson PSC,  
1200003737.  
FINANCE AND  
ADMINISTRATION CABINET -  
DIVISION OF ENGINEERING:  
Ross Tarrant Architects,  
0600002231; Barnette Bagley  
Architects, 0700003256; HDR  
Engineering Incorporated,  
1000000939; CMW Incorporated,  
1000000976; Ross Tarrant Architects  
Incorporated, 1200001550; John L  
Carman & Associates Incorporated,  
1200002461; Facility Commissioning  
Group, 1200003589; Myers Jolly  
Architects, C-05300221-1; Barnette  
Bagley Architects, C-06012536.  
MEDICAL LICENSURE,  
BOARD OF:  
Multi, 1200002107.  
TRANSPORTATION CABINET:  
Florence & Hutcheson,  
0700003318; GRW Engineers  
Incorporated, 0700004081; Hall  
Harmon Engineers Incorporated,  
0700004926; HMB Professional  
Engineers Incorporated, 0700006175;  
Community Transportation,  
0900012152; Palmer Engineering  
Company, 1000000423; HDR  
Engineering Incorporated,  
1100001727; Burgess & Niple  
Incorporated, 1100002646; Vaughn  
& Melton Consulting Engineers  
(Kentucky), Inc., 1200000458; Stantec  
Consulting Services Incorporated,  
1200001638; HDR Engineering  
Incorporated, 1200001709; Stantec

Consulting Services Incorporated,  
1200001742; Palmer Engineering  
Company, 1300000803; Palmer  
Engineering Company, 1300001873;  
Vaughn & Melton, C-03101454-1;  
Lochner H W Incorporated Consulting,  
C-04223604-2.  
UNIVERSITY OF KENTUCKY:  
Omni Architects, A131080.  
VETERANS AFFAIRS,  
DEPARTMENT OF:  
Multi, 1200003001.  
WESTERN KENTUCKY  
UNIVERSITY:  
Jim Shipley & Associates,  
121347.  
THE FOLLOWING  
MEMORANDA OF  
AGREEMENTS WERE  
REVIEWED WITHOUT  
OBJECTION:  
A G R I C U L T U R E ,  
DEPARTMENT OF:  
Estill County Fair, 1300001739.  
C O R R E C T I O N S ,  
DEPARTMENT OF:  
Bullitt County Jail, 1300001755;  
Harlan County Fiscal Court,  
1300001758.  
DEPARTMENT OF  
ENERGY DEVELOPMENT AND  
INDEPENDENCE:  
Eastern Kentucky University,  
1300001709.  
EDUCATION, DEPARTMENT  
OF:  
Eastern Kentucky University,  
1300001427; KCTCS, 1300001433;  
Western Kentucky University,  
1300001439; Eastern Kentucky  
University, 1300001473; Eastern  
Kentucky University, 1300001478;  
KCTCS, 1300001482; Southern  
Regional Education Board,  
1300001573; University of Louisville  
Research Foundation, 1300001714;  
Jefferson County Board of Education,  
1300001798; Kentucky Educational  
Development Corporation,  
1300001807; Green River Regional  
Education, 1300001853; University  
of Kentucky Research Foundation,  
1300001859; KCTCS, 1300001862;  
Green River Regional Education,  
1300001936; NKU Research  
Foundation, 1300001979.  
I N F R A S T R U C T U R E  
AUTHORITY:  
Breathitt County Water District,  
1300001835; City of White Plains,  
1300001863; City of Williamsburg,  
1300001871; Letcher County Fiscal  
Court, 1300001942.  
OFFICE OF THE GOVERNOR,  
DEPARTMENT FOR LOCAL  
GOVERNMENT:

Knox County Fiscal Court,  
1300001788; Jackson County Fiscal  
Court, 1300001806; City of Coal  
Run Village, 1300001809; City of  
Jenkins, 1300001810; Union County  
Fiscal Court, 1300001840; Webster  
County Fiscal Court, 1300001857;  
City of Horse Cave, 1300001874;  
City of Salyersville, 1300001880;  
City of Albany, 1300001892;  
Breathitt County Health Department,  
1300001912; Hopkins County Fiscal  
Court, 1300001916; Floyd County  
Fiscal Court, 1300001947; City of  
Eminence, 1300001950; Meade  
County Fiscal Court, 1300001952.  
POST SECONDARY  
EDUCATION, COUNCIL ON:  
Berea College, 1300001271;  
Council for Opportunity in Education,  
1300001514.  
THE FOLLOWING  
MEMORANDA OF AGREEMENT  
AMENDMENTS WERE  
REVIEWED WITHOUT  
OBJECTION:  
ADMINISTRATIVE OFFICE  
OF THE COURTS:  
Morehead State University,  
1200000787; Cumberland River  
Mental Health Mental Retardation  
Board Incorporated, 1200002878.  
A G R I C U L T U R E ,  
DEPARTMENT OF:  
Multi, 1200002235; Multi,  
1300001593; Multi, 1300001595.  
C O R R E C T I O N S ,  
DEPARTMENT OF:  
Daviss County Detention  
Center, 1200002735; Powell County  
Fiscal Court, 1200002804.  
DEPARTMENT FOR AGING &  
INDEPENDENT LIVING:  
Gateway Area Development  
District, 1200001052.  
DEPARTMENT FOR  
BEHAVIORAL HEALTH,  
DEVELOPMENTAL AND  
INTELLECTUAL DISABILITIES:  
People Advocating Recovery,  
1200001212.  
DEPARTMENT FOR INCOME  
SUPPORT:  
Eastern Kentucky University,  
1200001548.  
DEPARTMENT FOR  
MEDICAID SERVICES:  
Cumberland River  
Comprehensive Care Center,  
1200001183.  
DEPARTMENT FOR PUBLIC  
HEALTH:  
University of Kentucky Research  
Foundation, 1200002405.  
DEPARTMENT OF  
ENERGY DEVELOPMENT AND  
INDEPENDENCE:

University of Louisville Research  
Foundation, 1200001651.  
EDUCATION, DEPARTMENT  
OF:  
Paris Independent Board  
of Education, 1200001885;  
Campbellsville Independent Board  
of Education, 1200001886; Letcher  
County Board of Education,  
1200001891; Marion County  
Board of Education, 1200001912;  
Todd County Board of Education,  
1200001920; Boyle County  
Board of Education, 1200001936;  
Kentucky Educational Development  
Corporation, 1200001939; Letcher  
County Board of Education,  
1200001942; Johnson County  
Board of Education, 1200003027;  
Madisonville Community College,  
1200003099; Kentucky Educational  
Development Corporation,  
1200003628; Kentucky Educational  
Development Corporation,  
1200003630; Floyd County Board of  
Education, 1200003932; Trigg County  
Board of Education, 1300000246;  
Kentucky Educational Development  
Corporation, 1300000436;  
Kentucky Educational Development  
Corporation, 1300000437; Jefferson  
County Board of Education,  
1300000587; Todd County Board of  
Education, 1300000755; Eminence  
Independent Board of Education,  
1300000758; Kentucky Educational  
Development Corporation,  
1300000762; Knox County  
Board of Education, 1300000831;  
Kentucky Educational Development  
Corporation, 1300000971; Garrard  
County Board of Education,  
1300001410.  
FISH & WILDLIFE,  
DEPARTMENT OF:  
United States Fish and Wildlife  
Service, 1300000171.  
I N F R A S T R U C T U R E  
AUTHORITY:  
City of Elkhorn City,  
0800010383; Perry County Fiscal  
Court, 0800010408; Mountain Water  
District, 0900011386; Henderson  
County Fiscal Court, 0900011658;  
Mountain Water District,  
0900012076; Harlan County Fiscal  
Court, 0900012663; Letcher County  
Fiscal Court, 0900012845; Letcher  
County Fiscal Court, 0900012856;  
Letcher County Fiscal Court,  
0900013013; Letcher County Water  
& Sewer District, 1000001146; City  
of Madisonville, 1000002153; Harlan  
County Fiscal Court, 1000002294;  
Harlan County Fiscal Court,  
1000002567; City of Buckhorn,  
1000002778; Breathitt County Fiscal

Court, 1100001223; Knott County Fiscal Court, 1100001474; Knott County Fiscal Court, 1100001475; Letcher County Fiscal Court, 1100001541; City of Booneville, 1100001672; City of Pikeville, 1100001685; City of Pikeville, 1100001725; City of Salyersville, 1100001922; Drakesboro Water & Sewer, 1200000427; Knott County Fiscal Court, 1200000867; Henderson County Water District, 1200000887; Elkhorn City, 1200001030; Elkhorn City, 1200001031; City of Pikeville, 1200001436; Knott County Fiscal Court, 1200002053; Knott County Fiscal Court, 1200002296; City of Whitesburg, 1200002311; Mountain Water District, 1200002325; City of Campton, 1200002327; City of Campton, 1200002328; Perry County Fiscal Court, 1200002401; Perry County Fiscal Court, 1200002409; City of Elkhorn City, 1200002470; City of Elkhorn City, 1200002471; City of Elkhorn City, 1200002472; City of Elkhorn City, 1200002474; City of Pikeville, 1200002480; City of Pikeville, 1200002481; Johnson County Fiscal Court, 1200003695; Letcher County Fiscal Court, 1300001671.

MILITARY AFFAIRS,  
DEPARTMENT OF:

Multi, 0800011286.

