

1 AN ACT relating to the independence and transparency of the board of trustees of
2 the Kentucky Retirement Systems and declaring an emergency.

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

4 ➔Section 1. KRS 12.028 is amended to read as follows:

5 (1) Recognizing the necessity for grouping related functions of organizational units and
6 administrative bodies in order to promote greater economy, efficiency and improved
7 administration, the Governor, the Kentucky Economic Development Partnership as
8 created in KRS 154.10-010, and other elected state executive officers may propose
9 to the General Assembly, for its approval, changes in the state government
10 organizational structure which may include the creation, alteration or abolition of
11 any organizational unit or administrative body and the transfer of functions,
12 personnel, funds, equipment, facilities, and records from one (1) organizational unit
13 or administrative body to another. ***This subsection shall not apply to the board of***
14 ***trustees of the Kentucky Retirement Systems.***

15 (2) Recognizing that changes in the state government organizational structure may need
16 to be made as rapidly as possible to achieve greater economy, efficiency, and
17 improved administration as the needs of government dictate, the Governor, the
18 Kentucky Economic Development Partnership as created in KRS 154.10-010, and
19 other elected state executive officers may, between sessions of the General
20 Assembly, temporarily effect a change in the state government organizational
21 structure as described in subsection (1) of this section if such temporary
22 reorganization plan is first reviewed by the interim joint legislative committee with
23 appropriate jurisdiction. The Governor may not effect a temporary reorganization
24 plan under this subsection that would change the organizational structure of an
25 organizational unit or administrative body headed by the Kentucky Economic
26 Development Partnership as created in KRS 154.10-010, ***the board of trustees of***
27 ***the Kentucky Retirement Systems,*** or another elected state executive officer unless

1 requested in writing by that *elected state executive* officer. An elected state
2 executive officer other than the Governor may only change the organizational
3 structure of an organizational unit or administrative body that he heads.

4 (3) Any reorganization proposed under subsection (1) or (2) of this section shall be set
5 forth in a reorganization plan which shall be filed with the Legislative Research
6 Commission. The plan shall include:

7 (a) An explanation of each proposed change, including the need for the change;

8 (b) An estimate of any reduction or increase in expenditures, itemized as far as
9 practicable, which the promulgating officer expects will result from the
10 reorganization;

11 (c) A description of any improvements in the management, delivery of state
12 services, and efficiency of state government operations which the
13 promulgating officer expects will be realized as a result of the reorganization;
14 and

15 (d) Specification of the effects of the reorganization on the budget and personnel
16 of each affected organizational unit or administrative body, including but not
17 limited to the amount of funds and the number of employees that will be
18 transferred from one (1) organizational unit or administrative body to another,
19 any reductions in the state workforce resulting from the reorganization, and
20 the methods to be utilized to achieve such reductions.

21 (4) When a proposed reorganization plan is submitted for review under subsection (2)
22 of this section the presiding co-chairman of the Legislative Research Commission
23 shall determine which interim joint legislative committee has appropriate
24 jurisdiction and shall refer the plan to such committee within ten (10) days after the
25 director of the Legislative Research Commission receives the proposal. The interim
26 joint legislative committee to which it is referred shall review the plan to determine
27 whether the plan can reasonably be expected to achieve greater economy, efficiency

1 or improved administration in state government. The committee shall report its
2 findings to the Legislative Research Commission. The committee shall review and
3 report on the plan within sixty (60) days after it is filed with the Legislative
4 Research Commission. If the committee does not report on a proposed plan within
5 the time specified in this subsection, the plan shall be considered reviewed by the
6 interim joint legislative committee with appropriate jurisdiction.

7 (5) A temporary reorganization effected under subsections (2) to (4) of this section
8 shall be terminated ninety (90) days after sine die adjournment of the next regular
9 session of the General Assembly unless otherwise specified by the General
10 Assembly. The Governor, the Kentucky Economic Development Partnership as
11 created in KRS 154.10-010, or other officer who promulgated a temporary
12 reorganization plan under this section shall recommend legislation to the General
13 Assembly to confirm the temporary reorganization plan. The subject matter of each
14 executive order relating to reorganization shall be presented to the General
15 Assembly in a separate bill. If the General Assembly fails to enact the temporary
16 reorganization plan or an alternative to such plan, the organizational structure that
17 existed immediately prior to the implementation of the temporary plan shall be
18 reinstated upon the termination of the temporary plan. If the General Assembly fails
19 to enact a temporary reorganization plan, the Governor, the Kentucky Economic
20 Development Partnership as created in KRS 154.10-010, and other elected state
21 executive officers shall not effect the plan prior to the next succeeding session of
22 the General Assembly.

23 (6) The Legislative Research Commission or the legislative program review and
24 investigations committee may monitor the implementation of any reorganization
25 plan to determine the extent to which the anticipated improvements in economy,
26 efficiency, or administration have been realized as a result of the reorganization and
27 shall report its findings to the General Assembly.

1 (7) Funds transferred due to reorganization shall be maintained in separately designated
 2 accounts. Any excess funds resulting from a reorganization shall lapse to the
 3 general fund surplus account.

4 ➔Section 2. KRS 63.080 is amended to read as follows:

5 (1) Except as provided in subsections~~[subsection]~~ (2) and (3) of this section and
 6 otherwise provided by law, any person appointed by the Governor, either with or
 7 without the advice and consent of the Senate, may be removed from office by the
 8 Governor for any cause the Governor deems sufficient, by an order of the Governor
 9 entered in the executive journal removing the officer.

10 (2) Members of the board of trustees of the University of Kentucky, the board of
 11 trustees of the University of Louisville, members of the board of regents
 12 respectively of Eastern Kentucky University, Western Kentucky University,
 13 Morehead State University, Kentucky State University, Northern Kentucky
 14 University, Murray State University, and the Kentucky Community and Technical
 15 College System, and members of the Kentucky Board of Education and the Council
 16 on Postsecondary Education shall not be removed except for cause.

17 **(3) Members of the board of trustees of the Kentucky Retirement Systems shall not**
 18 **be removed except as provided by subsection (6)(b) of Section 3 of this Act.**

19 ➔Section 3. KRS 61.645 is amended to read as follows:

20 (1) The County Employees Retirement System, Kentucky Employees Retirement
 21 System, and State Police Retirement System shall be administered by the board of
 22 trustees of the Kentucky Retirement Systems composed of thirteen (13) members,
 23 who shall be selected as follows:

24 (a) **Four (4)**~~[The secretary of the Personnel Cabinet shall serve as trustee for as~~
 25 ~~long as he occupies the position of secretary under KRS 18A.015, except as~~
 26 ~~provided under subsections (5) and (6) of this section;~~

27 ~~(b) Three (3)]~~ trustees, who shall be members or retired from the County

1 Employees Retirement System, elected by the members and retired members
2 of the County Employees Retirement System;

3 ~~(b)~~~~(c)~~ One (1) trustee, who shall be a member or retired from the State Police
4 Retirement System, elected by the members and retired members of the State
5 Police Retirement System;

6 ~~(c)~~ Three (3)~~(d)~~~~Two (2)~~ trustees, who shall be members or retired from the
7 Kentucky Employees Retirement System, elected by the members and retired
8 members of the Kentucky Employees Retirement System; and

9 ~~(d)~~~~(e)~~ Five (5)~~Six (6)~~ trustees, appointed by the Governor of the
10 Commonwealth. Of the five (5)~~six (6)~~ trustees appointed by the Governor:

