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RECORD

County level ag programs give farming a boost

by Rebecca Mullins Hanchett
LRC Public Information

Ten years and nearly \$348 million later, Kentucky agriculture in communities that receive tobacco settlement dollars, and agriculture statewide, is looking up.

“Our communities are more stable because of the extra dollars coming to the communities,” University of Kentucky Extension Agent for Lincoln County Dan Grigson told the Tobacco Settlement Agreement Fund Oversight Committee on May 11. “We feel like the Agricultural Development Fund has had tremendous benefits to Kentucky agriculture and Kentucky’s general economy.”

The 2000 General Assembly created a state board and county-level framework to distribute millions of dollars from a multi-billion-dollar national tobacco settlement between states and

cigarette manufacturers. County extension agents like Grigson are responsible under that law for administering the distribution of that money at the county level.

Some estimate that every tobacco settlement dollar spent returns \$1.85 to \$2 to the state economy, said Grigson. Then there’s the improvement in cattle sales to feed lots in the Midwest which used to refuse Kentucky cattle.

“Today, the folks in the feed lots in the Midwest, they want our cattle,” Grigson said. Today, Kentucky is the largest beef cattle state east of the Mississippi River, he added.

“I feel like the county programs have had a great impact,” he said.

The committee also heard from county extension agents like Jeff Smith of Fleming County, Doug Shepherd of Hardin County and Ted Johnson of Lee



Sen. Paul Hornback, R-Shelbyville, and Rep. Wilson Stone, D-Scottsville, are co-chairs of the legislative Tobacco Settlement Agreement Fund Oversight Committee.

Continued on page 2

Legislative panel hears report on Medicaid management

by Chuck Truesdell
LRC Public Information

An update on three previous reports on Medicaid fraud and cost containment found several shortcoming in the state program’s efforts to combat Medicaid abuse and achieve cost savings, members of the Program Review and Investigations Committee heard during their May 12 meeting.

The three earlier reports – a 2004 report on fraud both by providers and consumers, a 2006 report on information systems, and 2007 report on prescription drug costs — made a total of 56 recommendations to the state Department for Medicaid Services, the Cabinet for Health and Family Services, and the Office of the Attorney General. The draft report heard today reviewed the implementation of those recommendations and revisited their need.

Among the issues with Medicaid management are inadequate administrative staffing and little in the way of cost-benefit analysis, the report stated. Only two percent of the Medicaid budget has gone

toward administrative costs, but less money spent on oversight could be resulting in much more lost through waste, abuse, and fraud.

The state’s employee salary structure could play a role in administrative staffing, Interim Medicaid Commissioner Neville Wise told the panel. Because of limits on employee pay relative to private-sector health care salaries, it may be difficult to recruit administrators with high-level provider or Medicaid experience, he said.

The report also cited the potential need

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Agency capital improvement plans under review

by Rebecca Mullins Hanchett
LRC Public Information

Six state agencies shared their building improvement and other capital improvement plans with the state’s Capital Planning Advisory Board in May to help the board prepare its 2012-2018 Statewide Capital Improvements Plan.

“The major responsibility of this board is to develop a statewide capital improvements plan. We do this every two years,” said board co-chair Sen. Jack Westwood, R-Erlanger. The board is expected to conclude its work on the 2012-2018 plan later this year when it approves and transmits the plan to the heads of all three branches of state government.

What Westwood called the “major undertaking” of developing a statewide agency capital plan included the board’s May 13 review

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Medicaid, from page 1



Sen. Joey Pendleton, D-Hopkinsville, a member of the state legislative Program Review and Investigations Committee, makes a comment during a recent meeting of the committee in Frankfort.

to report suspected fraud, a recommendation from earlier studies.

Many of the report's recommendations are based on best practices and Kentucky law without regard for budgetary or staffing needs. Due to cost issues, executive branch agencies may need to prioritize accordingly, committee staff told lawmakers.

"The whole crux of the report is that there have been numerous reports" whose recommendations have not been implemented, said Senate President Pro Tempore Katie Kratz Stine, R-Southgate. "This is at a time when money is very hard to come by," she added.

Mitchel Denham, director of the Attorney General's Office of Medicaid Fraud and Abuse Control, told legislators that his office had recovered or been awarded \$112 million in the last two federal fiscal years, a return on investment of \$19.65 for every dollar spent on its efforts in that field. Those funds are then channeled back to the state or federal Medicaid programs as appropriate, he said.

The committee will continue its hearings on the report at its June 9 meeting.

Agriculture, from page 1

County, all who have seen growth in their county's agricultural infrastructure over the past decade.

Smith said 19 of the 20 counties in the county extension district that includes Fleming County have farmers markets because of investment in tobacco settlement funds, and 10 of the counties have plots of switchgrass, a plant that is an important component in production of biofuels. The number of beef cattle is up by over 12,500, and farm acreage is on the rise, Smith said.

Similar stories were shared by Johnson and Shepherd.

"The basic infrastructure on our farms has definitely changed," said Shepherd. "You see new barns out there, you see cattle handling facilities."

The purpose of the state and county level funds distributed under the 2000 law is to help once tobacco-dependent counties diversify their agricultural base. Now, with new agricultural infrastructure for hay storage, goat production, cattle handling and other needs, the agents explained that counties are finding it easier to cope with the loss in tobacco income.

Johnson said around 85 percent of the approximately 7,000 people living in the community he serves are involved in agriculture, and that having tobacco settlement dollars for that purpose is helping.

Some lawmakers on the committee suggested that the state and counties look at new funding sources, cautioning that tobacco settlement dollars might not always be there.

"I think we need to be mindful of planning ahead," said Sen. Joey Pendleton, D-Hopkinsville.

Kentucky's county extension agents seem willing to adapt. As University of Kentucky College of Agriculture Dean Scott Smith told the committee, "the agriculture development programs at the county level have changed the jobs of the county agents," adding that there have been over 100,000 "teachable moments" because of the 2000 law.

"I know from experience that we could not have done it without that partnership (with county extension agents)," Committee Co-Chair Sen. Paul Hornback, R-Shelbyville, said. "It took the leadership of Extension to bring people together to get this done."

Capital Planning, from page 1

of agency plans from three cabinets: Economic Development, Tourism, Arts and Heritage, and Transportation. Testimony was also received from the Kentucky River Authority, the School Facilities Construction Commission (SFCC), and the Department for Local Government. Funding totals for proposed projects were included in the reports for each agency, with the most funding proposed for projects through the SFCC.

The total funding request for SFCC for the six-year period is \$675 million for bonding and targeted funding of projects every two years, according to the SFCC capital plan. Authorized bonding will allow the SFCC help local school districts with major renovation or new construction, the plan states, while targeted funds help those school districts that are most in need of additional support.

Projects proposed in the Tourism, Arts, and Heritage Cabinet's six-year plan total over \$622.5 million, with the most projects proposed for the Department of Parks. The Economic Development Cabinet has the next largest proposed project funding total at \$212.3 million for the Kentucky Economic Development Finance Authority, High-Tech Construction/Investment pools and Economic Development Bond program, followed by proposed project funding for the Transportation Cabinet (\$89.8 million), the Kentucky River Authority (\$88 million) to renovate locks and dams and repair several dams, and the Department for Local Government (\$42 million) for the Flood Control Matching Program, the Renaissance on Main Program, and the Community Enhancement Program.

Agencies, board and cabinets not testifying before this board this summer in advance of the 2012-2018 plan's approval either have no projects or use restricted funds for their projects, board staff reports. The Auditor of Public Accounts, Kentucky Higher Education Student Loan Corporation, Kentucky Retirement Systems, Kentucky Lottery Corporation, Office of the Governor and Secretary of State's office are among those entities that will not be testifying.

The board plans to meet next month on Friday, June 17 and once a month from July through September to finish agency plan reviews, said Sen. Westwood.

"We have our work cut out for us over the next four or five months," he said.



Rep. Melvin Henley, D-Murray, co-chair of the state legislative Capital Planning Advisory Board, fields questions during the board's May 13 meeting at the State Capitol Annex.

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CAPITAL PROJECTS AND BOND OVERSIGHT COMMITTEE

Minutes

April 19, 2011

Call to Order and Roll Call

The Capital Projects and Bond Oversight Committee met on Tuesday, April 19, 2011, at 1:00 p.m., in Room 171 of the Capitol Annex. The meeting was called to order, and the secretary called the roll.

Present were:

Members: Senator Bob Leeper, Co-Chair; Representative Jim Glenn, Co-Chair; Senators Tom Buford, Jared Carpenter, and Julian M. Carroll; Representatives Robert R. Damron, Steven Rudy, and Jim Wayne.

Guests: John Hicks, Governor's Office of Policy Management; Sam Ruth, Department for Facilities and Support Services; Charlie Harmon, Department of Education; Charles Bush, Division of Real Property; Sandy Williams and Kasi White, Kentucky Infrastructure Authority; Katie Smith, Cabinet for Economic Development; Tom Howard and Brett Antle, Office of Financial Management; Mike Walters, Morehead State University; and Lisa Collins, School Facilities Construction Commission.

LRC Staff: Kristi Culpepper and Samantha Gange.

Approval of Minutes

Representative Wayne made a motion to approve the minutes of the March 15, 2011, meeting. The motion was seconded and approved by voice vote.

Election of Senate Co-Chair

Kristi Culpepper, Committee Staff Administrator, indicated that pursuant to KRS 45.790, a Co-Chair election was needed for the positions of Senate and House Co-Chairs. Senator Carpenter nominated Senator Leeper for the position of Senate Co-Chair. The motion was seconded by Senator Buford. Senator Buford then made a motion that nominations cease and that Senator Leeper be elected as Senate Co-Chair by acclamation. The motion was seconded by Senator Carroll and approved by voice vote.

Election of House Co-Chair

Representative Damron nominated Representative Glenn for the position of House Co-Chair. The motion was seconded by Representative Wayne. Representative Damron then made a motion that nominations cease and that Representative Glenn be elected House Co-Chair by acclamation. The motion was seconded by Representative Rudy and approved

by voice vote.