OFFICE OF THE GOVERNOR,  
DEPARTMENT FOR LOCAL  
GOVERNMENT:

Harlan County Fiscal Court, 0700003421; Harlan County Fiscal Court, 0700004298; Menifee County Fiscal Court, 1000000786; Webster County Fiscal Court, 1000001045; City of Mount Vernon, 1100001083; Harlan County Fiscal Court, 1100001130; Harlan County Fiscal Court, 1100001208; City of Mortons Gap, 1100001212; Bell County Fiscal Court, 1100001591; Wolfe County Fiscal Court, 1100001689; Henderson County Fiscal Court, 1100002067; Bell County Fiscal Court, 1200000639; Menifee County Fiscal Court, 1200000920; Menifee County Fiscal Court, 1200000921; Harlan County Fiscal Court, 1200000990; Harlan County Fiscal Court, 1200000991; Harlan County Fiscal Court, 1200000998; Breathitt County Fiscal Court, 1200001039; Johnson County Fiscal Court, 1200001277; Johnson County Fiscal Court, 1200001284; Webster County Fiscal Court, 1200001573; Hopkins County Fiscal Court, 1200001621; Webster County Fiscal Court, 1200001672; Hopkins County Fiscal Court, 1200002503;

Hopkins County Fiscal Court, 1200002506; Bell County Fiscal Court, 1200002758; Bell County Fiscal Court, 1200002770; Bell County Fiscal Court, 1200002775; Bell County Fiscal Court, 1200002787; Union County Fiscal Court, 1200003295; City of Catlettsburg, 1200003417; Johnson County Fiscal Court, 1200003775; Hopkins County Fiscal Court, 1200003789; Henderson County Fiscal Court, 1300000624; Henderson County Fiscal Court, 1300000626; Henderson County Fiscal Court, 1300000629; Henderson County Fiscal Court, 1300000631; City of Benham, 1300001538.

WORKFORCE INVESTMENT,  
OFFICE OF:

Bluegrass Technology Center, 1200003955.

THE FOLLOWING  
PERSONAL SERVICE  
CONTRACTS WERE SELECTED  
FOR FURTHER REVIEW:

A G R I C U L T U R E ,  
DEPARTMENT OF

Core Laboratories, L.P., 1300001831. Larry Cox and Steve Kelly 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 without objection.

C O R R E C T I O N S ,  
DEPARTMENT OF

National Fatherhood Initiative, 1300001800. Melissa Harrod 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 with Senators Gregory, Hornback, and McDaniel voting NO and Representative Montell electing to abstain (PASS).

DEPARTMENT FOR INCOME  
SUPPORT

Maximus Human Services Incorporated, 1300001787. Steve Veno discussed the contract with the committee. A motion was made by Senator Gregory to consider the contract as reviewed. Representative Yonts seconded the motion, which passed without objection.

DEPARTMENT OF  
ENERGY DEVELOPMENT AND  
INDEPENDENCE

APST, 1300001732. Paul Brooks discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Senator McDaniel seconded the motion, which

passed without objection.

EDUCATION, DEPARTMENT  
OF

Multi, 1300001730. Charlie Harman and Kay Kennedy 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 with Senator Hornback, Senator McDaniel, and Representative Montell voting NO.

KENTUCKY COMMUNITY &  
TECHNICAL COLLEGE SYSTEM

Security Risk Management Consultants, LLC, 560. David Holcomb, Donna Davis, and Eric Shaffer 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 with Senator McDaniel voting NO.

KENTUCKY COMMUNITY &  
TECHNICAL COLLEGE SYSTEM

The Slater Group, LLC, 561. David Holcomb, Donna Davis, and Eric Shaffer 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 with Senator Gregory, Senator Hornback, Senator McDaniel, and Representative Montell voting NO.

KENTUCKY LOTTERY  
CORPORATION

Commonwealth Radio Reports, 14-08-002. Chip Polston and Mike Denney discussed the contract with the committee. A motion was made by Senator McDaniel to consider the contract as reviewed. Representative Yonts seconded the motion, which passed without objection.

NORTHERN KENTUCKY  
UNIVERSITY

Witt/Kieffer, 2013-630. A motion was made by Senator McDaniel to defer the contract to the May 2013 meeting of the committee. Representative Yonts seconded the motion, which passed without objection.

STATE POLICE, DEPARTMENT  
OF

Bruce Kelly, 1300001991; John Napier, 1300001992. Ron Parritt and Major Matt Scott discussed the contracts with the committee. A motion was made by Senator McDaniel to consider the contracts as reviewed. Representative Yonts seconded the motion, which passed without objection.

TRANSPORTATION CABINET  
Greenman - Pedersen

Incorporated, 1300001946. Mike Hill, Chris Slone, and Nasby Stroop discussed the contract with the committee. A motion was made by Senator McDaniel to consider the contract as reviewed. Representative Yonts seconded the motion, which passed without objection.

TRANSPORTATION CABINET

Vaughn & Melton Consulting Engineers (Kentucky), Inc., 1300001993; Florence & Hutcheson, 1300001995; Lochner H W Incorporated Consulting, 1300001997; Michael Baker Jr. Incorporated, 1300002021. Mike Hill, Chris Slone, and Nasby Stroop discussed the contracts with the committee. A motion was made by Representative Yonts to consider the contracts as reviewed. Senator McDaniel seconded the motion, which passed without objection.

UNIVERSITY OF KENTUCKY

Deloitte Tax, LLP, K13-177. A motion was made by Representative Yonts to defer the contract to the May 2013 meeting of the committee. Senator McDaniel seconded the motion, which passed without objection.

THE FOLLOWING  
PERSONAL SERVICE  
CONTRACTS AMENDMENTS  
WERE SELECTED FOR  
FURTHER REVIEW:

DEPARTMENT FOR PUBLIC  
HEALTH

Kentucky Hospital Research & Education Foundation, 1200002794. Paul Royce and Brad Learn discussed the contract with the committee. A motion was made by Senator Hornback to consider the contract as reviewed. Representative Yonts seconded the motion, which passed without objection.

FINANCIAL INCENTIVES,  
DEPARTMENT OF

Stoll Keenon Ogden, PLLC, 1200003468. Hollie Spade and Caroline Baesler discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Representative Horlander seconded the motion, which passed without objection.

FISH & WILDLIFE,  
DEPARTMENT OF

Jonathan Mangin, 1300000850. Benjy Kinman discussed the contract with the committee. A motion was made by Senator McDaniel to disapprove the contract. Senator Hornback seconded the motion, which did not pass with Representatives



Yonts and Horlander voting NO.

A motion was made by Representative Yonts to consider the contract as reviewed. Representative Horlander seconded the motion, which passed with Senators Hornback and McDaniel voting NO, and Senator Gregory and Representative Montell electing to abstain (PASS).

JUVENILE JUSTICE,  
DEPARTMENT OF

Davis Stephens Law Office, 1300000238. A motion was made by Representative Yonts to defer the contract to the May 2013 meeting of the committee. Senator McDaniel seconded the motion, which passed without objection.

TRANSPORTATION CABINET

Greenman - Pedersen Incorporated, 0800011200. Mike Hill, Chris Slone, and Nasby Stroop discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Representative Montell seconded the motion, which passed without objection.

VETERANS AFFAIRS,  
DEPARTMENT OF

Hargis & Associates, LLC, 1300001002. Gilda Hill discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Representative Montell seconded the motion, which passed without objection.

THE FOLLOWING  
PERSONAL SERVICE  
CONTRACTS FOR \$10,000 AND  
UNDER WERE SELECTED FOR  
FURTHER REVIEW:

MURRAY STATE UNIVERSITY

Vision Consulting, LLC, 113-13. Per the university's request, this contract has been withdrawn.

UNIVERSITY OF KENTUCKY

Core Management Services, 880000800. A motion was made by Representative Yonts to defer the contract to the May 2013 meeting of the committee. Senator McDaniel seconded the motion, which passed without objection.

THE FOLLOWING  
MEMORANDUM OF  
AGREEMENT WAS SELECTED  
FOR FURTHER REVIEW:

CABINET FOR HEALTH AND  
FAMILY SERVICES

Pathways Incorporated, 1300001875. Polly M. Bentley and Ken Mitchell discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed.

Representative Horlander seconded the motion, which passed with Senator Gregory and Representative Montell voting NO.

DEPARTMENT FOR  
BEHAVIORAL HEALTH,  
DEVELOPMENTAL AND  
INTELLECTUAL DISABILITIES

University of Kentucky Research Foundation, 1300001953. Michele Blevins and Kevin Mudd discussed the contract with the committee. A motion was made by Senator McDaniel to consider the contract as reviewed. Representative Yonts seconded the motion, which passed without objection.

DEPARTMENT FOR  
ENVIRONMENTAL PROTECTION

Bluegrass Pride Incorporated, 1300001460; City of Benton, 1300001491; Community Action Kentucky Incorporated, 1300001585; Bluegrass Pride Incorporated, 1300001659. Larry Taylor, Jon Trout, and Paulette Akers discussed the contracts with the committee. A motion was made by Senator Hornback to defer the contracts to the May 2013 meeting of the committee. Representative Montell seconded the motion, which did not pass, with Representatives Yonts and Horlander voting NO.

A motion was made by Representative Yonts to consider the contracts as reviewed without objection. Representative Horlander seconded the motion, which passed with Senator Gregory, Senator Hornback, Senator McDaniel, and Representative Montell voting NO.

DEPARTMENT FOR NATURAL  
RESOURCES

Friends of Clarks River National Wildlife Refuge, 1300001554. Angie Wingfield discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed without objection. Representative Horlander seconded the motion, which passed with Senator Gregory and Representative Montell voting NO.

EDUCATION, DEPARTMENT  
OF

KCTCS, 1300001463. Charlie Harman and Dale Winkler discussed the contract with the committee. A motion was made by Senator McDaniel to consider the contract as reviewed. Representative Yonts seconded the motion, which passed without objection.

EDUCATION, DEPARTMENT  
OF

Battele for Kids, 1300001861.

Charlie Harman and Cindy Parker discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Representative Montell seconded the motion, which passed without objection.