11 1. ~~One (1) trustee shall be knowledgeable about the impact of pension~~
12 ~~requirements on local governments;~~

13 ~~2.~~ One (1) trustee shall be appointed from a list of three (3) applicants
14 submitted by the Kentucky League of Cities;

15 ~~2.~~~~3.~~ One (1) trustee shall be appointed from a list of three (3) applicants
16 submitted by the Kentucky Association of Counties;

17 ~~3.~~~~4.~~ One (1) trustee shall be appointed from a list of three (3) applicants
18 submitted by the Kentucky School Boards Association; and

19 ~~4.~~~~5.~~ Two (2) trustees shall have investment experience. For purposes of this
20 subparagraph, a trustee with "investment experience" means an
21 individual who does not have a conflict of interest, as provided by KRS
22 61.655, and who has at least ten (10) years of experience in one (1) of
23 the following areas of expertise:

24 a. A portfolio manager acting in a fiduciary capacity;

25 b. A professional securities analyst or investment consultant;

26 c. A current or retired employee or principal of a trust institution,
27 investment or finance organization, or endowment fund acting in

- 1 an investment-related capacity;
- 2 d. A chartered financial analyst in good standing as determined by the
- 3 CFA Institute; or
- 4 e. A university professor, teaching ~~economics or~~ investment-related
- 5 studies; ~~or~~
- 6 f. ~~Any other professional with exceptional experience in the field of~~
- 7 ~~public or private finances~~.

- 8 (2) The board is hereby granted the powers and privileges of a corporation, including
- 9 but not limited to the following powers:
- 10 (a) To sue and be sued in its corporate name;
- 11 (b) To make bylaws not inconsistent with the law;
- 12 (c) To conduct the business and promote the purposes for which it was formed;
- 13 (d) To contract for investment counseling, actuarial, auditing, medical, and other
- 14 professional or technical services as required to carry out the obligations of
- 15 the board subject to ~~[without limitation, notwithstanding]~~ the provisions of
- 16 KRS Chapters 45, 45A, 56, and 57;
- 17 (e) To purchase fiduciary liability insurance;
- 18 (f) To acquire, hold, sell, dispose of, pledge, lease, or mortgage, the goods or
- 19 property necessary to exercise the board's powers and perform the board's
- 20 duties subject to the provisions ~~[without limitation, notwithstanding the~~
- 21 ~~limitations]~~ of KRS Chapters 45, 45A, and 56; and
- 22 (g) The board shall reimburse any trustee, officer, or employee for any legal
- 23 expense resulting from a civil action arising out of the performance of his
- 24 official duties.
- 25 (3) (a) Notwithstanding the provisions of subsection (1) of this section, each trustee
- 26 shall serve a term of four (4) years or until his successor is duly qualified
- 27 except as otherwise provided in this section. An elected trustee or a trustee

1 appointed by the Governor under subsection ~~(1)(d)(1)(e)~~ of this section,
2 shall not serve more than three (3) consecutive four (4) year terms. An elected
3 trustee or a trustee appointed by the Governor under subsection ~~(1)(d)(1)(e)~~
4 of this section, who has served three (3) consecutive terms may be elected or
5 appointed again after an absence of four (4) years from the board.

6 (b) The term limits established by paragraph (a) of this subsection shall apply to
7 trustees serving on or after July 1, 2012, and all terms of office served prior to
8 July 1, 2012, shall be used to determine if the trustee has exceeded the term
9 limits provided by paragraph (a) of this subsection.

10 (4) (a) The trustees selected by the membership of each of the various retirement
11 systems shall be elected by ballot. For each trustee to be elected, the board
12 may nominate, not less than six (6) months before a term of office of a trustee
13 is due to expire, three (3) constitutionally eligible individuals.

14 (b) Individuals may be nominated by the retirement system members which are to
15 elect the trustee by presenting to the executive director, not less than four (4)
16 months before a term of office of a trustee is due to expire, a petition, bearing
17 the name, last four digits of the Social Security number, and signature of no
18 less than one-tenth (1/10) of the number voting in the last election by the
19 retirement system members.

20 (c) Within four (4) months of the nominations made in accordance with
21 paragraphs (a) and (b) of this subsection, the executive director shall cause to
22 be prepared an official ballot. The ballot shall carry the name, address, and
23 position title of each individual nominated by the board and by petition.
24 Provisions shall also be made for write-in votes.

25 (d) The ballots shall be distributed to the eligible voters by mail to their last
26 known residence address.

27 (e) The ballots shall be addressed to the Kentucky Retirement Systems in care of

1 a predetermined box number at a United States Post Office located within
2 Kentucky. Access to this post office box shall be limited to the board's
3 contracted auditing firm. The individual receiving a plurality of votes shall be
4 declared elected.

5 (f) The eligible voter shall cast his ballot by checking a square opposite the name
6 of the candidate of his choice. He shall sign and mail the ballot at least thirty
7 (30) days prior to the date the term to be filled is due to expire. The latest
8 mailing date shall be printed on the ballot.

9 (g) The board's contracted auditing firm shall report in writing the outcome to the
10 chair of the board of trustees. Cost of an election shall be payable from the
11 funds of the system for which the trustee is elected.

12 (h) For purposes of this subsection, an eligible voter shall be a person who was a
13 member of the retirement system on December 31 of the year preceding the
14 election year.

15 (i) Each individual who submits a request to be nominated by the board under
16 paragraph (a) of this subsection and each individual who is nominated by the
17 membership under paragraph (b) of this subsection shall:

18 1. Complete an application developed by the retirement systems which
19 shall include but not be limited to a disclosure of any prior felonies and
20 any conflicts of interest that would hinder the individual's ability to
21 serve on the board;

22 2. Submit a resume detailing the individual's education and employment
23 history and a cover letter detailing the member's qualifications for
24 serving as trustee to the board; and

25 3. Authorize the systems to have a criminal background check performed.
26 The criminal background check shall be performed by the Department of
27 Kentucky State Police.

- 1 (5) Any vacancy which may occur in an appointed position shall be filled in the same
 2 manner which provides for the selection of the particular trustee, and any vacancy
 3 which may occur in an elected position shall be filled by appointment by a majority
 4 vote of the remaining elect trustees with a person selected from the system in
 5 which the vacancy occurs[-, and if the secretary of the Personnel Cabinet resigns his
 6 position as trustee, it shall be filled by appointment made by the Governor];
 7 however, any vacancy shall be filled only for the duration of the unexpired term. In
 8 the event of a vacancy of an elected trustee, Kentucky Retirement Systems shall
 9 notify members of the system in which the vacancy occurs of the vacancy and
 10 opportunity to be considered for the vacant position. Any vacancy shall be filled
 11 within ninety (90) days of the position becoming vacant.
- 12 (6) (a) Membership on the board of trustees shall not be incompatible with any other
 13 office unless a constitutional incompatibility exists. No trustee shall serve in
 14 more than one (1) position as trustee on the board; and if a trustee holds more
 15 than one (1) position as trustee on the board, he shall resign a position.
- 16 (b) A trustee shall be removed from office upon conviction of a felony or for a
 17 finding of a violation of any provision of KRS 11A.020 or 11A.040 by a court
 18 of competent jurisdiction.
- 19 (c) A current or former employee of Kentucky Retirement Systems shall not be
 20 eligible to serve as a member of the board.
- 21 (7) Trustees [~~who do not otherwise receive a salary from the State Treasury~~] shall
 22 receive a per diem of eighty dollars (\$80) for each day they are in session or on
 23 official duty, and they shall be reimbursed for their actual and necessary expenses in
 24 accordance with state administrative regulations and standards.
- 25 (8) (a) The board shall meet at least once in each quarter of the year and may meet in
 26 special session upon the call of the chair or the executive director.
- 27 (b) The board shall elect a chair and a vice chair. The chair shall not serve more

1 than four (4) consecutive years as chair or vice-chair of the board. The vice-
2 chair shall not serve more than four (4) consecutive years as chair or vice-
3 chair of the board. A trustee who has served four (4) consecutive years as
4 chair or vice-chair of the board may be elected chair or vice-chair of the board
5 after an absence of two (2) years from the positions.

