



KENTUCKY ASSOCIATION OF COUNTIES

400 Englewood Drive, Frankfort, KY 40601
502-223-7667 • 800-264-5226 • Fax 502-223-1502 • www.kaco.org

"Serving Kentucky Counties Since 1974"

KENTUCKY ASSOCIATION OF COUNTIES LEGISLATIVE COMMITTEE MEETING October 10, 2017

The Kentucky Association of Counties Legislative Committee held its first meeting of the 2018 Regular Session on Tuesday, October 10, 2017, at 400 Englewood Drive, Frankfort, Kentucky, with Hon. Bruce Todd, Chair, presiding.

Affiliate Membership present:

Kentucky Association of Circuit Court Clerks: Hon. John Middleton, president and Kenton County Circuit Court Clerk, Hon. David Nicholson, Jefferson County Circuit Court Clerk, and Hon. Vincent Riggs, Fayette County Circuit Court Clerk

Kentucky County Attorneys Association: Hon. Alan George, Woodford County Attorney

Kentucky County Clerks Association: Hon. Don Blevins, Jr., Fayette County Clerk, and William May, executive director

Kentucky County Judge/Executive Association: Hon. Tommy Turner, legislative chair and Larue County Judge/Executive, and Vince Lang, executive director

Kentucky Magistrates & Commissioners Association: Hon. David Livingston, Scott County Magistrate; J.C. Young, executive director; and Lauren Germond, association director.

Kentucky PVA Association: Hon. Michael Welsh, Metcalfe County PVA and Mack Bushart, executive director

Kentucky Jailers Association: Renee Craddock, executive Director

Kentucky Sheriff's Association: Hon. Chuck Dills, Grant County Sheriff, Pat Morgan, Kenton County Chief Deputy, Shawn Riley, Kenton County Operations Division, and Jerry Wagner, executive director

Others present: Hon. Jim Henderson, Simpson County Judge/Executive; Sara Massey, Louisville Metro Government; Les Fugate, RunSwitchPR; Louisville Metro Police Officers Nicolai Jilek, Skylar Graudick, and contract lobbyist Steve Barger with the State Fraternal Order of Police.

KACo staff present: Brian Roy, Executive Director; Tim Sturgill, General Counsel; Roger Recktenwald, Director of Planning and Research; Shellie Hampton, Director of Governmental Relations; Scott Martin, Director of Member Services; Karen Basham, Chief Financial Officer; Susan Riddell, Publication and Social Media Specialist; Christie Dutton, Director of Public Affairs, and; Dianne Andrews, Legislative & Research Assistant.

PRESIDENT

Bruce Todd, Henderson Co. Magistrate

2ND VICE-PRESIDENT

Elbert Bennett, Caldwell Co. Magistrate

PRESIDENT-ELECT

Jody Jenkins, Union Co. Judge/Executive

IMMEDIATE PAST PRESIDENT

Jim Henderson, Simpson Co. Judge/Executive

1ST VICE-PRESIDENT

David L. Nicholson, Jefferson Co. Circuit Clerk

EXECUTIVE DIRECTOR/CEO

Brian S. Roy

Chairman Bruce Todd called the meeting to order at 11:13 a.m. The roll was called and with a quorum being present, the committee was duly constituted to conduct business.

Motion was made by Vince Lang, and seconded by J.C. Young, to approve the minutes of the September 21, 2017 meeting as presented. Motion carried.

SPECIAL GUEST:

Senator Robert Stivers, President of the Senate, joined the meeting to discuss pension reform with the committee. Sen. Stivers was accompanied by Jon Cox, communications director, and John Bondurant, who serves as policy advisor to the Senate Majority Caucus. Senator Stivers began the discussion by acknowledging that the Kentucky Retirement System has a problem and that we can discuss the reasons, but that he would defend the legislature's position on the issue. He said that for 21 years, the legislature has funded the pension system at the requested level the Governor, regardless of party affiliation, requested in the biennial budget submitted to them. He said unlike beneficiaries of KRS, KTRS or CERS, a legislator is generally 30 years old before entering that system and there are only 264 participants in it, a very small system by comparison. He said the legislative pension system will change and be treated no differently than "anyone else." He said former Senate members Ed Worley and Dan Kelly had called for changes to the pension system eleven years ago. He then provided a synopsis of the current actuarial positions of KERS, KTRS and CERS. He said ratings agencies such as Fitch's or Moody's recommend using an assumed rate of return on pension investments of no more than 6%. He said with \$1.8B remaining on hand for the KERS system, and the need to draw down \$300,000 annually to support the system, in 6 years that money will be gone. KTRS is "a much bigger problem than KERS" because of their high assumption rate and the volume, or number of members. KTRS is not an ARC but a percentage of payroll on which the liability and contributions are based upon, but they are at 55% based on a rate of return that isn't accurate.

Budget for CERS: The state pays for 2,000 employees in AOC that are in CERS. Actuarial data shows CERS is underfunded.

With regard to KACo-supported CERS separation, Sen. Stivers noted that if separation were to be included in the special session bill, there would be "strings attached": 1) you have to mandate the ARC payment, and 2) you'd have to mandate the use of accurate assumptions to determine what that ARC is, and if you cannot mandate those two items, there's no point to separation.

Addressing the issue of the inviolable contract, he remarked that the legislature would do what is "morally right and legally defensible, what is philosophically and fiscally responsible."

President Stivers assured the group that legitimate input would be sought before legislators went into the special-called session. He talked briefly about new hires going to a 401A, and the difference between a 401K and 401A: one is optional to participate in, while the latter is mandated participation by the employee.


President Stivers thanked the committee for the invitation to attend, and exited the meeting room.

Discussion of the pension issue continued after President Stivers departed the meeting.

Judge/Exec. Turner made a motion to reiterate that protecting the inviolable contract is the premier goal of the legislative committee. The motion was seconded by J.C. Young and the motion carried.

A motion to adjourn was made by Mr. Sanders and seconded by Mr. Bushart. Motion carried and the meeting adjourned at 2:03 p.m.

Minutes taken by: 
Dianne Andrews


Bruce Todd
Chair

10/26/2017
Date Approved