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

DEPARTMENT FOR  
BEHAVIORAL HEALTH,  
DEVELOPMENTAL AND  
INTELLECTUAL DISABILITIES

Four Rivers Behavioral Health, 1200001791; Pennyroyal Mental Health, 1200001792; Green River Regional Mental Health Mental Retardation Board d/b/a Rivervalley Behavior, 1200001793; Lifeskills Incorporated, 1200001794; Communicare Incorporated, 1200001795; Seven Counties Services, 1200001796; Northern Kentucky Regional Mental Health Mental Retardation Board, 1200001797; Comprehend Incorporated, 1200001798; Pathways Incorporated, 1200001799; Mountain Comprehensive Care Center, 1200001800; Cumberland River Mental Health Mental Retardation Board Incorporated, 1200001802; Lake Cumberland Mental Health Mental Retardation Board d/b/a The Adanta Group, 1200001803; Bluegrass Regional Mental Health Mental Retardation, 1200001804. Michele Blevins and Kevin Mudd discussed the contracts with the committee. A motion was made by Senator McDaniel to consider the contracts as reviewed. Representative Yonts seconded the motion, which passed without objection.

EDUCATION, DEPARTMENT  
OF

Marshall County Board of Education, 1200003033. Charlie Harman discussed the contract with the committee. A motion was made by Senator McDaniel to consider the contract as reviewed. Representative Montell seconded the motion, which passed without objection.

OFFICE OF THE GOVERNOR,  
DEPARTMENT FOR LOCAL  
GOVERNMENT

Newport Housing Authority, 1000001278. Anne Chaney and Laura Kronauer discussed the contract with the committee. A motion was made by Senator Hornback to disapprove the contract. Representative Montell seconded the motion, which did not pass with Senator McDaniel electing

to abstain (PASS) and Representatives Yonts and Horlander voting NO.

A motion was made by Representative Yonts to consider the contract as reviewed. Representative Horlander seconded the motion, which passed with Senator Gregory, Senator Hornback, and Representative Montell voting NO, and Senator McDaniel electing to abstain (PASS).

THE FOLLOWING  
MEMORANDA OF  
AGREEMENTS FOR \$50,000 &  
UNDER WERE SELECTED FOR  
FURTHER REVIEW:

A G R I C U L T U R E ,  
DEPARTMENT OF

Kentucky Colt Racing Association, 1300001791. Larry Cox and Steve Kelly discussed the contract with the committee. A motion was made by Senator McDaniel to consider the contract as reviewed. Representative Yonts seconded the motion, which passed without objection.

CABINET FOR HEALTH AND  
FAMILY SERVICES

Comprehend Incorporated, 1300001850; Pennyroyal Center, 1300001882. Polly M. Bentley and Ken Mitchell discussed the contracts with the committee. A motion was made by Representative Yonts to consider the contracts as reviewed. Representative Horlander seconded the motion, which passed with Senator Gregory and Representative Montell voting NO.

FISH & WILDLIFE,  
DEPARTMENT OF

Kentucky Fish & Wildlife Foundation, 1300001837. Benjy Kinman discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Representative Montell seconded the motion, which passed without objection.

TRAVEL, DEPARTMENT OF

Louisville Convention & Visitors Bureau, 1300001591. Hank Phillips discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Representative Montell seconded the motion, which passed without objection.

With no further business before the committee, the meeting adjourned at 12:42 PM.

**GOVERNMENT CONTRACT  
REVIEW COMMITTEE**

Committee Minutes

May 14, 2013

**Call to Order and Roll Call**

The Government Contract

Review Committee met on Tuesday, May 14, 2013, at 9:30 AM, in Room 131 of the Capitol Annex. Senator Sara Beth Gregory, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Sara Beth Gregory, Co-Chair; Representative Dennis Horlander, Co-Chair; Senators Julian M. Carroll and Christian McDaniel; Representatives Brad Montell and Brent Yonts.

Guests: Bill Harris, Jamie Goins, LaDonna Koebel, Kathy Burke, Gary Barksdale, Steven Barksdale, Steven Fulkerson, Alicia Sneed, Mike Denney, Kate Liverette, Chip Polston, Jeff Strunk, Ken Ramey, Steve Byars, Don Challman, Hiren Desai, Ken Draut, Rebecca Goodman, Mike Hill, Amy Baker, Kevin Pangburn, Lisa Lee, Earl Gresham, Beth Jurek, Sharon Clark, David Gayle, Virginia Carrington, Russ Salsman, Amy Barnes, Darren Sammons, Robert Lewis, Joe Crabtree, Anna Lucio, Tony Hatton, Charlie Harman, Ellen Benzing, and Anthony Leachman.

LRC Staff: Kim Eisner, Charles Booker, and Becky Brooker.

A motion was made by Representative Yonts to approve Minutes of the April 2013 meeting of the committee. Representative Montell seconded the motion, which passed without objection.

**APRIL 2013 DEFERRED ITEMS**

**ADMINISTRATIVE OFFICE OF THE COURTS**

Luminosity Incorporated, 1300001402. A motion was made by Representative Yonts to consider the contract as reviewed. Representative Montell seconded the motion, which passed without objection.

**NORTHERN KENTUCKY UNIVERSITY**

Witt/Kieffer, 2013-630. Jeff Strunk and Ken Ramey 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 without objection.

**UNIVERSITY OF KENTUCKY**

Deloitte Tax, LLP, K13-177. Bill Harris and Steve Byars discussed the contract with the committee. A motion was made by Senator McDaniel to consider the contract as reviewed. Representative Yonts seconded the motion, which passed without objection.

**JUVENILE JUSTICE, DEPARTMENT OF**

Davis Stephens Law Office, 1300000238. Jamie Goins and LaDonna Koebel 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 without objection.

**UNIVERSITY OF KENTUCKY**

Core Management Services, 8800000800. Bill Harris and Steve Byars discussed the contract with the committee. A motion was made by Senator McDaniel to consider the contract as reviewed. Representative Yonts 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. Representative Montell 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. Representative Montell 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. Representative Montell 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. Representative Montell seconded the motion, which passed without objection.

**THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE REVIEWED WITHOUT OBJECTION:**

**CRIMINAL JUSTICE TRAINING, DEPARTMENT OF:**

Commonwealth Research Consulting Incorporated, 1300002189.

**EASTERN KENTUCKY UNIVERSITY:**

Crowe Horwath, LLP, 14-035; Crowe Horwath, LLP, 14-036.

**FINANCE AND ADMINISTRATION CABINET -**

**DIVISION OF ENGINEERING:**

URS Energy & Construction Incorporated, 1300001891; Omni Architects, 1300002049; K Norman Berry Associates, 1300002050.

**GOVERNOR, OFFICE OF THE:**

Dressman Benzing Lavelle, PSC, 1300002388.

**KENTUCKY HOUSING CORPORATION:**

Lerner, Sampson & Rothfuss, KHC-2014-10; Stierle & Rettig, PLLC, KHC-2014-11; Goldberg Simpson, LLC, KHC-2014-12; Middleton Reutlinger, KHC-2014-13; Kinkead & Stiltz, PLLC, KHC-2014-14; McBrayer, McGinnis, Leslie, & Kirkland, PLLC, KHC-2014-15; McBrayer, McGinnis, Leslie & Kirkland, PLLC, KHC-2014-19; Valbridge Property Advisors, KHC-2014-2; Caine Mitter & Associates Incorporated, KHC-2014-3; BLX Group, LLC, KHC-2014-4; Multi, KHC-2014-8; Kinkead & Stiltz, PLLC, KHC-2014-9.

**KENTUCKY LOTTERY CORPORATION:**

Kizan Technologies, LLC, KLC-13-05-013; Blue & Company, LLC, KLC-13-08-050; Delehanty Consulting, LLC, KLC-13-12-031; Cincinnati Bell Technology Solutions Incorporated, KLC-13-13-026; Gaming Laboratories International, LLC, KLC-14-09-031; PDT Communications, KLC-14-10-027; Goldberg Simpson, KLC-14-11-037-2.

**MOREHEAD STATE UNIVERSITY:**

Mercer Health & Benefits, LLC, 13-023; Element Design, 13-024.

**MURRAY STATE UNIVERSITY:**

Mercer Health & Benefits, LLC, 015-13; Buck Consultants, 018-13.

**POST SECONDARY EDUCATION, COUNCIL ON:**

Trustees of Indiana University, 1300001728; Blue & Company, LLC, 1300002152.

**TRANSPORTATION CABINET:**

Berkley Appraisal Company, 1300001938; Florence & Hutcheson, 1300002157; GRW Engineers Incorporated, 1300002158; GRW Engineers Incorporated, 1300002177; URS Corporation, 1300002178.

**UNIVERSITY OF KENTUCKY:**

Biagi, Chance, Cummins, London, Titzer Incorporated, A131150; Shield Environmental Associates Incorporated, K13-178.

**VETERANS AFFAIRS, DEPARTMENT OF:**

Mountain Mobile Diagnostics

Incorporated, 1300002043.

**WESTERN KENTUCKY UNIVERSITY:**

Peck, Shaffer & Williams, LLP, 121359; Evans, Mechwart, Hambleton & Tilton Incorporated, 121441.

**THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:**

**AUDITOR OF PUBLIC ACCOUNTS, OFFICE OF THE:**

Tichenor & Associates, 1300000492.

**DEPARTMENT FOR BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES:**

Kentucky Alliance Boys & Girls Clubs, 1200001263; Guardian Healthcare Providers, 1200001687.

**DEPARTMENT FOR NATURAL RESOURCES:**

Tichenor & Associates, 1300001203.

**DEPARTMENT OF INSURANCE:**

Melissa L Johnson, 1200003102.

**DEPARTMENT OF WORKPLACE STANDARDS:**

Blue & Company, LLC, 1200002563.

**EDUCATION, DEPARTMENT OF:**

ACT, 1200003153.

**EMBALMERS & FUNERAL HOME DIRECTORS, BOARD OF:**

Kathleen K. Schell, 1200002805.

**FAIR BOARD:**

Mountjoy Chilton Medley, LLP, 1200002468.