6 (c) A majority of the trustees shall constitute a quorum and all actions taken by
7 the board shall be by affirmative vote of a majority of the trustees present.

8 **(d) Trustees shall not contribute to or earn benefits in the systems administered**
9 **by Kentucky Retirement Systems for their service to the board. The**
10 **provisions of this paragraph shall not prohibit a board member from**
11 **contributing or earning benefits in the systems administered by Kentucky**
12 **Retirement Systems for other covered employment through another**
13 **participating Kentucky Retirement Systems agency.**

14 (9) (a) The board of trustees shall appoint or contract for the services of an executive
15 director and fix the compensation and other terms of employment for this
16 position without limitation of the provisions of KRS ~~Chapter~~~~Chapters~~ 18A~~]~~
17 ~~and 45A]~~ and KRS 64.640. The executive director shall be the chief
18 administrative officer of the board.

19 (b) The board of trustees shall authorize the executive director to appoint the
20 employees deemed necessary to transact the business of the system. For an
21 appointee deemed to be in a policy-making position, the board shall determine
22 the compensation and other terms of employment for the policy-making
23 position without limitation of the provisions of KRS Chapter 18A. Anything
24 in the Kentucky Revised Statutes to the contrary notwithstanding, the power
25 over and control of determining and maintaining an adequate complement of
26 employees shall be under the exclusive jurisdiction of the board of trustees.

27 (c) Effective December 1, 2002, all employees of the Kentucky Retirement

- 1 Systems shall be transferred to a personnel system adopted by the board.
2 Employees of Kentucky Retirement Systems covered by the personnel system
3 adopted by the board shall be:
- 4 1. Provided the same health insurance coverage as all other state
5 government employees as provided in KRS 18A.225;
 - 6 2. Eligible to participate in the deferred compensation system provided for
7 all state government employees as provided in KRS 18A.250 to
8 18A.265;
 - 9 3. Provided the same life insurance coverage provided all state employees
10 as provided in KRS 18A.205 to 18A.215;
 - 11 4. Reimbursed for all reasonable and necessary travel expenses and
12 disbursements incurred or made in the performance of official duties in
13 accordance with KRS Chapter 45;
 - 14 5. Ensured equal employment opportunity regardless of race, color, gender,
15 religion, national origin, disability, sexual orientation, or age;
 - 16 6. Given those holidays and rights granted to state employees as provided
17 in KRS 18A.190;
 - 18 7. Paid a salary not less than the salary paid as of the date of transfer to the
19 personnel system, unless voluntarily demoted or involuntarily demoted
20 for cause;
 - 21 8. Credited with all accumulated sick leave, compensatory time, and
22 annual leave accumulated in accordance with KRS Chapter 18A, and for
23 an employee leaving service, the system shall attest to the employee's
24 accumulated sick leave, compensatory time, and annual leave which
25 shall be credited with other state and county employers to the extent
26 provided for by statute or policy. The Kentucky Retirement Systems
27 may, at the discretion of the board, accept from other state and county

1 employers all accumulated sick leave, compensatory time, and annual
2 leave for an employee leaving a state or county employer and accepting
3 employment with the Kentucky Retirement Systems. The executive
4 branch shall accept from the Kentucky Retirement Systems all
5 accumulated sick leave, compensatory time, and annual leave for an
6 employee leaving the Kentucky Retirement Systems and accepting
7 employment with the executive branch. The Kentucky Retirement
8 Systems shall accept from the executive branch all accumulated sick
9 leave, compensatory time, and annual leave for an employee leaving the
10 executive branch and accepting employment with the Kentucky
11 Retirement Systems;

12 9. Classified with status upon transfer to the personnel system on
13 December 1, 2002, if the employee was classified with status as a merit
14 employee under KRS Chapter 18A. Any employee of the Kentucky
15 Retirement Systems transferred on December 1, 2002, during the
16 probationary period before earning classified status as a merit system
17 employee under KRS Chapter 18A shall transfer all accrued
18 probationary time and the time shall be credited to the probationary time
19 required to attain classified status in the personnel system;

20 10. Ensured a grievance appeal procedure and the employee's right to have a
21 representative present at each step of the grievance procedure; and

22 11. Ensured of the right of appeal in a manner consistent with the provisions
23 of KRS 18A.095 to the Kentucky Personnel Board and employees
24 classified with status in the personnel system shall not be dismissed,
25 demoted, suspended, or otherwise penalized except for cause.

26 (d) The board shall adopt by administrative regulation a fair, equitable, and
27 comprehensive personnel policy with a minimum of the following provisions

1 for the personnel system:

- 2 1. A code of conduct including provisions describing performance of
3 duties, abuse of position, conflicts of interest, and outside employment;
- 4 2. An appointments plan including provisions describing the appointing
5 authority, appointments, equal employment policy, sexual harassment
6 policy, and drug-free workplace policy;
- 7 3. A classification plan including provisions describing class
8 specifications, position actions, and employee actions;
- 9 4. A compensation plan based on qualifications, experience, and
10 responsibilities and including provisions which describe a salary
11 schedule, salary adjustments, salary advancements, and an employee
12 suggestion program, except that effective July 1, 2017, and thereafter,
13 the annual salary adjustments provided to employees shall not exceed
14 the value provided to employees covered by the personnel system
15 established by KRS Chapter 18A;
- 16 5. Separations, disciplinary actions, and appeal policies including
17 provisions describing classified with status, exemptions from classified
18 with status, lay-offs, abolishment of position, dismissals and notification
19 of dismissal, dismissals during probationary period, disciplinary actions,
20 right of appeal, grievance and appeal procedures, and an employee
21 grievance and appeal committee;
- 22 6. Service and benefits regulations including provisions describing hours of
23 work, fringe benefits, workers' compensation, payroll deductions,
24 holidays, inclement weather days, compensatory time, retirement,
25 resignations, employee evaluations, and political activities; and
- 26 7. Leave policies including provisions describing special leave, annual
27 leave, court leave and jury duty, military leave, voting leave, educational

1 leave, sick leave, family medical leave, leave without pay, absence
2 without leave, and blood donation leave.

3 (e) The board shall require the executive director and the employees as it thinks
4 proper to execute bonds for the faithful performance of their duties
5 notwithstanding the limitations of KRS Chapter 62.

6 (f) The board shall establish a system of accounting.