Correspondence Items

Representative Glenn asked Ms. Culpepper to discuss correspondence items. Ms. Culpepper said members' folder contained three items of correspondence. The first item of correspondence was a letter from the Kentucky Housing Corporation (KHC) notifying the committee that KHC is structuring a transaction with \$30 million in funding from the US Treasury's New Issue Bond Program, which is expected to close in May.

The next two items of correspondence were from the University of Kentucky (UK) to notify the committee that UK plans to use the Construction Management-at-Risk project delivery method for the Upgrade Student Center Infrastructure and Construct Second New Housing North Campus projects.

Information Items

Ms. Culpepper said members' folders also contained six information items. The first three information items were the quarterly status reports on capital projects for the Finance and Administration Cabinet and the universities that manage their own capital construction programs; the Administrative Office of the Courts; and the Commonwealth Office of Technology. The fourth item of correspondence was a report from Moody's Investors Service explaining its decision to downgrade the state's issuer credit rating to Aa2; the fifth item of correspondence was the Semi-Annual Report of the Kentucky Asset/Liability Commission; and the last items of correspondence were the staff and bond market updates.

University of Louisville (UL) Scientific Research Equipment

Ms. Culpepper said UL was reporting that it has used \$601,000 of federal funds to purchase two unbudgeted items of scientific research equipment for the school's Rapid Prototyping Center and the Speed School of Engineering.

Project Scope Increase from the Finance and Administration Cabinet

Representative Glenn asked John Hicks, Deputy Director, Governor's Office of Policy Management; and Sam Ruth, Commissioner, Department for Facility and Support Services; to present several items. Mr. Hicks said the Finance and Administration Cabinet is requesting approval of a scope increase for the Department of Education (DOE), Enhance Kentucky Statewide Longitudinal Data System

project. The scope increase is \$291,000 with a revised project scope of \$3,169,400. The additional funds will be provided by a US Health and Human Services Head Start grant. The project will provide pre-Kindergarten population data to enhance the longitudinal system architecture from the pre-Kindergarten level through the postsecondary level.

Representative Glenn asked when the system would be fully implemented. Charlie Harmon, Budget Director, DOE; said the primary education system has been fully implemented and the postsecondary education system is currently in progress. He said the scope increase requested is for the pre-Kindergarten system, which will be implemented in the coming months.

Representative Wayne made a motion to approve the scope increase. The motion was seconded by Representative Damron and passed unanimously by roll call vote.

Reports of Pool Projects in Excess of \$600,000 for the Department for Facilities and Support Services.

Mr. Ruth said the first pool project was for the Cooling Tower Replacement, Capital Plaza Tower. The appropriation is \$1,200,000 and is provided from the 2010 Extraordinary Session HB1 (2010-12 Budget) Bond-Funded Maintenance Pool. The existing cooling tower is approximately 40 years-old and continued repairs are no longer economically feasible.

The second pool project was for the Renovation of the Old Surplus Property Building on Barrett Avenue in Frankfort, KY. The appropriation is \$1,500,000 and is provided from the 2008 HB 406 (2008-10 Budget) Bond-Funded Maintenance Pool. Once renovations are made, the Department of Revenue will relocate state employees from leased space into state-owned space.

The third pool project was for the Education Center project (Capitol Grounds Tourism Enhancement). The appropriation is \$988,000 and is provided from the 2006 HB 380 (2006-08 Budget) Bond-Funded Maintenance Pool and the 2008 HB 406 (2008-10 Budget) Bond-Funded Maintenance Pool. As a result of this project, an Education Center will be available for visitors of the capitol campus and will serve as a showcase for green technology.

The fourth pool project was for the Capitol Annex Roof Replacement project. The original project was for

\$1,500,000 and was reported to the committee at its July 2010 meeting, as a project pool in excess of \$600,000. The scope of the project has increased to \$1,650,000 due to some unforeseen conditions such as masonry problems and a deteriorated gypsum deck. The scope increase will be provided from the 2006 HB 380 (2006-08 Budget) Bond-Funded Maintenance Pool and the 2008 HB 406 (2008-10 Budget) Bond-Funded Maintenance Pool. No action is required on pool projects in excess of \$600,000.

Representative Glenn asked what the remaining balances were for the 2006-08 and the 2008-10 Bond-Funded Maintenance Pools. Mr. Hicks said the Finance Cabinet is in the process of finishing out the 2006-08 pools, and near finishing out the 2008-10 pools.

Senator Buford asked if the Bond-Funded Maintenance Pools from all budget cycles, including the most recent one are satisfactory. Mr. Hicks said the pools have allowed the department to do various maintenance and renovation projects that were not included in the budget. However, he indicated that in the areas of Corrections, Mental Health, and Department of Parks the maintenance pools have been insufficient.

Representative Wayne said he is aware that the Capital Plaza Tower is old and has been deteriorating. He asked what the status was on replacing the building. Mr. Ruth said the department has completed a Phase A Design. The replacement of the facility is included as a top priority in the department's capital plan. He indicated funding is needed for the project to move forward.

Report of Lease Renewals with an Annual Cost Exceeding \$100,000

Representative Glenn asked Charles Bush, Director, Division of Real Property, Finance and Administration Cabinet, to report eight lease renewals. Mr. Bush said the first lease renewal was for the Cabinet for Health and Family Services (CHFS) in Montgomery County (PR-2829) for office space with an annual rental cost of \$130,356. The lease is through June 30, 2012 and includes utilities.

The second lease renewal was for the Department for Libraries and Archives in Franklin County (PR-3388) for warehouse space with an annual rental cost of \$192,948. The lease term is through June 30, 2014 and includes utilities.

The third lease renewal was for the Department of Agriculture in Franklin County (PR-3482) for office space with an annual rental cost of \$246,489. The lease term is through June 30, 2014.

The fourth lease renewal was for the CHFS in Franklin County (PR-

3734) for office space with an annual rental cost of \$419,103. The lease term is through June 30, 2014.

The fifth lease renewal was for the Department of Revenue in Franklin County (PR-3747) for office and warehouse space with an annual rental cost of \$181,339. The lease term is through June 30, 2014.

The sixth lease renewal was for the Department of Public Advocacy in Franklin County (PR-3764) for office space with an annual rental cost of \$285,762. The lease term is through June 30, 2014. The seventh lease renewal was for the Department of Agriculture in Franklin County (PR-4505) for office and laboratory space with an annual rental cost of \$182,793. The lease term is through June 30, 2014.

The eighth lease renewal was for the Department of Agriculture in Franklin County (PR-4804) for office and laboratory space with an annual rental cost of \$199,800. The lease term is through June 30, 2014.

In response to a question from Representative Glenn, Mr. Bush said the variance in the cost of square footage pertains to the type of space needed such as office or warehouse space.

Senator Leeper asked why only two of the lease renewals include utilities. Mr. Bush said that some of the older buildings include utilities and the newer ones do not. He said that newer leases do not typically include utilities.

Senator Carroll made a motion to approve the eight lease renewals. The motion was seconded by Representative Damron and approved unanimously by roll call vote.

Kentucky Infrastructure Authority (KIA) Fund B Loans

Representative Glenn asked Sandy Williams, Financial Analyst, KIA, to present several loans. Ms. Williams said the first request was a Fund B loan assumption for the MuniNet Fiber Agency (MFA) in McCracken County. The committee approved the original Fund B loan request at its July 16, 2009, meeting. The MFA is seeking to assume \$2,446,557 in outstanding Infrastructure Revolving Fund B loan debt of the City of Murray as a result of the creation of the MFA. The loan terms will remain the same as with the original loan, 1.57 percent interest rate with a 20 year term.

Discussion of KIA Fund B Loan Assumption for MFA

Representative Damron said he thought that KIA only made loans for water and sewer projects not for broadband projects. Ms. Williams said statutorily KIA has the ability to loan money to governmental agencies such as MFA, which includes electric and broadband. She said several years ago KIA added a section to the Fund

B program that specifically identified broadband and internet usage as an area they would target. KIA has set aside a small amount of funds for that purpose.

Representative Damron asked if KIA currently had Fund B loan applications for water and sewer that KIA is not able to award. Ms. Williams said that the Fund B loan program works on a first come first serve basis. She said KIA is currently able to cover all Fund B loan applications for water and sewer.

Representative Damron said he was concerned about making loans to governmental agencies for internet when there is such a need for water and sewer projects across Kentucky, especially rural areas.

Senator Carroll asked why KIA would fund broadband projects when there is a funding need for water and sewer projects. Ms. Williams said projects such as the one with MFA provide for economic development in certain areas.

In response to a question from Senator Leeper, Ms. Williams said the committee has approved approximately six Fund B loans for broadband or internet projects.

Representative Wayne asked if KIA notifies local governments that funds are available for water and sewer projects. Ms. Williams said KIA provides training sessions for local water and sewer entities across the state throughout the year. Additionally, KIA meets with Area Water Development Councils. For the federally-funded programs an Intended Usage Plan is published and available to the public.

Senator Buford asked if the debt would be guaranteed by the Cities of Murray and Paducah. Kasi White, Financial Analyst, KIA, said that MFA was formed with an interlocal agreement between the two cities. The agreement states that any obligation of the agency is also an obligation of the governmental entity.

In response to a question from Senator Buford, Ms. White said the usage rates are for businesses. She noted that the project would service local governments, libraries, and hospitals. She indicated there is a great need for broadband service for businesses in this area.

Representative Damron asked how much is available in Fund B for broadband projects. Ms. Williams said approximately \$500,000.

KIA Fund B Loans Continued

Ms. Williams said the second request was a \$141,700 Fund B loan for the City of Elkton in Todd County for the West Main, Commerce, and 68/80 Sewer Extension project. The loan term is 20 years with an interest rate of one percent. The required rate increase associated with the project

was approved by the City Council.