**FINANCE AND ADMINISTRATION CABINET - DIVISION OF ENGINEERING:**

GRW Engineers Incorporated, 1000000839; Stantec Consulting Services Incorporated, 1100001637; L'acquis Consulting Enterprises, LLC, 1200000394; Lucas Schwering Architects, 1200001461; Senler Campbell & Associates Incorporated, 1300001179; Ross Tarrant Architects Incorporated, C-06082726.

**MOREHEAD STATE UNIVERSITY:**

Audrey Ruiz Lambert, 13-016.

**NORTHERN KENTUCKY UNIVERSITY:**

Benita Rubio, 850-134.

**OFFICE OF HOMELAND SECURITY:**

Goldberg Simpson, LLC, 1200002943.

**PERSONNEL-OFFICE OF THE SECRETARY:**



Blue & Company, LLC, 1200003539.

TRANSPORTATIONCABINET:  
American Engineers Incorporated, 0700003893; American Engineers Incorporated, 1000001074; Palmer Engineering Company, 1200000441; Palmer Engineering Company, C-00208210-4; American Engineers Incorporated, C-01345595-1.

UNIVERSITY OF KENTUCKY:  
Stengel-Hill Architecture, A131120; Software Information Systems, LLC, K13-118.

WESTERN KENTUCKY UNIVERSITY:  
Endowment Development Services (EDS), 121324; Grant Thornton, LLP, 121329; Leslie Burns, 121342.

WORKFORCE INVESTMENT OFFICE OF:  
Thomas P. Miller & Associates, 1300001448; Thomas P. Miller & Associates, 1300001657.

THE FOLLOWING MEMORANDA OF AGREEMENTS WERE REVIEWED WITHOUT OBJECTION:  
CABINET FOR HEALTH AND FAMILY SERVICES:  
Kentucky River Community Care, 1300002170.

DEPARTMENT FOR ENVIRONMENTAL PROTECTION:  
Oldham County Fiscal Court, 1300001687; U.S. Department of Interior Geological Survey, 1300001793; Shelby County, 1300002047.

DEPARTMENT FOR INCOME SUPPORT:  
Kentucky State Police Headquarters, 1300001918.

DEPARTMENT FOR PUBLIC HEALTH:  
University of Kentucky Research Foundation, 1300001748.

DEPARTMENT OF ENERGY DEVELOPMENT AND INDEPENDENCE:  
University of Kentucky Research Foundation, 1300001705; University of Kentucky Research Foundation, 1300001706; University of Kentucky Research Foundation, 1300001707; University of Kentucky Research Foundation, 1300001724.

EDUCATION, DEPARTMENT OF:  
Knox County Board of Education, 1300002219; Shelby County Board of Education, 1300002225; Danville Independent Board of Education,

1300002234; McCracken County Board of Education, 1300002239; Daviess County Board of Education, 1300002241; Anderson County Board of Education, 1300002249; McCracken County Board of Education, 1300002253; Barren County Board of Education, 1300002256.

INFRASTRUCTURE AUTHORITY:  
Mountain Water District, 1300002172; City of Greenville, 1300002314; Sandy Hook Water District, 1300002333.

KENTUCKY RIVER AUTHORITY:  
US Department of Interior Geological Survey, 1300002218.

OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT:  
Pulaski County Fiscal Court, 1300001692; God’s Pantry Food Bank Incorporated, 1300001708; Consolidated Health Systems d/b/a Highland Health System, 1300002053; Whitley County Fiscal Court, 1300002073; Calloway County Fiscal Court, 1300002139; City of Franklin, 1300002144; City of Jamestown, 1300002154; Barren County Fiscal Court, 1300002173; City of Prestonsburg, 1300002202; Casey County Fiscal Court, 1300002226; City of Winchester, 1300002227; City of London, 1300002228; Pulaski County Fiscal Court, 1300002238; City of Hazard, 1300002287; City of Tompkinsville, 1300002293; City of Shelbyville, 1300002296; City of Gamaliel, 1300002297; Breathitt County Board of Education, 1300002301; Menifee County Fiscal Court, 1300002327; City of South Shore, 1300002342; City of Flemingsburg, 1300002378; City of Pikeville, 1300002392; City of Grand Rivers, 1300002408; Kenton County Fiscal Court, 1300002410; Magoffin County Fiscal Court, 1300002423.

TRANSPORTATIONCABINET:  
University of Louisville Incorporated, 1300001889.

THE FOLLOWING MEMORANDA OF AGREEMENT AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:  
ADMINISTRATIVE OFFICE OF THE COURTS:  
Communicare Incorporated Adult, 1200002876.

AGRICULTURE, DEPARTMENT OF:  
Multi, 1300001593; Multi,

1300001595.

CORRECTIONS, DEPARTMENT OF:  
Administrative Office of the Courts, 1200003741.

DEPARTMENT FOR AGING & INDEPENDENT LIVING:  
Purchase Area Development District, 1200001037; Pennyriple Area Development District, 1200001044; Green River Area Development, 1200001046; Barren River Area Development District, 1200001047; Lincoln Trail Area Development District, 1200001048; Kentuckiana Regional Planning & Development Agency, 1200001049; Northern Kentucky Area Development District, 1200001050; Buffalo Trace Area Development District, 1200001051; Fivco Area Development District, 1200001053; Big Sandy Area Development District, 1200001054; Kentucky River Area Development District, 1200001055; Cumberland Valley Area Development District Ag, 1200001056; Lake Cumberland Area Develop District, 1200001057; Bluegrass Area Development District Title Iii, 1200001058; Pennyriple Area Development District, 1200003479.

DEPARTMENT FOR BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES:  
Eastern Kentucky University, 1200001113; Pennyroyal Mental Health, 1200001792; Green River Reg Mental Health Mental Retardation Board, 1200001793; Communicare Incorporated, 1200001795; Seven Counties Services, 1200001796; Northern Kentucky Reg Mental Health Mental Retardation Board, 1200001797; Mountain Comprehensive Care Center, 1200001800; Kentucky River Community Care, 1200001801; Lake Cumberland Mental Health Mental Retardation Board, 1200001803; Bluegrass Regional Mental Health Mental Retardation, 1200001804.

DEPARTMENT FOR COMMUNITY BASED SERVICES:  
Eastern Kentucky University, 1200001467; Big Sandy Area Development District, 1200001511; Central Kentucky CAC Incorporated, 1200001512; Housing Authority of Bowling Green, 1200001513; Office of Victims Advocacy, 1200001857; Seven Counties Services, 1200002062; Community Action of Southern Kentucky Incorporated, 1200002113.

DEPARTMENT FOR MEDICAID SERVICES:  
Seven Counties Services,

1200001192.

DEPARTMENT FOR PUBLIC HEALTH:  
University of Kentucky Research Foundation, 1200001981; University of Kentucky Research Foundation, 1200002206; Commonwealth of Kentucky Personnel, 1200002208.

DEPARTMENT OF ENERGY DEVELOPMENT AND INDEPENDENCE:  
University of Kentucky Research Foundation, 1200001649.

EDUCATION, DEPARTMENT OF:  
Bell County Board of Education, 1200001883; Montgomery County Board of Education, 1200001884; Shelby County Board of Education, 1200001890; Green County Board of Education, 1200001892; Shelby County Board of Education, 1200001901; Scott County Board of Education, 1200001913; Hopkins County Board of Education, 1200001927; Anchorage Independent Schools, 1200001937; Scott County Board of Education, 1200001940; Clark County Board of Education, 1200001951; University of Louisville Research Foundation, 1200002905; Barren County Board of Education, 1200003135; Fleming County Board of Education, 1200003143; Eastern Kentucky University, 1200003144; Shelby County Board of Education, 1200003155; Shelby County Board of Education, 1200003585; Spencer County Board of Education, 1200003618; Washington County Board Education, 1200003662; Scott County Board of Education, 1200003937; Hopkins County Board of Education, 1300000133; Newport Independent Board of Education, 1300000134; Bell County Board of Education, 1300000135; Owen County Board of Education, 1300000160; Fayette County Board of Education, 1300000299; Bullitt County Board of Education, 1300000302; Spencer County Board of Education, 1300000401; Estill County Board of Education, 1300000434; Estill County Board of Education, 1300000435; Boone County Board of Education, 1300000448; Simpson County Board of Education, 1300000483; Kentucky Valley Education, 1300000715; Scott County Board of Education, 1300000765; Knox County Board of Education, 1300000831; Spencer County Board of Education, 1300000833; Fayette County Board of Education, 1300000897; Kentucky Center for the Arts, 1300000933; Kentucky Valley Education,

1300000999.  
EDUCATION, OFFICE OF THE SECRETARY:  
Ohio Valley Education Coop, 1300000904.  
INFRASTRUCTURE AUTHORITY:  
City of Clay, 1100001412; City of Corbin Utilities Commission, 1100002432; City of Sturgis, 1200000561; Mountain Water District, 1200000925; City of Providence, 1200000927; City of Elkhorn City, 1200002473; Mountain Water District, 1200002482; Mountain Water District, 1200002485.  
MILITARY AFFAIRS, DEPARTMENT OF:  
Muldraugh City, 1300000012; Daviess County EMA, 1300000017.  
OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT:  
Clinton County Fiscal Court, 0600002895; Letcher County Fiscal Court, 0600002930; Letcher County Fiscal Court, 0600002936; Graves County Fiscal Court, 0700003402; Mountain Water District, 0700003703; Clay County Fiscal Court, 0700003945; Letcher County Fiscal Court, 0700004134; Pike County Fiscal Court, 0700004897; Pike County Fiscal Court, 0700004899; McCreary County Fiscal Court, 0700005807; City of Bellevue, 0700006414; Letcher County Fiscal Court, 0700006672; Letcher County Fiscal Court, 0700006717; City of Sandy Hook, 0800006941; Knott County Fiscal Court, 0800008603; Pike County Fiscal Court, 0800008662; Pike County Fiscal Court, 0800008707; Pike County Fiscal Court, 0800008768; Pike County Fiscal Court, 0800008770; Letcher County Fiscal Court, 0800008791; Pike County Fiscal Court, 0800008799; Pike County Fiscal Court, 0800008808; Pike County Fiscal Court, 0800008827; Mountain Water District, 0800008852; Mountain Water District, 0800008856; Carter County Board of Education, 0800009988; City of Cynthiana, 0800010040; Martin County Fiscal Court, 0800010600; City of Madisonville, 0800010694; Pike County Fiscal Court, 0800011031; Letcher County Fiscal Court, 0900011326; Pike County Fiscal Court, 0900011377; Pike County Fiscal Court, 0900011592; Magoffin County Fiscal Court, 0900012527; Floyd County Fiscal Court, 0900012885; Letcher County Fiscal Court, 0900012930; Letcher County Fiscal