7 (g) The board shall do all things, take all actions, and promulgate all
8 administrative regulations, not inconsistent with the provisions of KRS 16.505
9 to 16.652, 61.510 to 61.705, and 78.510 to 78.852, necessary or proper in
10 order to carry out the provisions of KRS 16.505 to 16.652, 61.510 to 61.705,
11 and 78.510 to 78.852. Notwithstanding any other evidence of legislative
12 intent, it is hereby declared to be the controlling legislative intent that the
13 provisions of KRS 16.505 to 16.652, 61.510 to 61.705, and 78.510 to 78.852
14 conform with federal statute or regulation and meet the qualification
15 requirements under 26 U.S.C. sec. 401(a), applicable federal regulations, and
16 other published guidance. Provisions of KRS 16.505 to 16.652, 61.510 to
17 61.705, and 78.510 to 78.852 which conflict with federal statute or regulation
18 or qualification under 26 U.S.C. sec. 401(a), applicable federal regulations,
19 and other published guidance shall not be available. The board shall have the
20 authority to promulgate administrative regulations to conform with federal
21 statute and regulation and to meet the qualification requirements under 26
22 U.S.C. sec. 401(a), including an administrative regulation to comply with 26
23 U.S.C. sec. 401(a)(9). The board shall have the authority to promulgate an
24 administrative regulation to comply with any consent decrees entered into by
25 the board in Civil Action No. 3:99CV500(C) in order to bring the systems into
26 compliance with the Age Discrimination in Employment Act, 29 U.S.C.
27 Section 621, et seq., as amended.

- 1 (10) All employees of the board shall serve during its will and pleasure. Notwithstanding
2 any statute to the contrary, employees shall not be considered legislative agents
3 under KRS 6.611.
- 4 (11) The Attorney General, or an assistant designated by him, may attend each meeting
5 of the board and may receive the agenda, board minutes, and other information
6 distributed to trustees of the board upon request. The Attorney General may act as
7 legal adviser and attorney for the board, and the board may contract for legal
8 services, notwithstanding the limitations of KRS Chapter 12 or 13B.
- 9 (12) (a) The system shall publish an annual financial report showing all receipts,
10 disbursements, assets, and liabilities. The annual report shall include a copy of
11 an audit conducted in accordance with generally accepted auditing standards.
12 Except as provided by paragraph (b) of this subsection, the board may select
13 an independent certified public accountant or the Auditor of Public Accounts
14 to perform the audit. If the audit is performed by an independent certified
15 public accountant, the Auditor of Public Accounts shall not be required to
16 perform an audit pursuant to KRS 43.050(2)(a), but may perform an audit at
17 his discretion. All proceedings and records of the board shall be open for
18 inspection by the public. The system shall make copies of the audit required
19 by this subsection available for examination by any member, retiree, or
20 beneficiary in the office of the executive director of the Kentucky Retirement
21 Systems and in other places as necessary to make the audit available to all
22 members, retirees, and beneficiaries. A copy of the annual audit shall be sent
23 to the Legislative Research Commission no later than ten (10) days after
24 receipt by the board.
- 25 (b) At least once every five (5) years, the Auditor of Public Accounts shall
26 perform the audit described by this subsection, and the system shall reimburse
27 the Auditor of Public Accounts for all costs of the audit. The Auditor of

1 Public Accounts shall determine which fiscal year during the five (5) year
2 period the audit prescribed by this paragraph will be completed.

3 (13) All expenses incurred by or on behalf of the system and the board in the
4 administration of the system during a fiscal year shall be paid from the retirement
5 allowance account. Any other statute to the contrary notwithstanding, authorization
6 for all expenditures relating to the administrative operations of the system shall be
7 contained in the biennial budget unit request, branch budget recommendation, and
8 the financial plan adopted by the General Assembly pursuant to KRS Chapter 48.

9 (14) Any person adversely affected by a decision of the board, except as provided under
10 subsection (16) of this section or KRS 61.665, involving KRS 16.505 to 16.652,
11 61.510 to 61.705, and 78.510 to 78.852, may appeal the decision of the board to the
12 Franklin Circuit Court within sixty (60) days of the board action.

13 (15) (a) A trustee shall discharge his duties as a trustee, including his duties as a
14 member of a committee:

- 15 1. In good faith;
- 16 2. On an informed basis; and
- 17 3. In a manner he honestly believes to be in the best interest of the
18 Kentucky Retirement Systems.

19 (b) A trustee discharges his duties on an informed basis if, when he makes an
20 inquiry into the business and affairs of the Kentucky Retirement Systems or
21 into a particular action to be taken or decision to be made, he exercises the
22 care an ordinary prudent person in a like position would exercise under similar
23 circumstances.

24 (c) In discharging his duties, a trustee may rely on information, opinions, reports,
25 or statements, including financial statements and other financial data, if
26 prepared or presented by:

- 27 1. One (1) or more officers or employees of the Kentucky Retirement

- 1 Systems whom the trustee honestly believes to be reliable and competent
2 in the matters presented;
- 3 2. Legal counsel, public accountants, actuaries, or other persons as to
4 matters the trustee honestly believes are within the person's professional
5 or expert competence; or
- 6 3. A committee of the board of trustees of which he is not a member if the
7 trustee honestly believes the committee merits confidence.
- 8 (d) A trustee shall not be considered as acting in good faith if he has knowledge
9 concerning the matter in question that makes reliance otherwise permitted by
10 paragraph (c) of this subsection unwarranted.
- 11 (e) Any action taken as a trustee, or any failure to take any action as a trustee,
12 shall not be the basis for monetary damages or injunctive relief unless:
- 13 1. The trustee has breached or failed to perform the duties of the trustee's
14 office in compliance with this section; and
- 15 2. In the case of an action for monetary damages, the breach or failure to
16 perform constitutes willful misconduct or wanton or reckless disregard
17 for human rights, safety, or property.
- 18 (f) A person bringing an action for monetary damages under this section shall
19 have the burden of proving by clear and convincing evidence the provisions of
20 paragraph (e)1. and 2. of this subsection, and the burden of proving that the
21 breach or failure to perform was the legal cause of damages suffered by the
22 Kentucky Retirement Systems.
- 23 (g) Nothing in this section shall eliminate or limit the liability of any trustee for
24 any act or omission occurring prior to July 15, 1988.
- 25 (h) In discharging his or her administrative duties under this section, a trustee
26 shall strive to administer the retirement system in an efficient and cost-
27 effective manner for the taxpayers of the Commonwealth of Kentucky.

1 (16) When an order by the system substantially impairs the benefits or rights of a
2 member, retired member, or recipient, except action which relates to entitlement to
3 disability benefits, or when an employer disagrees with an order of the system as
4 provided by KRS 61.598, the affected member, retired member, recipient, or
5 employer may request a hearing to be held in accordance with KRS Chapter 13B.
6 The board may establish an appeals committee whose members shall be appointed
7 by the chair and who shall have authority to act upon the recommendations and
8 reports of the hearing officer on behalf of the board. The member, retired member,
9 recipient, or employer aggrieved by a final order of the board following the hearing
10 may appeal the decision to the Franklin Circuit Court, in accordance with KRS
11 Chapter 13B.

12 (17) The board shall give the Kentucky Education Support Personnel Association
13 twenty-four (24) hours notice of the board meetings, to the extent possible.

14 (18) The board shall establish a formal trustee education program for all trustees of the
15 board. The program shall include but not be limited to the following:

16 (a) A required orientation program for all new trustees elected or appointed to the
17 board. The orientation program shall include training on:

- 18 1. Benefits and benefits administration;
- 19 2. Investment concepts, policies, and current composition and
20 administration of retirement systems investments;
- 21 3. Laws, bylaws, and administrative regulations pertaining to the
22 retirement systems and to fiduciaries; and
- 23 4. Actuarial and financial concepts pertaining to the retirement systems.