Ms. Williams said the third loan request was a \$2,033,947 Fund B loan for the MFA for the Fiber Optic Cable Build Project #1. The loan term is 20 years with an interest rate of two percent.

In response to a question from Representative Glenn, Ms. Williams said local officials have been working hard to provide broadband service to businesses in Western Kentucky.

Senator Carroll made a motion to approve the Fund B loan assumption and the two Fund B loans. The motion was seconded by Representative Wayne. Seven members voted "yes" and one member passed. The motion carried.

KIA Fund F Loans

Ms. Williams said the fourth loan request was a \$2,080,000 Fund F loan for the City of Brandenburg in Meade County for the Water Treatment Plant Upgrade and Expansion project. The loan term is 20 years with an interest rate of two percent.

The fifth loan request was a \$1,633,000 Fund F loan for the Bullock Pen Water District in Grant County for the construction of a 500,000 gallon water storage tank, pump station, new water lines, and replacement water lines. The loan term is 20 years with an interest rate of two percent.

Representative Wayne made a motion to approve the two Fund F loans. The motion was seconded by Representative Damron and passed unanimously by roll call vote.

KIA Grants

Ms. Williams indicated three non-coal development grants authorized by the General Assembly were included in members' folders. No further committee action was needed.

Economic Development (EDB) Pool Grant

Representative Glenn asked Katie Smith, Deputy Commissioner, Department for Financial Incentives, Cabinet for Economic Development, to present two items. Ms. Smith said the first item was a \$500,000 EDB grant to the City of Morgantown for the benefit of Sequa Automotive Group to offset the cost of improving and equipping approximately 60,000 square feet of unused space at its current manufacturing facility. The space will be used to produce automobile airbag inflators. Pursuant to the EDB grant agreement, the company must create 280 new, full-time jobs for Kentucky residents with an average hourly wage of \$12.98, excluding benefits.

Representative Glenn asked who the company will be supplying airbags to and if it was in close proximity to Kentucky. Ms. Smith said she thought Sequa was supplying the airbags to a manufacturing company in Tennessee.

Senator Carroll made a motion

to approve the EDB grant project. The motion was seconded by Representative Wayne and passed unanimously by roll call vote.

EDB Pool Project – Base Realignment and Closure (BRAC)

Ms. Smith said the second item was a \$1,800,000 EDB BRAC grant to the City of Vine Grove for the Highway 313 Sewer Expansion project. The 2010 General Assembly (Extraordinary Session) authorized \$38,495,000 in HB 1 (2010-2012 Budget) of General-Fund supported bond funds for BRAC projects. With this project, the balance of funding provided in the total appropriation for BRAC-related projects will have been allocated. No committee action is needed for BRAC projects.

New Bond Issue – Morehead State University

Representative Glenn asked Tom Howard, Executive Director, and Brett Antle, Deputy Director, Office of Financial Management, to present several items. Mr. Howard said the first item was a new bond issue for Morehead State University General Receipts Bonds, 2011, Series A. The par amount of the bonds is \$5,060,000. Bond proceeds will finance the renovation of East Mignon Residence Hall as authorized in 2010 Extraordinary Session HB 1 (2010-12 Budget).

Representative Glenn asked if this bond issue will affect the tuition rate for students. Mike Walters, Vice President for Administration and Fiscal Services, Morehead State University, said that tuition rates would not be affected by this bond issue.

Representative Wayne made a motion to approve the new bond issue. The motion was seconded by Senator Carroll and passed unanimously by roll call vote.

Follow-up Report for Previously Approved Bond Issue

Mr. Antle said the second item was a follow-up report for Kentucky Asset/Liability Commission Funding Notes, 2011 General Fund First Series (Taxable). Proceeds from this transaction will finance the state's share of obligations owed to the Kentucky Teachers Retirement System (KTRS) Medical Insurance Trust Fund for fiscal years 2011 and 2012 (\$145.9 million and \$122.5 million, respectively). The bond issue was not approved by the committee prior to issuance because the February 2011 meeting was cancelled. No committee action was needed.

In response to a question from Senator Carroll, Mr. Antle indicated no redirections from the pension have yet been made this fiscal year. This transaction funded the amount the state was obligated to pay for fiscal year 2011 and the full-amount obligated for fiscal year 2012.

Senator Carroll asked what the total amount of the transaction was. Mr. Antle said the total amount from this transaction is \$268.4 million. He said there was a \$468 million transaction done last fall that refunded all of the prior loans that had been made from fiscal years 2005 to 2010.

In response to a question from Senator Leeper, Mr. Hicks said this transaction concludes the budgeted plan for fiscal years 2011 and 2012. He said the new statute that creates additional funding streams for KTRS Medical Fund will obviate the need for some of the borrowing that would otherwise be taking place. The medical fund will still require General Fund support over the next few fiscal years, but beyond that the plan will be self-funded.

School Bond Issues

Mr. Antle reported five new bond issues with School Facilities Construction Commission (SFCC) debt service participation for Augusta Independent in Bracken County, Bellevue Independent in Campbell County, Boyle County, Franklin County, and Kenton County.

In response to a question from Representative Wayne, Lisa Collins, School Facilities Construction Commission, said Augusta Independent is a very small school, but she is not sure on the numbers. She said she would provide the information to committee staff.

Senator Carroll made a motion to approve the five new SFCC bond issues. The motion was seconded by Representative Rudy and passed unanimously by roll call vote.

Representative Glenn asked Ms. Culpepper to report new local school district bond issues. Ms. Culpepper said there were seven local school district bond issues with 100 percent locally-funded debt service for Grayson County, Hardin County, Jefferson County, Jessamine County, Kenton County, Paducah Independent in McCracken County, and Pulaski County.

With there being no further business, Representative Rudy made a motion to adjourn the meeting. The motion was seconded and the meeting adjourned at 2:20 p.m.

ADMINISTRATIVE REGULATION REVIEW SUBCOMMITTEE

Minutes of the April Meeting
April 12, 2011

Call to Order and Roll Call

The April meeting of the Administrative Regulation Review Subcommittee was held on Tuesday, April 12, 2011, at 1:00 PM, in Room 149 of the Capitol Annex. Senator Joe Bowen, Chair, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senator Joe Bowen, Co-Chair; Representative Johnny Bell, Co-Chair; Senators David Givens, Alice Forgy Kerr, and Joey Pendleton; Representatives Robert R. Damron, Danny Ford, and Jimmie Lee.

Guests: Sherron Jackson, Rana Johnson, Dennis Taulbee, Council on Postsecondary Education; Sarah Johnson, Sandy Milburn, State Board of Elections; Emily Dennis, Registry of Election Finance; Beau Barnes, Kentucky Teachers' Retirement System; Tom Crawford, David Gordon, DeVon Hankins, Mark Johnson, Bruce Nix, Jamie Shackleford, Finance and Administration Cabinet; Charlotte Beason, Nathan Goldman, Board of Nursing; Ron Brooks, Margaret Everson, Karen Waldrop, Department of Fish and Wildlife; Sandra Gruzesky, Abby Powell, Anshu Singh, Division of Water; Kevin Brown, Kay Kennedy, Department of Education; DJ Wasson, Department of Insurance; Marc A. Guilfoil, Greg Lamb, Tim West, Kentucky Horse Racing Commission; Matt McKinley, Cabinet for Health and Family Services and David Cox, Board of Licensure for Engineers and Land Surveyors.

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

The Administrative Regulation Review Subcommittee met on Tuesday, April 12, 2011, and submits this report:

Administrative Regulations
Reviewed by the Subcommittee:

COUNCIL ON
POSTSECONDARY EDUCATION:
Public Educational Institutions

13 KAR 2:060. Degree program approval; equal opportunity goals. Sherron Jackson, associate vice president; Rana Johnson, chief diversity officer; and Dennis L. Taulbee, general counsel, represented the council.

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 through 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.

KENTUCKY STATE BOARD
OF ELECTIONS: Voting

31 KAR 5:010 & E. Use of the federal write-in absentee ballot in elections for federal office. Sarah Johnson, executive director, and Sandy Milburn, assistant director, represented the board.

In response to a question by Senator Pendleton, Ms. Johnson stated that in 2009 the federal government expanded procedures for overseas voting. This amendment updated voting procedures for compliance with federal standards to allow soldiers who did not get a ballot to vote by "write in" for a primary election.

Senator Pendleton requested that voting requirements for military be simplified.

A motion was made and seconded to approve the following amendments: (1) to amend Section 1 to place terms in alphabetical order; (2) to amend Section 4 to specify how an absent voter may designate a candidate in a primary election; (3) to amend Sections 4, 6, and 7 to comply with the drafting and formatting requirements of KRS Chapter 13A; (4) to amend the RELATES TO paragraph to add a citation; (5) to amend Section 1 to change the term "absent overseas voter" to "absent voter"; (6) to amend Section 1 to add citations to the federal definitions for the terms "absent uniformed services voter" and "overseas voter"; (7) to amend Sections 2 through 6 to conform to the new terms; and (8) to amend Section 3 to add language prohibiting the county board of elections from counting a federal write-in absentee ballot from an "absent uniformed services voter" if it is submitted from within the voter's county of residence. Without objection, and with agreement of the agency, the amendments were approved.

DEPARTMENT OF STATE:
Kentucky Registry of Election
Finance: Practice and Procedure

32 KAR 2:130 & E. Monetary contributions made in a format other than cash, and refunds. Emily Dennis, general counsel, represented the registry.

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

102 KAR 1:178 & E. Investment policies for insurance trust fund. Beau Barnes, deputy executive secretary and general counsel, represented the system.

In response to questions by Senator Pendleton, Mr. Barnes stated that the system retained an outside investment consultant, nationally recognized money managers, and in-house financial analysts. The systems tried to avoid managed risk, which helped minimize losses during the recent recession.