Court, 0900012931; Knott County Fiscal Court, 0900013023; Letcher County Fiscal Court, 0900013166; City of Sandy Hook, 1000000172; City of Lewisburg, 1000000373; Letcher County Fiscal Court, 1000000417; City of Bardstown, 1000000778; City of Covington, 1000000820; Letcher County Fiscal Court, 1000000870; Letcher County Fiscal Court, 1000000908; Letcher County Fiscal Court, 1000000909; City of Fulton, 1000000965; Letcher County Fiscal Court, 1000001161; City of Olive Hill, 1000001173; Henderson County Fiscal Court, 1000001458; Big Sandy Reg Independent Development Authority, 1000001496; Floyd County Fiscal Court, 1000001525; Muhlenberg County Fiscal Court, 1000001993; Muhlenberg County Fiscal Court, 1000002006; Union County Fiscal Court, 1000003090; Pike County Fiscal Court, 1000003133; Pike County Fiscal Court, 1000003223; Pike County Fiscal Court, 1000003227; Trimble County Fiscal Court, 1000003231; Letcher County Fiscal Court, 1000003400; Letcher County Fiscal Court, 1000003453; Floyd County Fiscal Court, 1000003610; Wolfe County Fiscal Court, 1000003611; Floyd County Fiscal Court, 1000003833; Breathitt County Fiscal Court, 1000003995; Henry County Fiscal Court, 1000004185; City of Henderson, 1100000533; City of Morganfield, 1100000544; City of Millersburg, 1100000697; Knott County Fiscal Court, 1100000964; City of Dawson Springs, 1100001020; Floyd County Fiscal Court, 1100001159; Floyd County Fiscal Court, 1100001160; City of Jeffersontown, 1100001240; City of Nebo, 1100001248; Floyd County Fiscal Court, 1100001395; Floyd County Fiscal Court, 1100001555; Pike County Fiscal Court, 1100001930; Wolfe County Fiscal Court, 1100001931; McLean County Fiscal Court, 1100002023; Knott County Fiscal Court, 1100002134; Floyd County Fiscal Court, 1100002137; Floyd County Fiscal Court, 1100002293; Knott County Fiscal Court, 1100002297; Knott County Fiscal Court, 1100002301; Wolfe County Fiscal Court, 1100002369; Wolfe County Fiscal Court, 1100002375; City of Liberty, 1100002620; City of Berry, 1100002893; Floyd County Fiscal Court, 1100003087; Letcher County Fiscal Court, 1100003100; Pike County Fiscal Court, 1100003102; Floyd County Fiscal Court,

1200000233; Floyd County Fiscal Court, 1200000289; Letcher County Fiscal Court, 1200000290; Letcher County Fiscal Court, 1200000291; Letcher County Fiscal Court, 1200000292; Floyd County Board of Education, 1200000409; Floyd County Fiscal Court, 1200000415; Wolfe County Fiscal Court, 1200000425; Madisonville Community College, 1200000596; Wolfe County Fiscal Court, 1200000597; City of Clay, 1200000599; Troublesome Creek Environmental Authority, 1200000746; Troublesome Creek Environmental Authority, 1200000747; City of Pikeville, 1200000748; Magoffin County Fiscal Court, 1200000936; Coal Fields Regional Independent Authority, 1200000963; Leslie County Fiscal Court, 1200000977; Pike County Fiscal Court, 1200000999; Union County Fiscal Court, 1200001040; Martin County Fiscal Court, 1200001279; Johnson County Fiscal Court, 1200001287; Letcher County Fiscal Court, 1200001352; Letcher County Fiscal Court, 1200001354; Letcher County Fiscal Court, 1200001356; Letcher County Fiscal Court, 1200001367; Letcher County Fiscal Court, 1200001368; Letcher County Fiscal Court, 1200001369; Letcher County Fiscal Court, 1200001372; Letcher County Fiscal Court, 1200001373; Webster County Fiscal Court, 1200001564; Webster County Fiscal Court, 1200001581; Mountain Water District, 1200001609; Henderson County Fiscal Court, 1200002086; Henderson County Fiscal Court, 1200002088; Henderson County Fiscal Court, 1200002092; Henderson County Fiscal Court, 1200002096; Webster County Fiscal Court, 1200002130; Madisonville Community College, 1200002496; Magoffin County Fiscal Court, 1200002565; Magoffin County Fiscal Court, 1200002568; Magoffin County Fiscal Court, 1200002572; Magoffin County Fiscal Court, 1200002574; Webster County Fiscal Court, 1200002596; Floyd County Fiscal Court, 1200002655; Floyd County Fiscal Court, 1200002659; Henderson County Fiscal Court, 1200002817; Letcher County Fiscal Court, 1200002818; Letcher County Fiscal Court, 1200002819; Pike County Fiscal Court, 1200002825; Pike County Fiscal Court, 1200002842; Pike County Fiscal Court, 1200002844; Knott County Fiscal Court, 1200002920; Pike County Fiscal Court, 1200003408; Pike County

Fiscal Court, 1200003653; Union County Fiscal Court, 1200003792; City of London, 1300000625; Union County Fiscal Court, 1300000628; City of Paris, 1300000770; Henderson County Fiscal Court, 1300001434.  
THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE SELECTED FOR FURTHER REVIEW:  

DEPARTMENT	FOR
BEHAVIORAL	HEALTH,
DEVELOPMENTAL	AND
INTELLECTUAL DISABILITIES	

Jackson & Coker Locumtenens, LLC, 1300001510. Kathy Burke discussed the contract with the committee. A motion was made by Representative Yonts to defer the contract to the June 2013 meeting of the committee. Representative Horlander seconded the motion, which passed without objection.  
EASTERN KENTUCKY UNIVERSITY  
Sibson Consulting d/b/a The Segal Company (Midwest) Incorporated 14-031. Gary Barksdale 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 with Representative Montell voting NO.  
EASTERN KENTUCKY UNIVERSITY  
Enabling Technologies Corp, 14-034. Steven Fulkerson discussed the contract with the committee. A motion was made by Senator Gregory to consider the contract as reviewed. Senator Carroll seconded the motion, which passed without objection.  
EDUCATION PROFESSIONAL STANDARDS BOARD  
J. Ryan Chailland, 1300002133. Alicia Sneed 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 without objection.  
KENTUCKY LOTTERY CORPORATION  
Bandy Carroll Hellige, KLC-14-09-042. Mike Denney, Kate Liverette, and Chip Polston 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 without objection.  
NORTHERN KENTUCKY UNIVERSITY  
Isaacson Miller Incorporated, 2014-631. Jeff Strunk and Ken Ramey discussed the contract with



the committee. A motion was made by Senator McDaniel to consider the contract as reviewed. Representative Yonts seconded the motion, which passed without objection.

NORTHERN KENTUCKY UNIVERSITY

Parker Executive Search, 2014-632. Jeff Strunk and Ken Ramey discussed the contract with the committee. A motion was made by Senator McDaniel to consider the contract as reviewed. Representative Yonts seconded the motion, which passed without objection.

A motion was made by Representative Yonts to reconsider the previous motion. Senator Carroll seconded the motion, which passed without objection.

A motion was made by Representative Yonts to defer the contract to the June 2013 meeting of the committee. Senator Carroll seconded the motion, which passed without objection.

NORTHERN KENTUCKY UNIVERSITY

Mercer Health & Benefits, LLC, 2014-633. Jeff Strunk and Ken Ramey discussed the contract with the committee. A motion was made by Senator McDaniel to consider the contract as reviewed. Representative Yonts seconded the motion, which passed with Representative Montell voting NO.

UNIVERSITY OF KENTUCKY

Adam L. Locke, K13-179. Steve Byars and Don Challman discussed the contract with the committee. A motion was made by Senator McDaniel to consider the contract as reviewed. Representative Yonts seconded the motion, which passed without objection.

THE FOLLOWING PERSONAL SERVICE CONTRACTS AMENDMENTS WERE SELECTED FOR FURTHER REVIEW:

EDUCATION, DEPARTMENT OF

NCS Pearson Incorporated, 1200002693. Hiren Desai and Ken Draut discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Senator McDaniel seconded the motion, which passed without objection.

TRANSPORTATION CABINET

Frost Brown Todd, LLC, 1300000015. Rebecca Goodman 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 with Representative Montell electing to abstain (PASS).

TRANSPORTATION CABINET

Municipal Engineering Company, 1300000985. Mike Hill discussed the contract with the committee. A motion was made by Senator McDaniel to consider the contract as reviewed. Representative Yonts seconded the motion, which passed without objection.

THE FOLLOWING PERSONAL SERVICE CONTRACTS FOR \$10,000 AND UNDER WERE SELECTED FOR FURTHER REVIEW:

KENTUCKY LOTTERY CORPORATION

Dr. Curtis Barrett, KLC-14-01-122. Mike Denney, Kate Liverette, and Chip Polston 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 without objection.