24 If a trustee fails to complete the orientation program within one (1) year from
25 the beginning of his or her first term on the board, the retirement systems shall
26 withhold payment of the per diem and travel expenses due to the board
27 member under this section and KRS 16.640 and 78.780 until the trustee has

- 1 completed the orientation program;
- 2 (b) Annual required training for board members on the administration, benefits,
3 financing, and investing of the retirement systems. If a trustee fails to
4 complete the annual required training during the calendar or fiscal year, the
5 retirement systems shall withhold payment of the per diem and travel
6 expenses due to the board member under this section and KRS 16.640 and
7 78.780 until the board member has met the annual training requirements; and
- 8 (c) The retirement systems shall incorporate by reference in an administrative
9 regulation, pursuant to KRS 13A.2251, the trustee education program.
- 10 (19) In order to improve public transparency regarding the administration of the systems,
11 the board of trustees shall adopt a best practices model by posting the following
12 information to the retirement systems' Web site and shall make available to the
13 public:
- 14 (a) Meeting notices and agendas for all meetings of the board. Notices and
15 agendas shall be posted to the retirement systems' Web site at least seventy-
16 two (72) hours in advance of the board or committee meetings, except in the
17 case of special or emergency meetings as provided by KRS 61.823;
- 18 (b) The Comprehensive Annual Financial Report with the information as follows:
- 19 1. A general overview and update on the retirement systems by the
20 executive director;
- 21 2. A listing of the board of trustees;
- 22 3. A listing of key staff;
- 23 4. An organizational chart;
- 24 5. Financial information, including a statement of plan net assets, a
25 statement of changes in plan net assets, an actuarial value of assets, a
26 schedule of investments, a statement of funded status and funding
27 progress, and other supporting data;

- 1 6. Investment information, including a general overview, a list of the
2 retirement system's professional consultants, a total return on retirement
3 systems investments over a historical period, an investment summary,
4 contracted investment management expenses, transaction commissions,
5 and a schedule of investments;
- 6 7. The annual actuarial valuation report on the pension benefit and the
7 medical insurance benefit; and
- 8 8. A general statistical section, including information on contributions,
9 benefit payouts, and retirement systems' demographic data;
- 10 (c) All external audits;
- 11 (d) All board minutes or other materials that require adoption or ratification by
12 the board of trustees. The items listed in this paragraph shall be posted within
13 seventy-two (72) hours of adoption or ratification of the board;
- 14 (e) All bylaws, policies, or procedures adopted or ratified by the board of trustees;
- 15 (f) The retirement systems' summary plan description;
- 16 (g) A document containing an unofficial copy of the statutes governing the
17 systems administered by Kentucky Retirement Systems;
- 18 (h) A listing of the members of the board of trustees and membership on each
19 committee established by the board, including any investment committees;
- 20 (i) All investment holdings **and fees** and commissions for each fund administered
21 by the board. The board shall update the list of holdings **and fees** and
22 commissions on a quarterly basis for fiscal years beginning on or after July 1,
23 2008. **Investment holdings, fees, and commissions shall be disclosed by each**
24 **individual manager, including underlying individual managers in fund of**
25 **funds and individual underlying holdings, and investment fees and**
26 **commissions shall include any profit sharing, carried interest, or any other**
27 **partnership incentive arrangements or agreements;**

- 1 (j) An update of net investment returns, asset allocations, and the performance of
 2 the funds against benchmarks adopted by the board for each fund and for each
 3 asset class administered by the board. The update shall be posted on a
 4 quarterly basis for fiscal years beginning on or after July 1, 2008;
- 5 (k) A searchable database of the systems' expenditures and a listing of each
 6 individual employed by the systems along with the employee's salary or
 7 wages. In lieu of posting the information required by this paragraph to the
 8 systems' Web site, the systems may provide the information through a Web
 9 site established by the executive branch to inform the public about executive
 10 branch agency expenditures and public employee salaries and wages~~. No~~
 11 ~~provision of this paragraph shall require the systems to disclose confidential~~
 12 ~~member information protected under KRS 61.661]; [and]~~
- 13 (l) All contracts or offering documents for services, goods, or property
 14 purchased or utilized by the systems; and
- 15 (m) Information regarding the systems' financial and actuarial condition that is
 16 easily understood by the members, retired members, and the public.
- 17 (20) Notwithstanding the requirements of subsection (19) of this section, the retirement
 18 systems shall not be required to furnish information that is protected under KRS
 19 61.661, exempt under KRS 61.878, or that, if disclosed, would compromise the
 20 retirement systems' ability to competitively invest in real estate or other asset
 21 classes, except that no provision of this section or KRS 61.878 shall exclude
 22 disclosure and review of all contracts, including investment contracts, by the
 23 board, the Auditor of Public Accounts, and the Government Contract Review
 24 Committee established pursuant to KRS 45A.705 or the disclosure of investment
 25 fees and commissions as provided by this section~~[or to competitively negotiate~~
 26 ~~vendor fees].~~
- 27 (21) Notwithstanding any other provision of KRS 16.505 to 16.652, 61.510 to 61.705,

1 and 78.510 to 78.852 to the contrary, no funds of the systems administered by
 2 Kentucky Retirement Systems, including fees and commissions paid to an
 3 investment manager, private fund, or company issuing securities, who manages
 4 systems assets, shall be used to pay fees and commissions to ~~unregulated~~
 5 ~~placement agents~~. For purposes of this subsection, "~~unregulated~~ placement agent"
 6 means **a third-party**~~an~~ individual or firm who solicits investments on behalf of an
 7 investment manager, private fund, or company issuing securities~~, who is prohibited~~
 8 ~~by federal securities laws and regulations promulgated thereunder from receiving~~
 9 ~~compensation for soliciting a government agency~~.

10 ➔Section 4. KRS 61.650 is amended to read as follows:

- 11 (1) (a) The board shall be the trustee of the several funds created by KRS 16.510,
 12 61.515, 61.701, and 78.520, notwithstanding the provisions of any other
 13 statute to the contrary, and shall have exclusive power to invest and reinvest
 14 such funds in accordance with federal law.
- 15 (b) 1. The board shall establish an investment committee whose membership
 16 shall be composed of the following:
- 17 a. The two (2) trustees appointed by the Governor pursuant to
 18 **subsection (1)(d)4. of Section 3 of this Act**~~[KRS 61.645(1)(e)5].~~;
 19 and
- 20 b. **Five (5)**~~Three (3)~~ trustees appointed by the board chair.
- 21 2. The investment committee shall have authority to implement the
 22 investment policies adopted by the board and act on behalf of the board
 23 on all investment-related matters and to acquire, sell, safeguard,
 24 monitor, and manage the assets and securities of the several funds.
- 25 (c) A trustee, officer, employee, or other fiduciary shall discharge duties with
 26 respect to the retirement system:
- 27 1. Solely in the interest of the members and beneficiaries;

- 1 2. For the exclusive purpose of providing benefits to members and
- 2 beneficiaries and paying reasonable expenses of administering the
- 3 system;
- 4 3. With the care, skill, and caution under the circumstances then prevailing
- 5 that a prudent person acting in a like capacity and familiar with those
- 6 matters would use in the conduct of an activity of like character and
- 7 purpose;
- 8 4. Impartially, taking into account any differing interests of members and
- 9 beneficiaries;
- 10 5. Incurring any costs that are appropriate and reasonable; and
- 11 6. In accordance with a good-faith interpretation of the law governing the
- 12 retirement system.