In response to questions by Co-Chair Bell, Mr. Barnes stated that system trustees took oaths regarding fiduciary responsibility and signed statements pertaining to conflicts of interest. They also received annual ethics training. Violations of fiduciary responsibility were subject to the same

civil and criminal penalties as in the private sector.

Department of Revenue: Forms 103 KAR 3:010. General Administrative Forms Manual. David Gordon, executive director, Office of Property Valuation; Bruce Nix, director, Division of Individual Income Tax; and Janine Shackelford, branch manager, Program Improvement/Data Quality Branch, represented the department.

In response to questions by Senator Pendleton, Mr. Gordon stated that 103 KAR 3:010, 3:030, and 3:040 and E updated tax forms and reports. The forms did not impact property valuation administrators, but were mostly for personal tax reporting. Burden to the taxed community would not increase.

In response to a question by Senator Givens, Mr. Gordon stated that 103 KAR 3:010, 3:030, and 3:040 and E streamlined form and report processing.

A motion was made and seconded to approve the following amendments: to amend Sections 1 and 2 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

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

A motion was made and seconded to amend Sections 1 through 3 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

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

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

GENERAL GOVERNMENT CABINET: Board of Nursing: Board

201 KAR 20:059 & E. Advanced practice registered nurse controlled substances prescriptions. Charlotte Beason, executive director, and Nathan Goldman, general counsel, represented the board.

In response to a question by Senator Kerr, Ms. Beason stated that the board voted unanimously to approve the extended time frame for controlled substance prescriptions by advanced practice registered nurses.

Senator Pendleton thanked the board, and physician board members especially, for promulgating this change.

TOURISM, ARTS AND

HERITAGE CABINET: Department of Fish and Wildlife Resources: Fish

301 KAR 1:155. Commercial fishing requirements. Ron Brooks, director, fisheries division; Margaret Everson, assistant attorney general; and Karen Waldrop, wildlife director, represented the department.

In response to questions by Representative Damron, Mr. Brooks stated that comments were received during the public comment period. Commercial fishermen commented on the licensure fee deadline. They preferred that the deadline be extended. Mr. Brooks stated that the deadline was necessary to allow for timely permit processing. Commercial fishermen also wished to include brothers and sisters among immediate family members who could use the commercial fishing license. The department agreed to that change, which was made in the Amended After Comments version. Additionally, commercial fishermen wanted permission to use snagging. The department did not make that change because snagging posed risks to fish populations.

A motion was made and seconded to approve the following amendments: to amend Sections 1, 4, and 5 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Game

301 KAR 2:049. Small game and furbearer hunting and trapping on public areas.

301 KAR 2:178. Deer hunting on Wildlife Management Areas, state parks, and other public lands.

In response to questions by Senator Givens, Dr. Waldrop stated that the changes to this administrative regulation provided for potential additional deer tags, depending on the state park. There had always been some overlap in weaponry seasons, but there had not been confusion among hunters regarding which season it was.

In response to a question by Co-Chair Bowen, Dr. Waldrop stated that the changes would have a positive impact on state parks and state park revenue.

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

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

401 KAR 5:006. Wastewater planning requirements for regional planning agencies. Sandra Gruzsky, director, division of water, and

Anshu Singh, environmental control supervisor, represented the division.

In response to questions by Co-Chair Bell, Ms. Gruzsky stated that aspects of wastewater planning that required engineering expertise required the stamp of a licensed, professional engineer. Nonengineering aspects of planning, such as jurisdictional and legal aspects, did not constitute engineering and did not require the engineer's stamp. Ms. Singh stated that parts of the wastewater planning, such as soil testing, did not require engineering expertise.

EDUCATION AND WORKFORCE DEVELOPMENT CABINET: Kentucky Board of Education: Department of Education: Pupil Transportation

702 KAR 7:125. Pupil attendance. Kevin Brown, general counsel, and Kay Kennedy, director, represented the department.

In response to questions by Representative Damron, Mr. Brown stated that the Local Superintendents Advisory Council was involved in the drafting process. Ms. Kennedy stated that the department also worked with the Division of Pupil Personnel in developing these policies. None of the administrative bodies expressed opposition to the changes.

In response to questions by Senator Givens, Ms. Kennedy stated that attendance recording requirements were amended for clarification regarding what constituted tardiness and what constituted a half day absence. It would not significantly skew attendance comparisons from years prior to and after this amendment.

A motion was made and seconded to approve the following amendments: to amend Sections 1, 5, 7, 9, 14, 15, and 16 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

PUBLIC PROTECTION CABINET: Department of Insurance: Consumer Protection Division: Administration

806 KAR 2:150. Collection fee. D.J. Wasson, staff assistant, represented the division.

In response to questions by Representative Damron, Ms. Wasson stated that the division received comments from the Kentucky Association of Counties and the Kentucky League of Cities. Most comments were supportive of this administrative regulation. Two (2) commenters asked for clarification, which the division made in the Amended After Comments version. Another administrative regulation allowed a tax collection fee up to fifteen (15) percent of the total tax to be collected. The fifteen (15) percent threshold was a statutory provision.

In response to questions by Co-Chair Bell, Ms. Wasson stated that the statute allowed for premium increases that may increase consumer cost. This administrative regulation clarified how to charge the fee and how to refund it, but local jurisdictions determined the cost in accordance with the authorizing statute.

In response to a question by Senator Givens, Ms. Wasson stated that local jurisdictions were required to charge the same percentage among policyholders; however, local jurisdictions may establish exemptions, such as exemptions for churches.

Kentucky Horse Racing Commission: Harness Racing

811 KAR 1:280. Calculation of payouts and distribution of pools. Greg Lamb, supervisor, pari-mutuel wagering, and Timothy West, assistant general counsel, represented the commission.

A motion was made and seconded to approve the following amendments: to amend the RELATES TO paragraph and Sections 1 through 17 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

Quarter Horse, Appaloosa, and Arabian Racing

A motion was made and seconded to approve the following amendments: to amend the RELATES TO paragraph and Sections 1 through 17 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: Office of Inspector General: Division of Public Health Protection and Safety: Radiology

902 KAR 100:010. Definitions for 902 KAR Chapter 100. Matt McKinley, branch manager; Curt Pendergrass, Ph.D.; and Angela Shryock, radiation health specialist, represented the division.

In response to a question by Co-Chair Bell, Mr. McKinley stated that the division issued licenses and provided oversight in the form of inspections.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph to add 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; (3) to amend Section 1 to comply with the drafting and formatting requirements of KRS Chapter 13A; and (4) to amend the REGULATORY IMPACT ANALYSIS

AND TIERING STATEMENT to correct a typographical error. Without objection, and with agreement of the agency, the amendments were approved.

902 KAR 100:021. Disposal of radioactive material.

A motion was made and seconded to approve the following amendments: (1) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to make a technical correction; (2) to amend Sections 2, 3, 4, 6, 7, and 10 to comply with the drafting and formatting requirements of KRS Chapter 13A; and (3) to amend Section 13 to revise material incorporated by reference. Without objection, and with agreement of the agency, the amendments were approved.

902 KAR 100:058. Specific licenses to manufacture, assemble, repair, or distribute products.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO paragraph to correct citations; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to make a technical correction; and (3) to amend Sections 2 through 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.

902 KAR 100:070. Transportation of radioactive material.

A motion was made and seconded to approve the following amendments: to amend Sections 3, 4, 6 through 13, 15, 16, 18, 20, 23, 27, and 28 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

902 KAR 100:072. Use of radionuclides in the health arts.

A motion was made and seconded to approve the following amendments: (1) to amend the RELATES TO and STATUTORY AUTHORITY paragraphs to correct citations; (2) to amend the NECESSITY, FUNCTION, AND CONFORMITY paragraph to make a technical correction; and (3) to amend Sections 2 through 5, 8 through 11, 15, 16, 17, 24, 26, 27, 29, 32, 49, 50, 51, 52, 54, 57, 64 through 68, 70, 71, 73, 77, and 80 to comply with the drafting and formatting requirements of KRS Chapter 13A. Without objection, and with agreement of the agency, the amendments were approved.

902 KAR 100:165. Notices, reports and instructions to employees.

A motion was made and seconded to approve the following amendments: (1) to amend the TITLE; the RELATES TO paragraph; and the NECESSITY, FUNCTION, AND CONFORMITY paragraph to make a technical

corrections; (2) to amend Sections 1, 2, 3, 5, 6, 8, 9, and 10 to comply with the drafting and formatting requirements of KRS Chapter 13A; and (3) to amend Section 10 to revise the form incorporated by reference. Without objection, and with agreement of the agency, the amendments were approved.

Other Business: A moment of silence was observed on behalf of Representative Dewayne Bunch, following injuries he sustained that morning.

Subcommittee staff explained that pursuant to KRS 13A.020, the members of this Subcommittee were appointed March 31 of each odd-numbered years and as vacancies occur in its membership. All current members were re-appointed; however, the Co-Chairs needed to be elected by the membership.

A motion was made by Senator Givens and seconded by Senator Pendleton to nominate Senator Joe Bowen for Senate Co-Chair of the Subcommittee. Senator Bowen accepted the nomination. A motion was made and seconded to cease nominations. Senate members voted unanimously to elect Senator Bowen for Co-Chair.

A motion was made by Representative Lee and seconded by Representative Damron to nominate Representative Johnny Bell for House Co-Chair of the Subcommittee. Representative Bell accepted the nomination. A motion was made and seconded to cease nominations. House members voted unanimously to elect Representative Bell for Co-Chair.

The following administrative regulations were deferred to the May 10, 2011, meeting of the Subcommittee:

FINANCE AND ADMINISTRATION CABINET: Department of Revenue: Forms

103 KAR 3:050. Miscellaneous taxes forms manual.

GENERAL GOVERNMENT CABINET: Board of Dentistry: Board

201 KAR 8:531. Licensure of dentist.

201 KAR 8:561. Licensure of dental hygienists.

Board of Hairdressers and Cosmetologists: Board

201 KAR 12:083. Educational requirements.

PUBLIC PROTECTION CABINET: Kentucky Horse Racing Commission:

Thoroughbred Racing

810 KAR 1:001. Definitions.

810 KAR 1:011. Pari-mutuel wagering.

810 KAR 1:120. Exotic wagering.

Harness Racing

811 KAR 1:005. Definitions.

811 KAR 1:125. Pari-mutuel

wagering.