THE FOLLOWING MEMORANDUM OF AGREEMENT WAS SELECTED FOR FURTHER REVIEW:

C O R R E C T I O N S , DEPARTMENT OF

Northkey Community Care, 1300002155; Lifeskills Corporation Offices, 1300002162; Adanta Group, 1300002163; Cumberland River Comprehensive Care Center, 1300002164; Comprehend Incorporated, 1300002166; Four Rivers Behavioral Health Corporate Office, 1300002167; Mountain Comprehensive Care Center, 1300002175; Communicare Incorporated, 1300002176; Pathways Incorporated, 1300002181; Pennyroyal Mental Health Mental Retardation Board, 1300002182; Kentucky River Comm Care, 1300002199; River Valley Behavioral Health, 1300002262; Bluegrass Regional MHMR Board Incorporated, 1300002271. Amy Baker and Kevin Pangburn discussed the contracts with the committee. A motion was made by Senator McDaniel to consider the contracts as reviewed. Representative Yonts seconded the motion, which passed without objection.

DEPARTMENT FOR MEDICAID SERVICES

Department of Insurance, 1300002201. Lisa Lee, Earl Gresham, Beth Jurek, and Sharon Clark discussed the contract with the

committee. A motion was made by Representative Yonts to consider the contract as reviewed. Senator Gregory seconded the motion, which passed without objection.

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

DEPARTMENT FOR COMMUNITY BASED SERVICES

Northern Kentucky Area Development District, 1200001515. David Gayle and Virginia Carrington discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Representative Horlander seconded the motion, which passed without objection.

OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT

Pike County Fiscal Court, 0700005640; Pike County Fiscal Court, 0700005777; Pike County Fiscal Court, 1000003224. Russ Salsman, Amy Barnes, and Darren Sammons discussed the contracts with the committee. A motion was made by Representative Yonts to consider the contracts as reviewed. Representative Horlander seconded the motion, which passed without objection.

TRANSPORTATION CABINET

University of Kentucky Research Foundation, 1200002110. Robert Lewis and Joe Crabtree discussed the contract with the committee. A motion was made by Senator Gregory to consider the contract as reviewed. Representative Montell seconded the motion, which passed without objection.

THE FOLLOWING MEMORANDA OF AGREEMENT FOR \$50,000 & UNDER WERE SELECTED FOR FURTHER REVIEW:

A G R I C U L T U R E , DEPARTMENT OF

University of Kentucky Research Foundation, 1300001980. Anna Lucio discussed the contract with the committee. A motion was made by Senator McDaniel to consider the contract as reviewed. Representative Horlander seconded the motion, which passed without objection.

DEPARTMENT FOR ENVIRONMENTAL PROTECTION

U.S. Geological Survey, 1300002128. Tony Hatton discussed the contract with the committee. A motion was made by Senator

McDaniel to consider the contract as reviewed. Senator Gregory seconded the motion, which passed without objection.

EDUCATION, DEPARTMENT OF

Corbin Independent Board of Education, 1300001756. Hiren Desai and Charlie Harman discussed the contract with the committee. A motion was made by Representative Yonts to consider the contract as reviewed. Representative Horlander seconded the motion, which passed without objection.

FAIR BOARD

Louisville Convention & Visitors Bureau, 1300002145. Ellen Benzing and Anthony Leachman discussed the contract with the committee. A motion was made by Senator Gregory to consider the contract as reviewed. Representative Montell seconded the motion, which passed without objection.

With no further business before the committee, the meeting adjourned at 12:15 PM.

**TASK FORCE ON THE UNIFIED JUVENILE CODE**

Minutes of the 1st Meeting of the 2013 Interim June 5, 2013

**Call to Order and Roll Call**

The 1st meeting of the Task Force on the Unified Juvenile Code was held on Wednesday, June 5, 2013, at 1:00 PM, in Room 171 of the Capitol Annex. Representative John Tilley, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Whitney Westerfield, Co-Chair; Representative John Tilley, Co-Chair; Hasan Davis, Glenda Edwards, Steven Gold, Teresa James, Lisa P. Jones, Bo Matthews, Mary C. Noble, Pamela Priddy, and John Sivley.

Guests: Wayne Young for the Kentucky Association of School Administrators (KASA); Ernie Lewis for the Kentucky Association of Criminal Defense Lawyers (KACDL); Julie Raia for the CHNK; and Marty White for the Kentucky Association of School Superintendents.

LRC Staff: Ray Debolt, Jonathan Scott, Mike Clark, and Cindy Smith.

**Review of the 2012 Task Force Report-Discussion on Scope of Review for the 2013 Interim**

Representative Tilley said that a lot of work was put in by the Task Force during the last interim, but

there was no finished product due to a late start by the Task Force. Time was used for study and reflection by the Task Force. Several things were accomplished, and those things are contained in the 2012 report of the Unified Juvenile Code Task Force. At the end of this interim, the Task Force will have legislation to move forward during the next Session.

#### **Financial Mapping Update**

Teresa James, Commissioner, Department for Community Based Services, Cabinet for Health and Family Services, and Michelle Kilgor and Kari Collins from the Department of Behavioral Health (DBH), Cabinet for Health and Family Services (CHFS), testified about Financial Planning and Financial Mapping, which is a process for identifying public funds expended during a particular timeframe addressing a certain population or issue. The completed map will lead to the development of a comprehensive financial plan to coordinate funds in the most efficient and effective ways. Commissioner James noted that the Kentucky Adolescent Treatment-Enhancement and Dissemination Grant (KAT-ED) was awarded to DBH in October, 2012. The key element of the grant is to create a cross-agency financial map of resources used to provide services to adolescents with substance abuse and co-occurring mental health and substance abuse disorders. Financial planning considerations include: identifying current spending and utilization patterns across agencies; realigning funding streams and structures; financing appropriate services and supports; financing to support family and youth partnerships; financing to improve cultural/linguistic competence and reduce disproportionate care; financing to improve the workforce and provider network; and financing for accountability. A contract has been secured with Dr. Mary Armstrong, an expert in financial mapping and planning. Initial planning calls have occurred and Dr. Armstrong has reviewed preliminary data from agencies within CHFS. The preliminary findings will be submitted in July, 2013, and the final written report with recommendation will be complete in August, 2013.

Justice Noble and Representative Tilley agreed that the process of financial mapping is very narrow at this point and the application needs to be broad.

#### **Status Offense Date Update/**

#### **Court Designated Worker Program**

Rachel Bingham was introduced by Patrick Yewell as the new Executive Officer of the Department of Family and Juvenile Services at the Administrative Office of the Courts. Ms. Bingham testified about Kentucky's Court Designated Worker (CDW) Program. The CDW program, established in 1986, has 157 workers and is on call 24/7 for all 120 Kentucky counties. The cabinet processed over 55,000 complaints and pre-complaints in 2012, encompassing both public and status offenses. The top status offenses reported were habitual truancy and beyond control. The CDW program calls the first contact with a potential status offender the pre-complaint phase. For CY12, 14,005 status pre-complaints were completed by CDWs, resulting in 7,549 status offense complaints were taken by the CDW. If eligible for diversion, the CDW works collaboratively with the juvenile to define the terms of the diversion. All diversion contracts consist of prevention, education, accountability and treatment, and do not exceed 6 months. For CY12, 3,851 status offense diversions were developed, 2,815 of which were successful. Unsuccessful diversions were court referred.

Workable solutions for the CDW program include: reviewing KRS 630.020 to address court jurisdiction if responsibility is transferred from the court to DCBS; replacing language such as judicial proceedings and formal court action with referral to DCBS; expanding KRS 630.010(2) to place requirements/accountability on the parents regarding status offenses; and developing a cooperative agreement with DCBS and the CDW program, which will provide a venue for the CDW to provide all relevant information on children being supervised or committed as a status offender to DCBS.

In response to a question by Senator Westerfield, Ms. Bingham responded that the primary cause of unsuccessful diversion is the lack of family involvement and other barriers. If it goes to court, all methods to be successful have been exhausted.

In response to a question by Ms. Priddy, Mr. Yewell said that only about 50 percent of the cases that are able to be diverted are actually diverted.

In response to a question by Ms. Edwards, Ms. Bingham said that some cases are not diverted because some County Attorneys prefer that school offenses go straight to court. She said

that the diversion success rate is good at 86-87 percent.

In response to a question by Justice Noble, Ms. Bingham noted that the 41,000 total complaints include both status offenses and public offenses.

In response to a question by Senator Westerfield, Ms. Bingham said that the time limit for a diversion is 6 months and it cannot be extended. She did not have the information regarding the recidivism rate but will send it to him.

In response to a question by Mr. Sivley, Ms. Bingham said that referrals are made by school resource officers, DPP, and family members.

In response to a question by Mr. Gold, Ms. Bingham said there is a maximum of three diversions. During the third diversion, the CDW goes to the County Attorney to see what has been done to produce success. Mr. Gold noted that some children to through diversions, but then have an anti-social offense and are referred by to the CDW.

In response to a question by Senator Westerfield, Ms. Bingham said that the cap is 3 for diversions, and the standard for each diversion is different.

In response to a question by Senator Westerfield, Ms. Bingham said that some low level felonies can be diverted. Ms. Edwards noted that D felonies can be diverted when preliminary inquiry criteria is met.

In response to a question by Mr. Gold, Ms. Bingham said the Gain-SS is a screening tool through Chestnut Health Systems, which provides an over-all needs assessment. Ms. Bingham noted the agency has been working with DJJ and JDAI. Mr. Yewell added that the agency has been working on the tool for about ten years. A number of different pilot projects have been run as well.

Representative Tilley said that the Task Force will review assessments and previous reform efforts in the criminal justice system.

Justice Noble pointed out that some assessments have certain licensing and certification requirements on the person giving them. There will not be training or certification at the pay level of for CDWs.

Commissioner James said that the assessment piece is a pivotal piece. The Cabinet is working on an assessment tool right now for DCBS placement to line up the providers with evidence based practices. The

assessment will be completed within five days of admission.

In response to a question by Commissioner James, Ms. Bingham said accessing treatment and counseling services would be very beneficial. Mentors and tutoring would be very effective to get children where they need to be in the classroom. Those pieces have been lost because of some of the fiscal impact.