13 *(d) In addition to the standards of conduct prescribed by paragraph (c) of this*
 14 *subsection, all individuals associated with the investment and management*
 15 *of retirement system assets, whether contracted investment advisors, board*
 16 *members, or staff employees, shall adhere to the following codes of conduct*
 17 *promulgated by the CFA Institute:*

- 18 *1. The "Code of Ethics and Standards of Professional Conduct";*
- 19 *2. If the individual is managing retirement system assets, the "Asset*
 20 *Manager Code of Professional Conduct"; and*
- 21 *3. If the individual is a board member, the "Code of Conduct for*
 22 *Members of a Pension Scheme Governing Body."*

23 (2) All securities acquired under authority of KRS 61.510 to 61.705 shall be registered
 24 in the name "Kentucky Retirement Systems" or nominee name as provided by KRS
 25 286.3-225 and every change in registration, by reason of sale or assignment of such
 26 securities, shall be accomplished pursuant to written policies adopted by the board.

27 (3) The board, in keeping with its responsibility as trustee and wherever consistent with

1 its fiduciary responsibilities, shall give priority to the investment of funds in
2 obligation calculated to improve the industrial development and enhance the
3 economic welfare of the Commonwealth.

4 (4) The contents of real estate appraisals, engineering or feasibility estimates, and
5 evaluations made by or for the system relative to the acquisition or disposition of
6 property, until such time as all of the property has been acquired or sold, shall be
7 excluded from the application of KRS 61.870 to 61.884 and shall be subject to
8 inspection only upon order of a court of competent jurisdiction.

9 (5) Based upon market value at the time of purchase, the board shall limit the amount
10 of assets managed by any one (1) active or passive investment manager to fifteen
11 percent (15%) of the assets in the pension and insurance funds.

12 ➔Section 5. KRS 12.020 is amended to read as follows:

13 Departments, program cabinets and their departments, and the respective major
14 administrative bodies that they include are enumerated in this section. It is not intended
15 that this enumeration of administrative bodies be all-inclusive. Every authority, board,
16 bureau, interstate compact, commission, committee, conference, council, office, or any
17 other form of organization shall be included in or attached to the department or program
18 cabinet in which they are included or to which they are attached by statute or statutorily
19 authorized executive order; except in the case of the Personnel Board and where the
20 attached department or administrative body is headed by a constitutionally elected officer,
21 the attachment shall be solely for the purpose of dissemination of information and
22 coordination of activities and shall not include any authority over the functions,
23 personnel, funds, equipment, facilities, or records of the department or administrative
24 body.

25 I. Cabinet for General Government - Departments headed by elected officers:

26 (1) The Governor.

27 (2) Lieutenant Governor.

- 1 (3) Department of State.
- 2 (a) Secretary of State.
- 3 (b) Board of Elections.
- 4 (c) Registry of Election Finance.
- 5 (4) Department of Law.
- 6 (a) Attorney General.
- 7 (5) Department of the Treasury.
- 8 (a) Treasurer.
- 9 (6) Department of Agriculture.
- 10 (a) Commissioner of Agriculture.
- 11 (b) Kentucky Council on Agriculture.
- 12 (7) Auditor of Public Accounts.
- 13 II. Program cabinets headed by appointed officers:
- 14 (1) Justice and Public Safety Cabinet:
- 15 (a) Department of Kentucky State Police.
- 16 (b) Department of Criminal Justice Training.
- 17 (c) Department of Corrections.
- 18 (d) Department of Juvenile Justice.
- 19 (e) Office of the Secretary.
- 20 (f) Office of Drug Control Policy.
- 21 (g) Office of Legal Services.
- 22 (h) Office of the Kentucky State Medical Examiner.
- 23 (i) Parole Board.
- 24 (j) Kentucky State Corrections Commission.
- 25 (k) Office of Legislative and Intergovernmental Services.
- 26 (l) Office of Management and Administrative Services.
- 27 (m) Department for Public Advocacy.

- 1 (2) Education and Workforce Development Cabinet:
- 2 (a) Office of the Secretary.
- 3 1. Governor's Scholars Program.
- 4 2. Governor's School for Entrepreneurs Program.
- 5 (b) Office of Legal and Legislative Services.
- 6 1. Client Assistance Program.
- 7 (c) Office of Communication.
- 8 (d) Office of Budget and Administration.
- 9 1. Division of Human Resources.
- 10 2. Division of Administrative Services.
- 11 (e) Office of Technology Services.
- 12 (f) Office of Educational Programs.
- 13 (g) Office for Education and Workforce Statistics.
- 14 (h) Board of the Kentucky Center for Education and Workforce Statistics.
- 15 (i) Board of Directors for the Center for School Safety.
- 16 (j) Department of Education.
- 17 1. Kentucky Board of Education.
- 18 2. Kentucky Technical Education Personnel Board.
- 19 (k) Department for Libraries and Archives.
- 20 (l) Department of Workforce Investment.
- 21 1. Office for the Blind.
- 22 2. Office of Vocational Rehabilitation.
- 23 3. Office of Employment and Training.
- 24 a. Division of Grant Management and Support.
- 25 b. Division of Workforce and Employment Services.
- 26 c. Division of Unemployment Insurance.
- 27 (m) Foundation for Workforce Development.

- 1 (n) Kentucky Office for the Blind State Rehabilitation Council.
- 2 (o) Kentucky Workforce Investment Board.
- 3 (p) Statewide Council for Vocational Rehabilitation.
- 4 (q) Unemployment Insurance Commission.
- 5 (r) Education Professional Standards Board.
- 6 1. Division of Educator Preparation.
- 7 2. Division of Certification.
- 8 3. Division of Professional Learning and Assessment.
- 9 4. Division of Legal Services.
- 10 (s) Kentucky Commission on the Deaf and Hard of Hearing.
- 11 (t) Kentucky Educational Television.
- 12 (u) Kentucky Environmental Education Council.
- 13 (3) Energy and Environment Cabinet:
- 14 (a) Office of the Secretary.
- 15 1. Office of Legislative and Intergovernmental Affairs.
- 16 2. Office of General Counsel.
- 17 3. Office of Administrative Hearings.
- 18 4. Mine Safety Review Commission.
- 19 5. Kentucky State Nature Preserves Commission.
- 20 6. Kentucky Environmental Quality Commission.
- 21 7. Kentucky Public Service Commission.
- 22 (b) Department for Environmental Protection.
- 23 1. Office of the Commissioner.
- 24 2. Division for Air Quality.
- 25 3. Division of Water.
- 26 4. Division of Environmental Program Support.
- 27 5. Division of Waste Management.

- 1 6. Division of Enforcement.
- 2 7. Division of Compliance Assistance.
- 3 (c) Department for Natural Resources.
- 4 1. Office of the Commissioner.
- 5 2. Division of Technical and Administrative Support.
- 6 3. Division of Mine Permits.
- 7 4. Division of Mine Reclamation and Enforcement.
- 8 5. Division of Abandoned Mine Lands.
- 9 6. Division of Oil and Gas.
- 10 7. Division of Mine Safety.
- 11 8. Division of Forestry.
- 12 9. Division of Conservation.
- 13 10. Office of the Reclamation Guaranty Fund.
- 14 11. Kentucky Mining Board.
- 15 (d) Department for Energy Development and Independence.
- 16 1. Division of Efficiency and Conservation.
- 17 2. Division of Renewable Energy.
- 18 3. Division of Biofuels.
- 19 4. Division of Energy Generation Transmission and Distribution.
- 20 5. Division of Carbon Management.
- 21 6. Division of Fossil Energy Development.
- 22 (4) Public Protection Cabinet.
- 23 (a) Office of the Secretary.
- 24 1. Office of Communications and Public Outreach.
- 25 2. Office of Legal Services.
- 26 a. Insurance Legal Division.
- 27 b. Charitable Gaming Legal Division.