811 KAR 1:250. Exotic wagering.

Quarter Horse, Appaloosa, and Arabian Racing

811 KAR 2:010. Definitions.

811 KAR 2:060. Pari-mutuel wagering.

811 KAR 2:160. Exotic wagering.

CABINET FOR HEALTH AND FAMILY SERVICES: Department for Community Based Services: Division of Protection and Permanency: Child Welfare

922 KAR 1:420 & E. Child fatality or near fatality investigations.

The Subcommittee adjourned at 2:00 p.m. until May 10, 2011.

GOVERNMENT CONTRACT REVIEW COMMITTEE

Committee Minutes

April 12, 2011

Call to Order and Roll Call

The Government Contract Review Committee met on Tuesday, April 12, 2011, at 10:00 AM, in Room 171 of the Capitol Annex. Kim M. Eisner, Committee Staff Administrator, called the meeting to order, and the secretary called the roll.

Present were:

Members: Senators Julian M. Carroll, Carroll Gibson, Paul Hornback, and Vernie McGaha; Representatives Jesse Crenshaw, Dennis Horlander, Brent Housman, and Brent Yonts.

Guests: Paul Gannoe, Jennifer Linton, Steve Rucker, Terry Stephens, David Holcomb, Jamie Williams, Joe Cowles, Sean Alteri, Shea Hogan, Virginia Carrington, David Gayle, Charles Kendell, Irene Centers, Sandy Fawbush, Charlie Harman, Leslie Mahoney, Larry Clarke, and Representative John Will Stacy.

LRC Staff: Kim Eisner, Matt Ross, and Marlene Rutherford.

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

Ms. Eisner 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 Carroll seconded the nomination. Representative Yonts moved that the nominations cease, Representative Carroll 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 Hornback nominated Senator Vernie McGaha as Co-Chair from the Senate, Senator Gibson seconded the nomination. Senator Carroll moved that the nominations cease, Senator Gibson seconded the motion. Senator Vernie McGaha was elected by acclamation as the Senate Co-Chair of the Government Contract Review Committee.

Co-Chair Horlander assumed the chair and recognized newly appointed member, Representative Housman, replacing Representative Montell, and welcomed him to the committee.

MARCH 2011 DEFERRED LIST

A motion was made by Senator McGaha to approve the following contract: Department for Fish and Wildlife, 1100001700, Missouri Department of Conservation. Senator Hornback seconded the motion, which passed with Representative Yonts electing to abstain (PASS).

A motion was made by Representative Yonts to approve the following contract: University of Kentucky, 4500044591, TreMonti Consulting, LLC. Senator McGaha seconded the motion, which passed without objection.

DEFERRED ITEMS

A motion was made by Representative Yonts to defer the following contracts to the May 2011 meeting of the committee: DEPARTMENT FOR MENTAL HEALTH, DEVELOPMENT DISABILITIES & ADDICTION SERVICES: 1100001294, Crown Services Incorporated; 1100001295, StaffEasy, LLC; 1100001296, Medstaff Healthcare Solutions; 1100001396, Staff Easy, LLC; 1100001397, Crown Services Incorporated; 1100001398, Crown Services Incorporated. Senator Carroll seconded the motion, which passed without objection.

A motion was made by Senator McGaha to defer the following contract to the May 2011 meeting of the committee: WESTERN KENTUCKY UNIVERSITY: 101231, Degy Booking International Incorporated. Representative Yonts seconded the motion, which passed without objection.

A motion was made by Representative Yonts to approve the Minutes of the March 8, 2011, meeting of the committee. Senator McGaha 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 McGaha seconded the motion, which passed without objection.

A motion was made by Representative Yonts to consider as

reviewed,thePersonalServiceContract Amendment List, with exception of those items selected for further review by members of the committee. Senator McGaha 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 McGaha 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 McGaha seconded the motion, which passed without objection.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE REVIEWED WITHOUT OBJECTION:

AUDITOR OF PUBLIC ACCOUNTS, OFFICE OF THE:

Dean Dorton Allen Ford, PLLC, 1100001651.

DEPARTMENT FOR BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES:

St. Claire Medical Center, 1000001929.

DEPARTMENT FOR ENVIRONMENTAL PROTECTION:

Denuke Contracting Services, Incorporated, 1100001594.

EASTERN KENTUCKY UNIVERSITY:

Sturgill, Turner, Barker & Maloney, PLLC, 12-034; Crowe Horwath, LLP, 12-035.

ECONOMIC DEVELOPMENT - OFFICE OF THE SECRETARY:

KMK Consulting Company, 1100001719.

EDUCATION PROFESSIONAL STANDARDS BOARD:

Linda Nickel, 1100001945.

KENTUCKY HIGHER EDUCATION STUDENT LOAN CORPORATION:

Strothman & Company, 11-010.

KENTUCKY LOTTERY CORPORATION:

Jeff Sexton, 1298054.

MURRAY STATE UNIVERSITY:

RubinBrown, LLP, 011-11; Boswell, Sims & Vasseur, PLLC, 012-11.

NORTHERN KENTUCKY UNIVERSITY:

The Sanchez Law Firm, 2012-577.

STATE POLICE, DEPARTMENT OF:

Jack Riley, 1100001746.

TRANSPORTATION CABINET:

W & W Appraisals, 1100001693; American Engineers Incorporated, 1100001840.

UNIVERSITY OF KENTUCKY:

Selge Holding & Ventures, LLC d/ b/a Wheless Partners Executive Search, K11-176; Dell Marketing, L.P., K11-177; Caduceus Medical Development, LLC, K11-178; Helbling & Associates Incorporated, K11-179.

UNIVERSITY OF LOUISVILLE:

Patrick D. Murphy Company, Incorporated, 11-112; Sabak, Wilson & Lingo, Incorporated, 11-114.

WESTERN KENTUCKY UNIVERSITY:

Kerr-Greulich Engineers Incorporated, 101230.

WORKFORCE INVESTMENT, OFFICE OF:

Heitech Services Incorporated, 1100001269; Analytic Insight, 1100001638.

THE FOLLOWING PERSONAL SERVICE AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

ADMINISTRATIVE OFFICE OF THE COURTS:

Littler Mendelson, 1100001232; Chrysalis House Incorporated, 1100001377.

ATTORNEY GENERAL, OFFICE OF THE:

Miner Barnhill & Galland, PC, 1100000737.

CORRECTIONS, DEPARTMENT OF:

Louisville Metro Reentry Task Force Incorporated, 1000001913; Prodigal Ministries Incorporated, 1000003932.

DEPARTMENT FOR AGING & INDEPENDENT LIVING:

Neurobehavioral Resources, Ltd, 1000001694; Eckman Freeman and Associates, 1000001774; Radical Rehabilitation Solutions, LLC, 1000001925.

DEPARTMENT FOR BUSINESS DEVELOPMENT:

Larkin Trade International, LLC, 1000002962.

DEPARTMENT FOR ENVIRONMENTAL PROTECTION:

Keramida Environmental Incorporated, 1000002945.

DEPARTMENT FOR INCOME SUPPORT:

Dr. William Underwood, 1000003691.

DEPARTMENT FOR PUBLIC HEALTH:

Norton Healthcare Incorporated, 0700006664; Park Duvalle Neighborhood Health Center, 0800006809; Mayo Collaborative Services d/b/a Mayo Medical Laboratories, 0800008558; Multi, 0800008863; Kentucky Hospital Research & Education Foundation,

0900011901-1; Kentucky Primary Care Association, Incorporated, 1000000204; Norton Healthcare Incorporated, 1000000482; Kentucky Pharmacists Association, 1000000484; Kentucky Hospital Research & Education Foundation, 1000000519-1; NAPHSIS (National Association for Public Health Statistics and Information Systems), 1000000771; Kentucky Hospital Research & Education Foundation, 1000001961; Heartland Cares Incorporated, 1100000121.

EDUCATION, DEPARTMENT OF:

Edgar Pete Miller, 1000002535; Kentucky Science & Technology Corporation, 1000003001.

FINANCE AND ADMINISTRATION CABINET - DIVISION OF ENGINEERING:

Third Rock Consultants, LLC, 0600002722; Hastings & Chivetta Architects, 0700004255; Third Rock Consultants, LLC, 0800007711; EOP Architects, PSC, 0800011002; Staggs & Fisher Consulting Engineers Incorporated, 0900011701; Entran, PLC, 1000000856; HDR Engineering Incorporated, 1000000939; Linebach Funkhouser Incorporated, 1000001607; Ross Tarrant Architects Incorporated, 1100000104; John Milner Associates Incorporated, 1100000253; Omni Architects, 1100001422; Omni Architects, 1100001498; Ross Tarrant Architects, C-06082726.

HIGHER EDUCATION ASSISTANCE AUTHORITY, KENTUCKY:

Halcomb & Wertheim, 1000002885.

JUSTICE CABINET:

Access to Justice Foundation, 1100000586.

KENTUCKY COMMUNITY & TECHNICAL COLLEGE SYSTEM:

Jobs for the Future, 449.

NORTHERN KENTUCKY UNIVERSITY:

Manny Cunnard, 830-11.

PERSONNEL BOARD:

Edward P. Moores, 1000003773; John C. Ryan, 1000003873.

PUBLIC ADVOCACY, DEPARTMENT FOR:

Erwin Wayne Lewis, 1000004210.