Commissioner James noted that the government is not going to be able to pay for the needs that are so extensive. Community grass-roots engagement needs to be looked at. More needs to be done with non-traditional partners because there is not an open ended funding stream from the state. The things that need to be reviewed include community service delivery looks, how to utilize federal, state, and local dollars, opportunities to enhance the delivery of services.

#### **Children in Need of Services**

Claire Shubik-Richards of M&R Strategic Services provided information on status offenses. M&R has been hired to staff a project to accelerate juvenile justice reform throughout the country. The company is in the third year of a five year project. In the last three years, it has helped 23 states pass juvenile justice reform on a range of issues. Status offenders are not a public safety issue. Kids in this position may someday pose a public safety issue, but in the beginning they are just kids in need of services. When kids are in the delinquency system, that distinction is often blurred. The purpose of a status offender system is to help adolescents and their families who are often riding out a crisis. Two main situations looked at include: an immediate family crisis that is often a parent referral; or an issue that has been building, and actions that have been tried are not getting anywhere.

The thing that unifies all issues and brings them to the attention of the status offender system is that they are frustrating. In other states, she has seen that if a youth with certain issues comes from a community of means, then the youth does not go to the status offender system because there is the ability to obtain private counseling and private support. When there is no ability to access private counseling and private support, the status offender system becomes involved. Many times there is a higher percentage of girls in the status offender system versus the delinquency system, which has to do with the type of behavior that is not tolerated in girls but is



more often tolerated in boys. It can also be because of issues relating to sexual trauma. Connecticut, Florida, New York, and Louisiana--have taken strides in providing support to help status offenders.

In response to a question by Mr. Sivley, Ms. Shubick-Richards said there are many issues and behaviors of status offenders. The most troubling is the runaway. On the high end of the system, with intensive service needs, some states have respite beds for runaways and will provide temporary foster care placement, and may have high end family treatment and mediation. There is only a few children who will benefit from that high end of treatment.

Justice Noble said that part of the focus on status is that it is a local problem. It is difficult to make rules for the approach to status that is statewide, because so much of what is needed is community based. The school is the first point of contact for almost all services, but schools are not equipped to be social workers. The other point of contact is local mental health services.

Ms. Shubick-Richards commented that in many jurisdictions there is a unified state system. There have been four crisis intervention hubs throughout the state and those have been contracted out to local providers to provide services targeted in different areas of the state. Where there are not unified systems, statute has been written to allow for counties to develop their own systems and their own approaches.

In response to a question by Senator Westerfield, Ms. Shubick-Richards said that Kentucky could compare to Connecticut because Connecticut had a large number of status offenders (just ask Kentucky today) when it began reform efforts in 2007. There were heavy users and few services for status offenders. Connecticut had projected, by 2011, to end the use of detention for status offenders who have violated court orders. Connecticut planned a more extensive diversion system between 2007 and 2011.

Commissioner Davis said the challenge with the valid court order, in particular, is there is that Kentucky is a wide state. Access to detention centers from certain areas is a long drive. Many people are not exhausting all options available. There is a model in Henderson County where a staff person is placed in the schools to get all referrals, even for low level public

offenses, so they can receive services. There are some incredible things going on with civil citations in Florida. There are many things the Task Force may access to allow members discuss change.

Justice Noble noted that school resource officers need to be discussed because they are very important. Mr. Gold said research indicates that school resource officers are beneficial when they are buddy cops, not when the school is having a defiance problem.

The next meeting date will be July 3, 2013 at 1:00 p.m.

The meeting adjourned at 3:20 p.m.

## **TOBACCO SETTLEMENT AGREEMENT FUND OVERSIGHT COMMITTEE Minutes**

May 1, 2013

### **Call to Order and Roll Call**

The Tobacco Settlement Agreement Fund Oversight Committee met on Wednesday, May 1, 2013, 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 Paul Hornback, Co-Chair; Representative Wilson Stone, Co-Chair; Senators Carroll Gibson, Jimmy Higdon, Dennis Parrett, Robin L. Webb, and Whitney Westerfield; Representatives Mike Denham, Tom McKee, Terry Mills, Ryan Quarles, and Jonathan Shell.

Guests: Mr. Roger Thomas, Mr. Joel Neaveill, Mr. Bill McCloskey, Mr. Brian Murphy, and Mr. Biff Baker, Governor's Office of Agricultural Policy; Ms. Aleta Botts, Mr. Brent Lackey, Mr. Nathan Routt, and Mr. Rich Laing, Kentucky Center for Agriculture and Rural Development.

LRC Staff: Lowell Atchley, Kelly Ludwig, and Kelly Blevins.

The April 2013, minutes were approved, without objection, by voice vote, upon a motion by Senator Hornback, seconded by Representative Quarles.

During the meeting, Co-Chair Stone introduced the newest member of the committee, Representative Shell, who replaced former committee member, Representative Tommy Turner.

### **Governor's Office of Agricultural Policy**

Mr. Roger Thomas, Executive Director, Mr. Joel Neaveill, Chief

of Staff, and Mr. Bill McCloskey, Director of Financial Services, Governor's Office of Agricultural Policy (GOAP), testified about project funding decisions made by the Agricultural Development Board (ABD) during its April meeting.

Mr. Neaveill summarized funding allocations for the previous month under the County Agricultural Improvement (CAIP), Deceased Farm Animal Disposal Assistance, the On-Farm Energy, and Shared-Use Equipment programs. Responding to Co-Chair Stone, Mr. Neaveill detailed how a Montgomery County livestock carcass removal program would work, and also described the equipment to be purchased under a Madison County shared-use equipment project.

The officials, responding to Representative McKee, indicated a detailed listing of counties that have established dead farm animal removal programs with the use of tobacco settlement funds will be provided.

Mr. Neaveill also noted the distribution to committee members of a chart showing Kentucky Agricultural Development Fund county account balances as of April 19, 2013. The chart showed among other data, the funds received under the 2013 Master Settlement Agreement payment to Kentucky. Barren County received the most funds in 2013, \$374,517; Martin County the least, \$1,086.

Mr. Neaveill summarized projects receiving state and county funding commitments in the April board meeting: Henry County Cattleman's Association, \$1,750 to conduct a feasibility study to establish a meat animal processing facility in that part of the state; Kentucky Association of Food Banks, up to \$75,000 in state funds and matching county funds for the "Farms to Food Banks" program, which buys edible surplus produce and seconds from farmers and distributes it to the state's food banks; Jessamine County FFA Alumni Association, \$8,000 in Jessamine County funds to assist school students in their agriculture-related projects; Meade County Riverport Authority, up to \$2 million in state funds in the form of a 1 percent loan to build and establish a regional river port facility in Brandenburg.

Regarding the Henry County feasibility study, Co-Chair Stone noted the difficulty in finding places to establish meat processing facilities. Co-Chair Hornback noted the enthusiasm for the project on the part of local officials in the Henry County

area.

Commenting on the Farms to Food Banks funding commitment, Representative Stone noted the positive aspects of the program in distributing food to the needy and creating markets for producers.

Representative McKee described HB 141, which passed in the 2013 legislative session as a part of SB 1. The bill established a tax credit for farmers who donate produce to charitable organizations.

In a reply to Senator Webb, the GOAP officials said details on counties in which producers marketed to the Farms to Foods Banks purchasing program will be provided. In his earlier remarks, Mr. Neaveill said the program distributed under a million pounds of surplus produce across the state in 2012; a total of 217 farmers participated.

Representative Stone and Senator Webb commented on the Jessamine County scholarship program. Senator Webb stressed that agricultural education should include information on animal agriculture.

The Meade County Riverport Authority project elicited questions and comments from committee members. Under the project, a regional port facility will be established for grain producers. The funding will be in the form of a 1 percent loan to be held by the Kentucky Agricultural Finance Corporation. To secure the \$2 million state loan, the facility will be leased to Consolidated Grain and Barge and a usage fee will be paid for cargo entering or leaving the port. The total cost of the project is \$5.6 million, with Consolidated providing \$3.6 million for the construction and installation costs. The remainder will be covered by the loan.

Replying to Co-Chair Hornback, Mr. Thomas said a copy of the memorandum of agreement detailing the riverport lease arrangement with the Meade County Riverport Authority and Consolidated Grain will be provided. Senator Hornback indicated he had some concerns about how much competition the endeavor will create in the marketplace.

Senator Gibson expressed his appreciation to the board for committing funds to the project. He said the project will be a plus for farmers and businesses in the area.

Mr. Thomas described to Senator Gibson how it was not uncommon to grant low-interest loans to companies undertaking agricultural business endeavors. He said the current

financial strategy has been to change from granting tobacco settlement funds for projects to approving low interest loans. Senator Gibson indicated his approach would be to offer zero-interest loans for similar projects.

Senator Parrett applauded the board for approving the loan. He mentioned the number of meetings that were conducted related to the project and also said the local officials were pleased to receive the low-interest loan. He has concerns about Consolidated Grain's competitiveness considering other grain terminals in the area.

Mr. Thomas said the responsibility will be to protect the \$2 million and ensure repayment.

The committee heard from Ms. Aleta Botts, Executive Director of the Kentucky Center for Agriculture and Rural Development (KCARD).

Ms. Botts discussed KCARD's mission, the organization and partnerships, KCARD services offered, including business development, business maintenance and support, and educational opportunities, performance measures, and challenges the organization faces. She provided examples of businesses or groups that have been assisted through the years.

Senator Webb said that, in her law practice, she often gets questions about governmental regulatory practices and taxes. Responding to the senator, Ms. Botts said KCARD also receives those types of questions, and while the organization does not have specialists on those matters, it can pull together information and references. She gave an example of referring food safety questions on to the experts on food safety matters.

Responding to Senator Webb, Ms. Botts said KCARD received \$175,000 from the U.S. Department of Agriculture last year, plus other funding, which includes funding from the Agricultural Development Board.