- 1 c. Alcoholic Beverage Control Legal Division.
- 2 d. Housing, Buildings and Construction Legal Division.
- 3 e. Financial Institutions Legal Division.
- 4 (b) Crime Victims Compensation Board.
- 5 (c) Board of Claims.
- 6 (d) Kentucky Board of Tax Appeals.
- 7 (e) Kentucky Boxing and Wrestling Authority.
- 8 (f) Kentucky Horse Racing Commission.
 - 9 1. Division of Licensing.
 - 10 2. Division of Incentives and Development.
 - 11 3. Division of Veterinary Services.
 - 12 4. Division of Security and Enforcement.
- 13 (g) Department of Alcoholic Beverage Control.
 - 14 1. Division of Distilled Spirits.
 - 15 2. Division of Malt Beverages.
 - 16 3. Division of Enforcement.
- 17 (h) Department of Charitable Gaming.
 - 18 1. Division of Licensing and Compliance.
 - 19 2. Division of Enforcement.
- 20 (i) Department of Financial Institutions.
 - 21 1. Division of Depository Institutions.
 - 22 2. Division of Non-Depository Institutions.
 - 23 3. Division of Securities.
- 24 (j) Department of Housing, Buildings and Construction.
 - 25 1. Division of Fire Prevention.
 - 26 2. Division of Plumbing.
 - 27 3. Division of Heating, Ventilation, and Air Conditioning.

- 1 4. Division of Building Code Enforcement.
- 2 (k) Department of Insurance.
- 3 1. Property and Casualty Division.
- 4 2. Health and Life Division.
- 5 3. Division of Financial Standards and Examination.
- 6 4. Division of Agent Licensing.
- 7 5. Division of Insurance Fraud Investigation.
- 8 6. Consumer Protection Division.
- 9 7. Division of Kentucky Access.
- 10 (l) Office of Occupations and Professions.
- 11 (5) Labor Cabinet.
- 12 (a) Office of the Secretary.
- 13 1. Division of Management Services.
- 14 2. Office of General Counsel.
- 15 (b) Office of General Administration and Program Support for Shared
- 16 Services.
- 17 1. Division of Human Resource Management.
- 18 2. Division of Fiscal Management.
- 19 3. Division of Budgets.
- 20 4. Division of Information Services.
- 21 (c) Office of Inspector General for Shared Services.
- 22 (d) Department of Workplace Standards.
- 23 1. Division of Employment Standards, Apprenticeship, and
- 24 Mediation.
- 25 2. Division of Occupational Safety and Health Compliance.
- 26 3. Division of Occupational Safety and Health Education and
- 27 Training.

- 1 4. Division of Workers' Compensation Funds.
- 2 (e) Department of Workers' Claims.
- 3 1. Office of General Counsel for Workers' Claims.
- 4 2. Office of Administrative Law Judges.
- 5 3. Division of Claims Processing.
- 6 4. Division of Security and Compliance.
- 7 5. Division of Information and Research.
- 8 6. Division of Ombudsman and Workers' Compensation Specialist
- 9 Services.
- 10 7. Workers' Compensation Board.
- 11 8. Workers' Compensation Advisory Council.
- 12 9. Workers' Compensation Nominating Commission.
- 13 (f) Workers' Compensation Funding Commission.
- 14 (g) Kentucky Labor-Management Advisory Council.
- 15 (h) Occupational Safety and Health Standards Board.
- 16 (i) Prevailing Wage Review Board.
- 17 (j) Apprenticeship and Training Council.
- 18 (k) State Labor Relations Board.
- 19 (l) Employers' Mutual Insurance Authority.
- 20 (m) Kentucky Occupational Safety and Health Review Commission.
- 21 (6) Transportation Cabinet:
- 22 (a) Department of Highways.
- 23 1. Office of Project Development.
- 24 2. Office of Project Delivery and Preservation.
- 25 3. Office of Highway Safety.
- 26 4. Highway District Offices One through Twelve.
- 27 (b) Department of Vehicle Regulation.

- 1 (c) Department of Aviation.
- 2 (d) Department of Rural and Municipal Aid.
 - 3 1. Office of Local Programs.
 - 4 2. Office of Rural and Secondary Roads.
- 5 (e) Office of the Secretary.
 - 6 1. Office of Public Affairs.
 - 7 2. Office for Civil Rights and Small Business Development.
 - 8 3. Office of Budget and Fiscal Management.
 - 9 4. Office of Inspector General.
- 10 (f) Office of Support Services.
- 11 (g) Office of Transportation Delivery.
- 12 (h) Office of Audits.
- 13 (i) Office of Human Resource Management.
- 14 (j) Office of Information Technology.
- 15 (k) Office of Legal Services.
- 16 (7) Cabinet for Economic Development:
 - 17 (a) Office of the Secretary.
 - 18 1. Office of Legal Services.
 - 19 2. Department for Business Development.
 - 20 a. Office of Entrepreneurship.
 - 21 i. Commission on Small Business Advocacy.
 - 22 b. Office of Research and Public Affairs.
 - 23 c. Bluegrass State Skills Corporation.
 - 24 3. Office of Financial Services.
 - 25 a. Kentucky Economic Development Finance Authority.
 - 26 b. Division of Finance and Personnel.
 - 27 c. Division of Network Administration.

- 1 d. Compliance Division.
- 2 e. Incentive Assistance Division.
- 3 (8) Cabinet for Health and Family Services:
- 4 (a) Office of the Secretary.
- 5 (b) Office of Health Policy.
- 6 (c) Office of Legal Services.
- 7 (d) Office of Inspector General.
- 8 (e) Office of Communications and Administrative Review.
- 9 (f) Office of the Ombudsman.
- 10 (g) Office of Policy and Budget.
- 11 (h) Office of Human Resource Management.
- 12 (i) Office of Administrative and Technology Services.
- 13 (j) Department for Public Health.
- 14 (k) Department for Medicaid Services.
- 15 (l) Department for Behavioral Health, Developmental and Intellectual
- 16 Disabilities.
- 17 (m) Department for Aging and Independent Living.
- 18 (n) Department for Community Based Services.
- 19 (o) Department for Income Support.
- 20 (p) Department for Family Resource Centers and Volunteer Services.
- 21 (q) Kentucky Commission on Community Volunteerism and Service.
- 22 (r) Kentucky Commission for Children with Special Health Care Needs.
- 23 (s) Governor's Office of Electronic Health Information.
- 24 (9) Finance and Administration Cabinet:
- 25 (a) Office of General Counsel.
- 26 (b) Office of the Controller.
- 27 (c) Office of Administrative Services.

- 1 (d) Office of Public Information.
- 2 (e) Office of Policy and Audit.
- 3 (f) Department for Facilities and Support Services.
- 4 (g) Department of Revenue.
- 5 (h) Commonwealth Office of Technology.
- 6 (i) State Property and Buildings Commission.
- 7 (j) Office of Equal Employment Opportunity and Contract Compliance.
- 8 (k) Kentucky ~~[Employees]~~ Retirement Systems.
- 9 (l) Commonwealth Credit Union.
- 10 (m) State Investment Commission.
- 11 (n) Kentucky Housing Corporation.
- 12 (o) Kentucky Local Correctional Facilities Construction Authority.
- 13 (p) Kentucky Turnpike Authority.
- 14 (q) Historic Properties Advisory Commission.
- 15 (r) Kentucky Tobacco Settlement Trust Corporation.
- 16 (s) Kentucky Higher Education Assistance Authority.
- 17 (t) Kentucky River Authority.
- 18 (u) Kentucky Teachers' Retirement System Board of Trustees.
- 19 (v) Executive Branch Ethics Commission.
- 20 (10) Tourism, Arts and Heritage Cabinet:
- 21 (a) Kentucky Department of Travel and Tourism.
- 22 1. Division of Tourism Services.
- 23 2. Division of Marketing and Administration.
- 24 3. Division of Communications and Promotions.
- 25 (b) Kentucky Department of Parks.
- 26 1. Division of Information Technology.
- 27 2. Division of Human Resources.