TRANSPORTATION CABINET:

TBE Group, 0600002884; American Engineers Incorporated, 0700005389; Municipal Engineering Company, 1000000390; QK4, 1000000838; J. M. Crawford & Associates Incorporated, 1000001105; URS Corporation, 1100001712; HDR Engineering Incorporated, 1100001727; HDR Engineering Incorporated, 1100001906; Florence & Hutcheson, C-01063751-3; Johnson Depp & Quisenberry, C-01192771-4; American Engineers Incorporated,

C-01345595-1; HMB Professional Engineers Incorporated, C-03027186-2; CDP Engineers Incorporated, C-05505738; HMB Professional Engineers Incorporated, C-06042610; H A Spalding Incorporated, C-99005052-6; HNTB Corporation, C-99005232-8; W M B Incorporated, C-99005607-6; Entran, PLC, C-99135245-4.

UNIVERSITY OF KENTUCKY:

Digizel Grafix, LLC, 4500041068; Hewitt Associates Public Sector Consulting, LLC, K11-143; Greenwood/Asher & Associates Incorporated, K11-172.

VETERANS AFFAIRS, DEPARTMENT OF:

Multi, 1000002522.

WESTERN KENTUCKY UNIVERSITY:

Contemporary Services Corporation, 101112.

WORKFORCE INVESTMENT, OFFICE OF:

Corporation for Skilled Workforce Incorporated, 1100000175.

THE FOLLOWING MEMORANDA OF AGREEMENTS WERE REVIEWED WITHOUT OBJECTION:

ADMINISTRATIVE OFFICE OF THE COURTS:

University of Louisville Research Foundation, 1100001913.

DEPARTMENT FOR ENVIRONMENTAL PROTECTION:

University of Kentucky Research Foundation, 1100001694.

DEPARTMENT FOR MEDICAID SERVICES:

Kentucky Housing Corporation, 1000001214.

EDUCATION, DEPARTMENT OF:

Leslie County Board of Education, 1100001662.

FISH & WILDLIFE, DEPARTMENT OF:

Quail Unlimited Incorporated, 1100001636.

INFRASTRUCTURE AUTHORITY:

City of Pikeville, 1100001685; City of Pikeville, 1100001725; City of Salyersville, 1100001841; City of Salyersville, 1100001842; City of Salyersville, 1100001922.

OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT:

Breathitt County Fiscal Court, 1100001619; Wolfe County Fiscal Court, 1100001689; Garrard County Fiscal Court, 1100001695; Fulton County Fiscal Court, 1100001696; City of Ashland, 1100001705; Christian County Fiscal Court, 1100001709; City of Prestonsburg, 1100001732; City of Prestonsburg, 1100001733; Bourbon County Fiscal Court, 1100001738; Carlisle County Fiscal Court, 1100001745; Hardin County

Fiscal Court, 1100001750; Wolfe County Fiscal Court, 1100001771; Boyd County Fiscal Court, 1100001778; Floyd County Fiscal Court, 1100001835; City of Scottsville, 1100001898; City of Elizabethtown, 1100001903; Pike County Fiscal Court, 1100001927; Pike County Fiscal Court, 1100001929; City of Elkton, 1100001933; Hancock County Fiscal Court, 1100001968; Crittenden County Fiscal Court, 1100001970.

THE FOLLOWING MEMORANDA OF AGREEMENT AMENDMENTS WERE REVIEWED WITHOUT OBJECTION:

ADMINISTRATIVE OFFICE OF THE COURTS:

Bluegrass Prevention Center Mental Retardation Board, 1000003202; Seven Counties Services Incorporated, 1000003931; Lifeskills Corporation Offices, 1000003982; Cumberland River Mental Health Mental Retardation Board Incorporated, 1000004083.

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

Multi, 0900011602; Multi, 0900011666.

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

Floyd County Jail, 1000003201; Kentuckianaworks, 1000003774; Louisville Metro Criminal Justice Commission, 1000003906.

DEPARTMENT FOR BEHAVIORAL HEALTH, DEVELOPMENTAL AND INTELLECTUAL DISABILITIES:

Green River Regional Mental Health Mental Retardation Board, 1000001474; Pennyroyal Regional Mental Health Mental Retardation Board, 1000001951.

DEPARTMENT FOR COMMUNITY BASED SERVICES:

Lexington Fayette Urban Division of Community Development, 1000001491; Louisville/Jefferson County Metro Government, 1000001670; Northeast Kentucky Community Action Agency, 1000003092.

DEPARTMENT FOR ENVIRONMENTAL PROTECTION:

Floyd County Board of Education, 0900013112.

DEPARTMENT FOR PUBLIC HEALTH:

Lincoln Trail Area Development District, 1000001756; University of Kentucky Research Foundation, 1000003704; U of L Research Foundation, 1000004082; Murray State University, 1000004097; Western Kentucky University, 1000004098; University of Kentucky Research Foundation, 1000004107; University of Kentucky Research Foundation, 1000004168.

DEPARTMENT OF ENERGY DEVELOPMENT AND

INDEPENDENCE:

University of Kentucky Research Foundation, 1000004216.

EDUCATION, DEPARTMENT OF:

Jefferson County Board of Education, 1000001898; Barren County Board of Education, 1000002592; Allen County Board of Education, 1100000128; Bath County Board of Education, 1100000133; Covington Independent Board of Education, 1100000138; Fayette County Board of Education, 1100000140; Grayson County Board of Education, 1100000143; Henderson County Board of Education, 1100000144; Johnson County Board of Education, 1100000147; Trigg County Board of Education, 1100000161; Eastern Kentucky University, 1100000567; Lincoln County Board of Education, 1100000832.

KENTUCKY RIVER AUTHORITY:

U. S. Army Corps of Engineers, 1000002557.

OFFICE OF THE GOVERNOR, DEPARTMENT FOR LOCAL GOVERNMENT:

City of Campbellsville, 0600003119; Bell County Fiscal Court, 0800008598; City of Stanton, 0800009081; Carter County Board of Education, 0800009988; Pulaski County Fiscal Court, 0800011126; Carter County Board of Education, 0800011145; Hopkins County Fiscal Court, 0800011193; Lincoln County Fiscal Court, 0900011621; Hopkins County Fiscal Court, 0900013164; Hopkins County Fiscal Court, 1000000603; Green River Regional Independent Development Authority, 1000001489; Hopkins County Fiscal Court, 1000001524; Bell County Fiscal Court, 1000001762; Hopkins County Fiscal Court, 1000001770; Jackson County Fiscal Court, 1000002631; Daviess County Fiscal Court, 1000003091; Daviess County Fiscal Court, 1000003213; Daviess County Fiscal Court, 1000003214.

T R A N S P O R T A T I O N CABINET:

National Highway Institute, 1100001140.

THE FOLLOWING PERSONAL SERVICE CONTRACTS WERE SELECTED FOR FURTHER REVIEW:

FINANCE AND ADMINISTRATION CABINET - DIVISION OF ENGINEERING:

Stantec Consulting Services Incorporated, 1100001637. Paul Gannoe and Jennifer Linton 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 Gibson and Hornback voting NO and Representative Housman electing to

abstain (PASS).

GOVERNORS OFFICE FOR TECHNOLOGY:

Ascher Group, LLC, 1100001691. Steve Rucker and Terry Stephens 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 unanimously.

KENTUCKY COMMUNITY & TECHNICAL COLLEGE SYSTEM:

Company of Experts Incorporated, 484. David Holcomb and Jamie Williams discussed the contract with the committee. A motion was made by Senator McGaha to DISAPPROVE the contract. Senator Gibson seconded the motion. The contract moves forward with Senator Carroll and Representative Horlander voting NO, and Representatives Crenshaw and Yonts electing to abstain (PASS).

PERSONNEL-OFFICE OF THE SECRETARY:

First Onsite, LLC, 1100001964. Joe Cowles 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 unanimously.

THE FOLLOWING MEMORANDUM OF AGREEMENT WAS SELECTED FOR FURTHER REVIEW:

DEPARTMENT FOR ENVIRONMENTAL PROTECTION:

Louisville Metro Waste, 1100001571. Sean Alteri and Shea Hogan discussed the contract with the committee. A motion was made by Senator Hornback to DISAPPROVE the contract, which did not pass with only three members voting YES. A motion was made to consider the contract as reviewed without objection, which passed with Senator Hornback, Senator McGaha, and Representative Housman voting NO.

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

DEPARTMENT FOR COMMUNITY BASED SERVICES:

Bell Whitley Community Action, 1000001360; Louisville/Jefferson County Metro Government, 1000002353. Virginia Carrington and David Gayle discussed the contracts with the committee. A motion was made by Representative Yonts to consider the contracts as reviewed. Senator Carroll seconded the motion, which passed unanimously.

DEPARTMENT FOR PUBLIC HEALTH:

North Key Community Care, 1000001732; Pathways Incorporated, 1000001760; U of L Research Foundation, 1000003921. Charles

Kendell, Irene Centers and Sandy Fawbush discussed the contracts with the committee. A motion was made by Senator McGaha to consider the contracts as reviewed. Representative Yonts seconded the motion, which passed unanimously.

EDUCATION, DEPARTMENT OF:

Larue County Board of Education, 1000002985; Trigg County Board of Education, 1000003602; Pike County Board of Education, 1000003711. Charlie Harman discussed the contracts with the committee. A motion was made by Representative Yonts to consider the contracts as reviewed. Senator Carroll seconded the motion, which passed with Senator McGaha voting NO.

MILITARY AFFAIRS, DEPARTMENT OF:

City of Radcliff, 1000001195. Leslie Mahoney and Larry Clarke 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 unanimously.

EXEMPTION REQUEST

The Kentucky Council on Postsecondary Education requested exemption from Committee review for all Adult Education Programs funded by American Recovery and Reinvestment Act Funds. A motion was by Representative Yonts to defer the request to the May 2011 meeting of the committee.

With no further business before the committee, the meeting adjourned at 11:55 AM.