She commented to Senator Webb on the increasing activity and pressure from governmental agencies directed toward businesses.

Co-Chair Stone mentioned that KCARD had assisted an established agritourism business in his area, Chaney's Dairy Barn.

Documents distributed during the committee meeting are available with meeting materials in the LRC Library. The meeting ended at approximately 11:30 a.m.

# LRC Publications

## Informational Bulletins

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**240** Final Reports of the Interim Joint, Special, and Statutory Committees 2012

**239** Issues Confronting the 2013 Kentucky General Assembly

**238** General Assembly Action 2012 Regular Session

**237** Final Reports of the Interim, Joint, Special, and Statutory Committees 2011

**236** Issues Confronting the 2012 Kentucky General Assembly

**235** General Assembly Action 2011 Regular Session

**234** Final Reports of the Interim, Joint, Special, and Statutory Committees 2010

**233** Issues Confronting the 2011 Kentucky General Assembly

**232** General Assembly Action 2010 Regular Session

**231** Final Committee Reports of the Interim, Joint, Special, and Statutory Committees

**230** Issues Confronting the 2010 Kentucky General Assembly

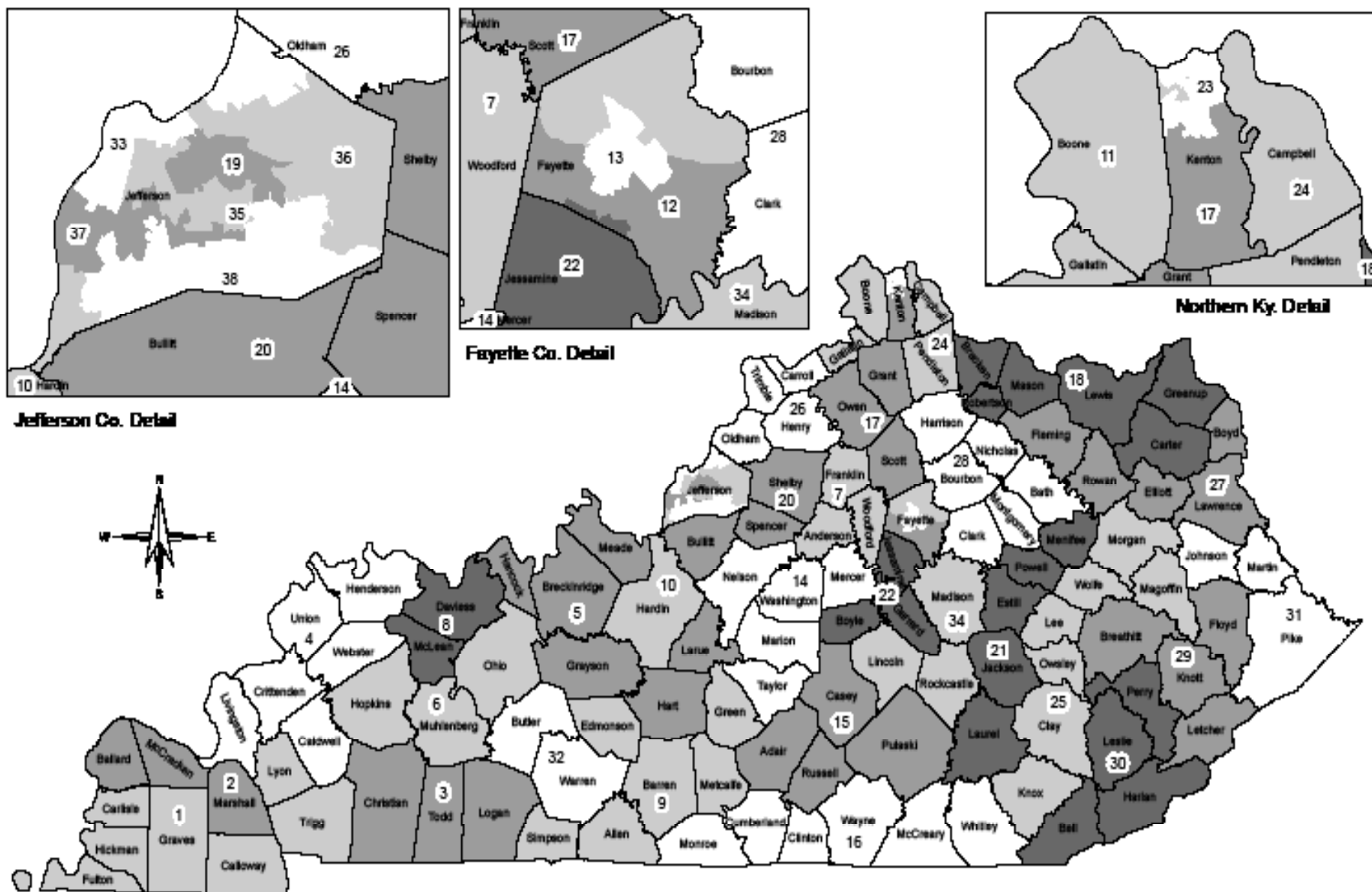
**229** General Assembly Action 2009 Regular Session

**228** Final Reports of the Interim Joint, Special, and Statutory Committees 2008

**227** Issues Confronting the 2009 General Assembly: An update of Informational Bulletin No. 224 (2008)

**225** Final Reports of the Interim Joint, Special and Statutory Committees (2007)



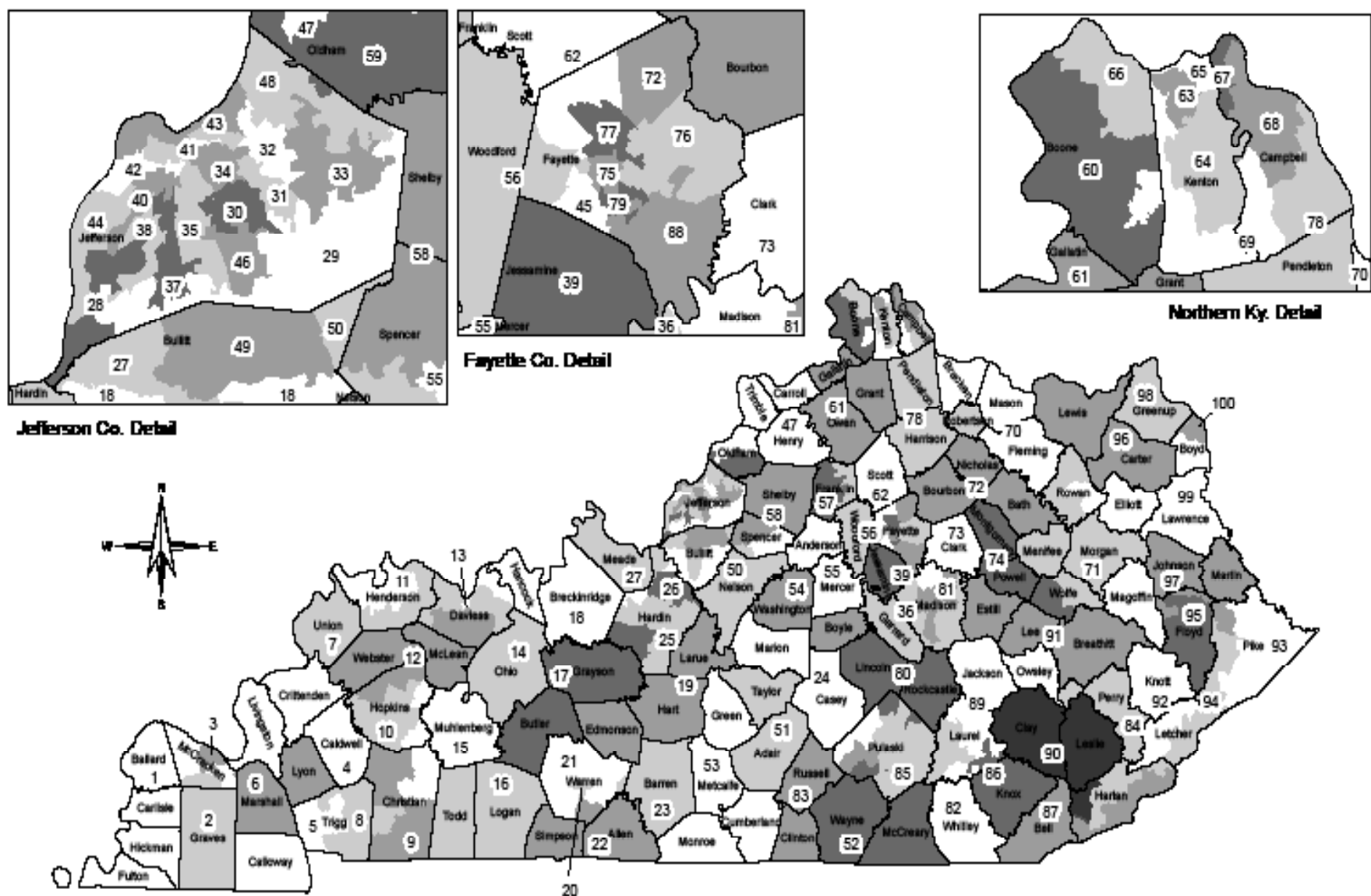


# 2002 Kentucky Senate Districts

Senate Plan (SE001A09) became law (KRS 5.101 - 5.130) January 31, 2002, with enactment of House Bill 1.

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# 2002 Kentucky House Districts

House Plan (HH001A11) became law (KRS 5.201 - 5.300) January 31, 2002, with enactment of House Bill 1.

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Bobby Sherman, Director  
Legislative  
Research Commission

Robert Jenkins  
Deputy Director for Committee  
and Staff Coordination

Rob Weber  
Public Information Officer

Joe Cox  
Publications and Printing Officer

Rebecca Mullins Hanchett  
Editor, Typography and Design

Mike Sunseri  
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