- 1 3. Division of Financial Operations.
- 2 4. Division of Facilities Management.
- 3 5. Division of Facilities Maintenance.
- 4 6. Division of Customer Services.
- 5 7. Division of Recreation.
- 6 8. Division of Golf Courses.
- 7 9. Division of Food Services.
- 8 10. Division of Rangers.
- 9 11. Division of Resort Parks.
- 10 12. Division of Recreational Parks and Historic Sites.
- 11 (c) Department of Fish and Wildlife Resources.
- 12 1. Division of Law Enforcement.
- 13 2. Division of Administrative Services.
- 14 3. Division of Engineering.
- 15 4. Division of Fisheries.
- 16 5. Division of Information and Education.
- 17 6. Division of Wildlife.
- 18 7. Division of Public Affairs.
- 19 (d) Kentucky Horse Park.
- 20 1. Division of Support Services.
- 21 2. Division of Buildings and Grounds.
- 22 3. Division of Operational Services.
- 23 (e) Kentucky State Fair Board.
- 24 1. Office of Administrative and Information Technology Services.
- 25 2. Office of Human Resources and Access Control.
- 26 3. Division of Expositions.
- 27 4. Division of Kentucky Exposition Center Operations.

- 1 5. Division of Kentucky International Convention Center.
- 2 6. Division of Public Relations and Media.
- 3 7. Division of Venue Services.
- 4 8. Division of Personnel Management and Staff Development.
- 5 9. Division of Sales.
- 6 10. Division of Security and Traffic Control.
- 7 11. Division of Information Technology.
- 8 12. Division of the Louisville Arena.
- 9 13. Division of Fiscal and Contract Management.
- 10 14. Division of Access Control.
- 11 (f) Office of the Secretary.
 - 12 1. Office of Finance.
 - 13 2. Office of Research and Administration.
 - 14 3. Office of Governmental Relations and Tourism Development.
 - 15 4. Office of the Sports Authority.
 - 16 5. Kentucky Sports Authority.
- 17 (g) Office of Legal Affairs.
- 18 (h) Office of Human Resources.
- 19 (i) Office of Public Affairs and Constituent Services.
- 20 (j) Office of Creative Services.
- 21 (k) Office of Capital Plaza Operations.
- 22 (l) Office of Arts and Cultural Heritage.
- 23 (m) Kentucky African-American Heritage Commission.
- 24 (n) Kentucky Foundation for the Arts.
- 25 (o) Kentucky Humanities Council.
- 26 (p) Kentucky Heritage Council.
- 27 (q) Kentucky Arts Council.

- 1 (r) Kentucky Historical Society.
- 2 1. Division of Museums.
- 3 2. Division of Oral History and Educational Outreach.
- 4 3. Division of Research and Publications.
- 5 4. Division of Administration.
- 6 (s) Kentucky Center for the Arts.
- 7 1. Division of Governor's School for the Arts.
- 8 (t) Kentucky Artisans Center at Berea.
- 9 (u) Northern Kentucky Convention Center.
- 10 (v) Eastern Kentucky Exposition Center.
- 11 (11) Personnel Cabinet:
- 12 (a) Office of the Secretary.
- 13 (b) Department of Human Resources Administration.
- 14 (c) Office of Employee Relations.
- 15 (d) Kentucky Public Employees Deferred Compensation Authority.
- 16 (e) Office of Administrative Services.
- 17 (f) Office of Legal Services.
- 18 (g) Governmental Services Center.
- 19 (h) Department of Employee Insurance.
- 20 (i) Office of Diversity and Equality.
- 21 (j) Center of Strategic Innovation.
- 22 III. Other departments headed by appointed officers:
- 23 (1) Council on Postsecondary Education.
- 24 (2) Department of Military Affairs.
- 25 (3) Department for Local Government.
- 26 (4) Kentucky Commission on Human Rights.
- 27 (5) Kentucky Commission on Women.

- 1 (6) Department of Veterans' Affairs.
- 2 (7) Kentucky Commission on Military Affairs.
- 3 (8) Office of Minority Empowerment.
- 4 (9) Governor's Council on Wellness and Physical Activity.

5 ➔Section 6. KRS 18A.035 is amended to read as follows:

- 6 (1) The secretary may from time to time designate in writing an employee of the cabinet
7 to act for him in case of his absence or inability from any cause to discharge the
8 powers and duties of his position. In this case, the powers and duties of the secretary
9 shall devolve upon his designee.
- 10 (2) The secretary may request appropriate persons, including officers and employees in
11 the state service, to assist in the preparation and rating of tests. Department heads
12 shall cooperate to the fullest extent possible in making the services of their
13 employees available for such work.
- 14 (3) (a) The secretary may enter into written agreements with an appointing authority
15 which would provide for the delegation of his authority and power to the
16 appointing authority. The secretary is prohibited from delegating any powers
17 or authority pertaining to disciplinary actions, lay-offs, or registers.
18 (b) All written agreements delegating the secretary's power and authority as
19 provided in paragraph (a) of this subsection shall be specific in nature and
20 renewed annually.
21 (c) A copy of the written agreements shall be forwarded to the Personnel Board.

22 ~~[(4) The secretary shall serve ex officio as a member of the board of trustees of the~~
23 ~~Kentucky Employees Retirement System.]~~

24 ➔Section 7. Notwithstanding Section 3 of this Act or any provision of KRS
25 61.510 to 61.705 to the contrary:

- 26 (1) The changes to the composition of the board of trustees of the Kentucky
27 Retirement Systems shall not take effect until November 1, 2017;

1 (2) Within 30 days following the effective date of this Act, the Kentucky Retirement
2 Systems shall begin notifying members regarding the additional trustees to be elected by
3 members and retired members of the County Employees Retirement System and the
4 Kentucky Employees Retirement System, as provided by Section 3 of this Act. The
5 Kentucky Retirement Systems shall establish an election process to ensure that the
6 election of the new trustees for the County Employees Retirement System and the
7 Kentucky Employees Retirement System under Section 3 of this Act shall be completed
8 no later than November 1, 2017;

9 (3) The trustee elected by the members and retired members of the County
10 Employees Retirement System pursuant to subsection (1)(a) of Section 3 of this Act shall
11 serve an initial term of office beginning on November 1, 2017, and ending on March 31,
12 2021; and

13 (4) The trustee elected by the members and retired members of the Kentucky
14 Employees Retirement System pursuant to subsection (1)(c) of Section 3 of this Act shall
15 serve an initial term of office beginning on November 1, 2017, and ending on March 31,
16 2022.

17 ➔Section 8. Whereas ensuring the Kentucky Retirement Systems are operating
18 without undue political influence and in a transparent manner is important to public
19 employees, public retirees, and taxpayers of the Commonwealth of Kentucky, an
20 emergency is declared to exist, and this Act takes effect upon its passage and approval by
21 the Governor or upon its otherwise becoming law.