TOBACCO SETTLEMENT AGREEMENT FUND OVERSIGHT COMMITTEE Minutes April 13, 2011

Call to Order and Roll Call
The meeting of the Tobacco Settlement Agreement Fund Oversight Committee was held on Wednesday, April 13, 2011, at 10:00 AM, in Room 129 of the Capitol Annex. Lowell Atchley, LRC Staff, 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, Dennis Parrett, and Joey Pendleton; Representatives Royce W. Adams, James R. Comer Jr., Tom McKee, Fred Nesler, and Tommy Turner.

Guests: Roger Thomas, Joel Neaveill, Bill McCloskey, Cyndi Hall, Jennifer Hudnall, Christy Marksbury, and Mike Tobin.

LRC Staff: Lowell Atchley, Lashae Kittinger, and Kelly Blevins.

Co-chair Election

Following roll call and confirmation of a quorum, staff opened the meeting by conducting elections for Senate and House co-chairs. A motion was made by Senator Pendleton that Senator Paul Hornback serve as the Senate co-chair, replacing Senator Carroll Gibson, who chose to step down as co-chair. The motion was seconded. A motion then was made and seconded that nominations cease for the position of Senate co-chair and that Senator Hornback be elected by acclamation. The motion passed.

Representative McKee moved that Representative Wilson Stone be re-elected as House co-chair. The motion was seconded. A motion was then made and seconded that nominations cease for the position of House co-chair and that Representative Stone be elected by acclamation. The motion passed.

Minutes and Announcements

With Representative Stone presiding, the February 2, 2011 minutes were approved by voice vote and without objection, on a motion by Senator Pendleton that was seconded by Representative Nesler.

At the co-chairs request, the committee had moment of silence Representative Dewayne Bunch, recently hurt in a school-related incident. Representative Comer announced the birth of his third child, Aniston Lucille. Also, the committee formally recognized that the meeting marked the first for Senator Hornback, who replaced Senator Damon Thayer on the committee.

Senator Gibson mentioned his tenure as co-chair and complimented Mr. Roger Thomas, Executive Director of the Governor's Office Agricultural Policy, and his staff for a positive working relationship. He also predicted that Senator Hornback will perform well as a co-chair.

Governor's Office of Agricultural Policy

Chairman Stone called on Mr. Thomas, and Mr. Joel Neaveill, GOAP Chief of Staff, and Bill McCloskey, GOAP Director of Financial Services, to give their monthly report to the committee.

Before reporting on projects acted on by the Agriculture Development Board during its February and March meetings, Mr. Thomas announced a series of forums to gain input in the future use of the Kentucky Agricultural Development Fund (KADF) to continue strengthening Kentucky's agricultural economy.

The idea for the forums would be to consider ways that the Agriculture Development Fund can be used to entice proposals that create or expand markets for farmers, build on core agricultural assets in the various regions of the state or foster

agricultural entrepreneurship and agribusiness development, according to Mr. Thomas, who said there would be eight of the forums throughout the state. He encouraged legislators to attend.

Mr. Neaveill reported on the County Agricultural Improvement, Deceased Farm Animal Disposal Assistance, and Share-use Equipment programs funded by various counties.

Some committee members, including Representatives Adams and McKee, inquired about the future of funding for the dead farm animal program. Mr. Thomas pointed out the ADB would like to see a permanent solution to the issue, which arose several months ago as a result of tighter federal restrictions regarding the end use of livestock carcasses. He said the Kentucky Farm Bureau is looking at the problem as well. Co-chair Stone observed that the public as a whole is concerned about the issue.

Mr. Neaveill summarized the state and regional projects that were approved for funding during the recent ADB meetings. They included the Kentucky Association of Food Banks, which was approved for \$163,000 in state funds to buy produce from Kentucky producers and distribute the commodities to seven food banks in the state, and the Kentucky Agricultural Council, which received \$125,000 in state funds to continue its agricultural promotion work. The board denied funding for two projects, the Central Cumberland Young Farmers, which sought the funds to conduct farm tractor restoration classes, and the Jeffersontown Farmers Market, which applied for funds to buy a water station for the market.

In reviewing the Kentucky Association of Food Banks project, Mr. Neaveill mentioned the 2009 legislation that created a program to acquire lesser quality farm produce and distribute the commodities through local food banks.

Responding to questions from Senator Parrett, Mr. Neaveill indicated that there are five produce auction markets in Kentucky where the commodities are purchased. He said commodity buyers will track and verify that Kentucky farmers are supplying the foodstuffs. As discussion continued, the witnesses reported that almost \$137,000 of the grant would be used to purchase produce. The other portion would be used to cover transportation costs.

Representative Nesler asked about the locations of the food banks and wondered aloud if the commodities would reach food banks in all regions of the state. Citing an example of a farmer who may have commodities that could be used in the program, Representative Nesler told about a sweet potato grower in his area who

lets some of the tubers go to waste in the fields in the fall.

Mr. Thomas had a map showing food bank regions distributed to the committee.

Regarding the project denials, the GOAP officials describe the various ways that projects do not receive positive funding recommendations.

Agricultural Finance Corporation Report

The committee heard an update on the Kentucky Agricultural Finance Corporation (KAFC), which uses Agriculture Development Fund moneys in a variety of loan programs.

Mr. McCloskey reported on the background of the KAFC and discussed how each program works. Benefits of KAFC loans, according to Mr. McCloskey, are below market financing, the use of existing community lenders, a simple and streamlined application process, flexible payment terms, and a quick loan turnaround.

To date, some 354 loans totaling almost \$38 million have been approved through the KAFC, according to the report. A total of 67 lenders have participated with the KAFC.

Mr. McCloskey reviewed for the committee the KAFC programs, which include the Beginning Farm Loan Program, the Agriculture Infrastructure Loan Program, the Large/Food animal Veterinary Loan Program, the Diversification through Entrepreneurship in Agriculture Loan Program, the Agriculture Processing Loan Program, and the Coordinated Value-added Assistance Loan Program.

Mr. McCloskey discussed each program and illustrated his remarks with personal stories about how loan recipients are using the funds.

For example, Mr. Thomas noted that a \$3 million loan to the Siemer Milling Co. facility in Hopkinsville under the Agriculture Processing Loan Program has far-reaching implications because of the amount of grain the company uses from area producers. Co-chair Stone indicated the arrangement is a good example of how funds benefit local economies.

As the meeting ended, Mr. Thomas responded to Co-chair Stone that Kentucky's payment from tobacco companies participating in the Master Settlement Agreement should be received on time (generally by mid- to late-April) and the payment probably will be slightly less than the 2010 payment.

Documents distributed during the committee meeting are available with meeting materials in the LRC Library. The meeting adjourned at approximately 11:45 a.m.

LRC Publications

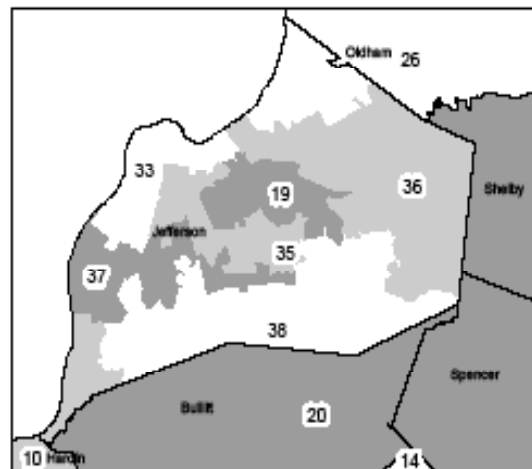
Informational Bulletins

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)
226 General Assembly Action, Regular Session 2008
225 Final Reports of the Interim Joint, Special and Statutory Committees (2007)
224 Issues Confronting the 2008 General Assembly

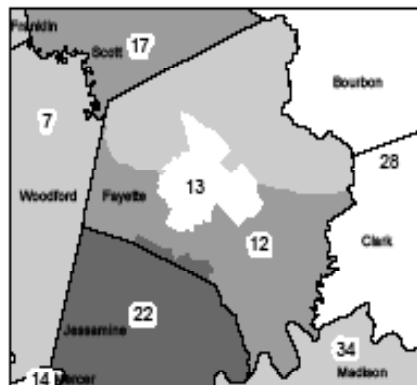
Research Reports

381 **Certification and Escrow Requirements Associated With the Tobacco Master Settlement Agreement**
371 **Leadership Training for Superintendents, School Board Members, Principals, and School-based Decision Making Council Members**
370 Compendium of State Education Rankings (2009)
368 Kentucky District Data Profiles (2009)
367 Program Review and Investigations A Review of the Kentucky Agency for Substance Abuse Policy and the Office of Drug Control Policy
366 Program Review and Investigations Education Professional Standards Board (2009)
365 Program Review and Investigations Housing Foreclosures in Kentucky (2009)
364 Subcommittee on the Penal Code and Controlled Substances Act Report of the Subcommittee on the Penal Code and Controlled Substances Act (2009)
363 Office of Education Accountability Review of Education Technology Initiatives (2009)
362 Office of Education Accountability Compendium of State Education Rankings (2008)
361 Office of Education Accountability Fees, Dues, and Supplies in Kentucky Schools (2009)
360 Office of Education Accountability Kentucky District Data Profiles School Year 2007-2008
359 Program Review and Investigations Costs of Providing Services to Unauthorized Aliens Can Be Estimated for Some Programs, but Overall Costs and Benefits Are Unknown (2009)
358 Office of Education Accountability Review of Special Education in Kentucky

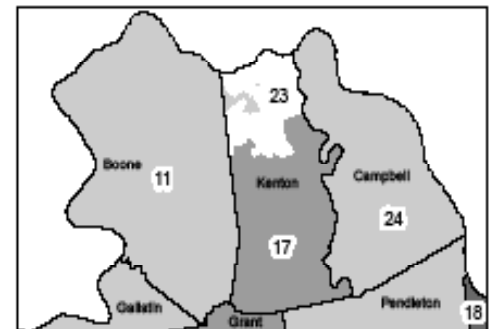




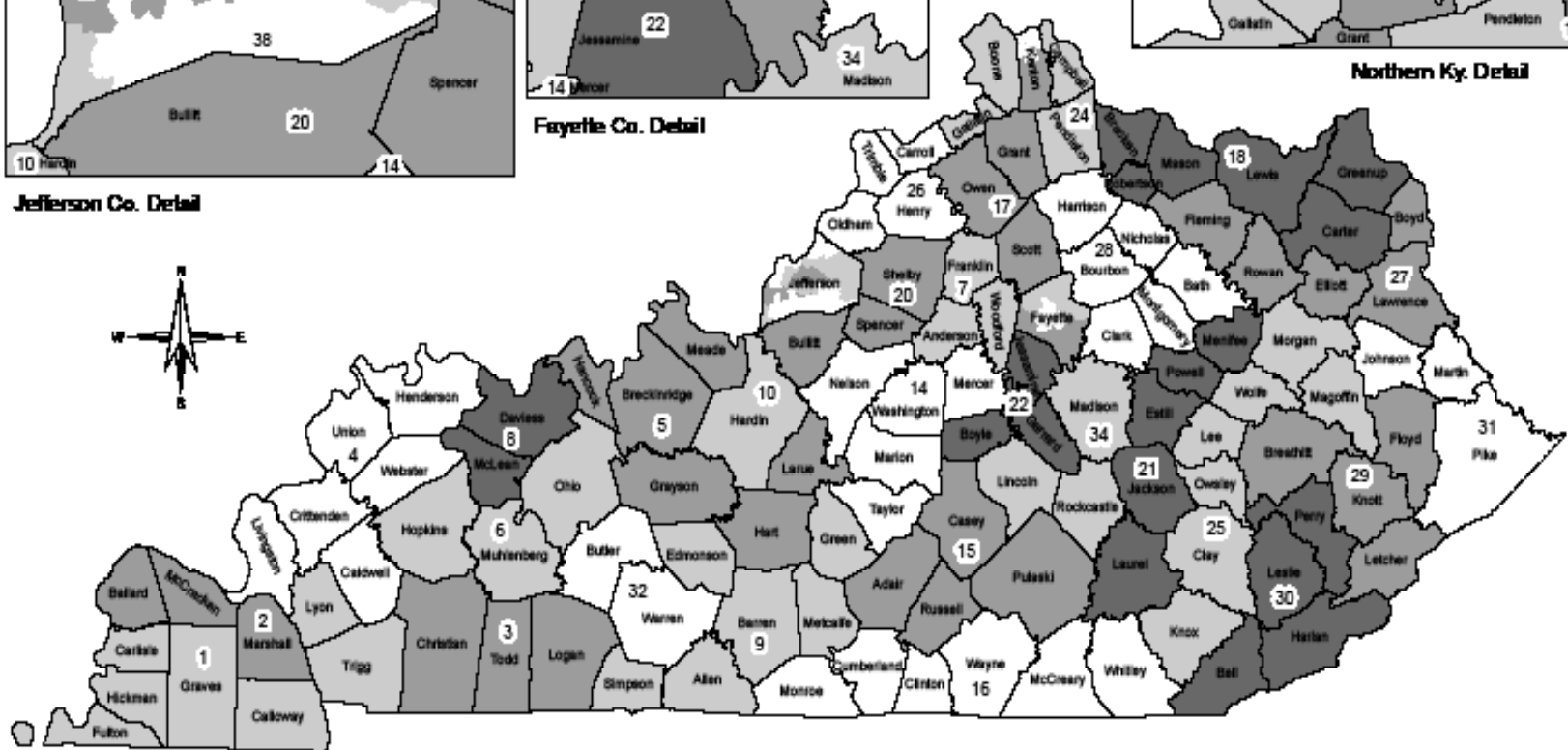
Jefferson Co. Detail



Fayette Co. Detail



Northern Ky. Detail

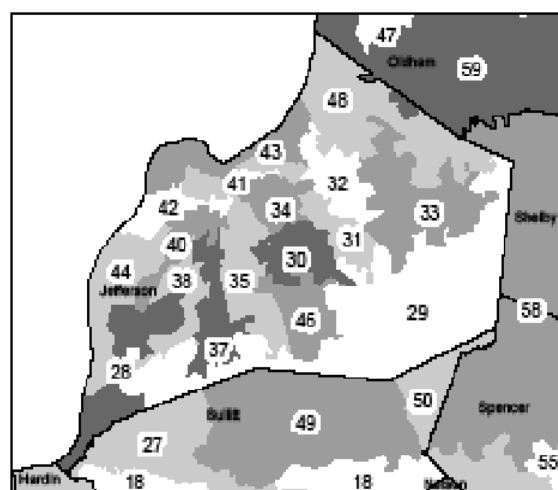


2002 Kentucky Senate Districts

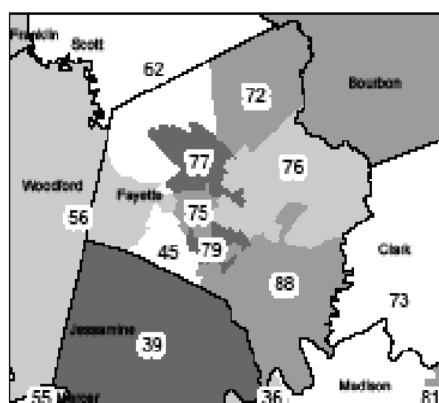
Senate Plan (SE001A09) became law (KRS 5.101 - 5.138) January 31, 2002, with enactment of House Bill 1.

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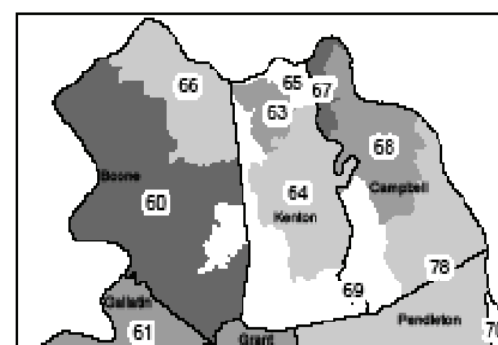
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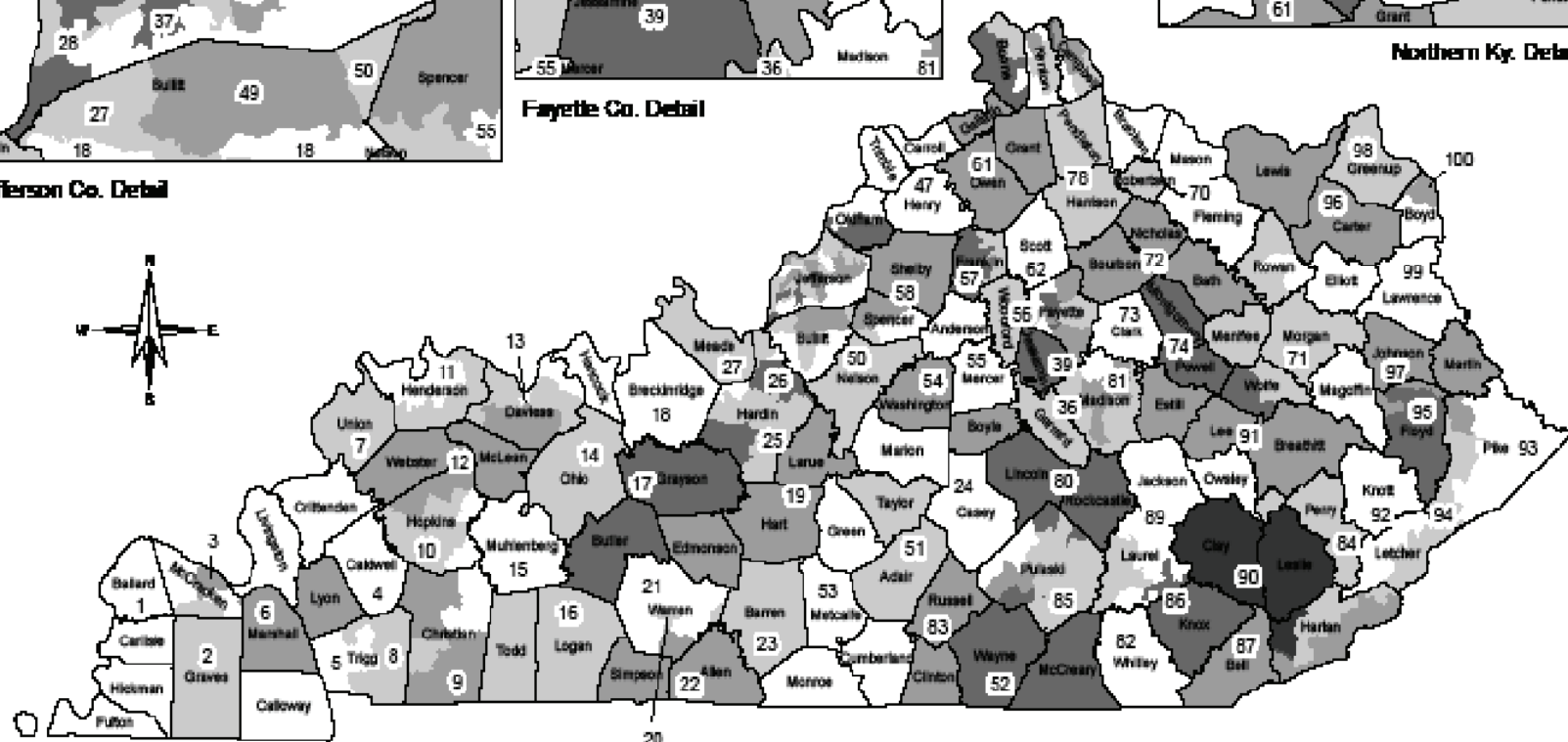
Jefferson Co. Detail



Fayette Co. Detail



Northern Ky. Detail



2002 Kentucky House Districts

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

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