

1 AN ACT relating to governmental entities.

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

3 ➔Section 1. KRS 154A.030 is amended to read as follows:

4 (1) The affairs of the corporation shall be administered by a board of directors
5 composed of eight (8) members. One (1) member of the board shall be the State
6 Treasurer, who shall serve on the board in an ex officio capacity. The other seven
7 (7) members shall be appointed by the Governor, subject to the advice and consent
8 of the Senate. Members appointed when the Senate is not in session shall serve only
9 until the next regular session, or special session if such matter is included in the call
10 therefor of the General Assembly, at which time they shall be subject to
11 confirmation by the Senate. If the Senate is not in session, the appointments shall be
12 subject to review by the Interim Joint Committee on State Government which shall
13 hold a public hearing and shall transmit its recommendations to the Senate. Should
14 the Senate refuse to confirm a member then that member~~he~~ shall forfeit the~~his~~
15 office as of the date on which the Senate refuses to confirm~~him~~. Any person not
16 confirmed by the Senate shall not be reappointed as a member for a period of two
17 (2) years. Members appointed by the Governor, and confirmed by the Senate, shall
18 be residents of the Commonwealth of Kentucky and serve a term of four (4) years,
19 except that of the initial members appointed, two (2) shall be appointed for one (1)
20 year with the term ending on the twenty-eighth (28th) day of November, 1989; two
21 (2) shall be appointed for two (2) years with the term ending on the twenty-eighth
22 (28th) day of November, 1990; two (2) shall be appointed for three (3) years with
23 the term ending on the twenty-eighth (28th) day of November, 1991; and one (1)
24 shall be appointed for four (4) years with the term ending on the twenty-eighth
25 (28th) day of November, 1992. Members, confirmed by the Senate, may serve thirty
26 (30) days beyond the end of their respective terms if their successors have not been
27 appointed and qualified. If the Governor fails to appoint a successor within thirty

1 (30) days of expiration of a member's term, the board shall make the appointment.
2 No appointed member shall serve more than two (2) consecutive four-year terms.
3 No more than four (4) of the members appointed by the Governor shall be from the
4 same political party. Appointed members may be removed by the Governor for
5 neglect of duty, misfeasance, or nonfeasance in office. The board shall annually
6 elect a chair~~chairman~~ from among its appointed members.

- 7 (2) (a) No member of the board of directors, individually~~by himself~~ or through
8 others, shall knowingly:
- 9 1. Use or attempt to use ~~his~~ influence in any manner which involves a
10 substantial conflict between that member's~~his~~ personal or private
11 interest and ~~his~~ duties to the corporation;
 - 12 2. Use or attempt to use any means to influence the corporation in
13 derogation of the corporation;
 - 14 3. Use the~~his~~ official position or office to obtain financial gain
15 personally~~for himself~~, or for any spouse, parent, brother, sister, or
16 child of the director; or
 - 17 4. Use or attempt to use the~~his~~ official position to secure or create
18 privileges, exemptions, advantages, or treatment for the
19 member~~himself~~ or others in derogation of the interests of the
20 corporation or of the Commonwealth.
- 21 (b) No director shall appear before the board or the corporation in any manner
22 other than as a director.
- 23 (c) A director shall abstain from action on an official decision in which the
24 director~~he~~ has or may have a personal or private interest, and shall disclose
25 the existence of that personal or private interest in writing to each other
26 member of the board on the same day on which the director becomes aware
27 that the interest exists or that an official decision may be under consideration

1 by the board. This disclosure shall cause the decision on these matters to be
2 made in a meeting of the members of the board who do not have the conflict
3 from which meeting the director shall be absent and from all votes on which
4 matters the director shall abstain.

5 (d) In determining whether to abstain from action on an official decision because
6 of a possible conflict of interest, a director shall consider the following
7 guidelines:

- 8 1. Whether a substantial threat to the director's[his] independence of
9 judgment has been created by the[his] personal or private interest;
- 10 2. The effect of the director's[his] participation on public confidence in the
11 integrity of the corporation and the lottery;
- 12 3. Whether the director's[his] participation is likely to have any significant
13 effect on the disposition of the matter;
- 14 4. The need for the director's[his] particular contribution, such as special
15 knowledge of the subject matter, to the effective functioning of the
16 corporation; and
- 17 5. Whether the official decision will affect the director[him] in a manner
18 differently from the public, or will affect the director[him] as a member
19 of a business, profession, occupation, or group to no greater extent
20 generally than other members of the director's[his] business, profession,
21 occupation, or group.

22 Any director may request a vote of the disinterested members of the board on
23 whether any director shall abstain from action on an official decision.

24 (e) No director, in order to further the director's[his] own economic interests, or
25 those of any person, shall knowingly disclose or use confidential information
26 acquired in the course of [his] official duties.

27 (f) No director shall knowingly receive, directly or indirectly, any interest or

- 1 profit arising from the use or loan of lottery funds or funds to be raised
2 through the lottery.
- 3 (g) No director shall knowingly accept compensation, other than that provided in
4 this section for directors, for performance of ~~his~~ official duties.
- 5 (h) No present or former director shall, within one (1) year following termination
6 of ~~his~~ membership on the board, accept employment, compensation, or other
7 economic benefit from any person or business that contracts or does business
8 with the corporation in matters in which **the director**~~he~~ was directly
9 involved during **the director's**~~his~~ tenure. This provision shall not prohibit an
10 individual from continuing in the same business, firm, occupation, or
11 profession in which **the individual**~~he~~ was involved prior to becoming a
12 director, provided that, for a period of one (1) year following termination **from**
13 **the**~~of his~~ position **of**~~as a~~ director, **the individual**~~he~~ personally refrains
14 from working on any matter in which ~~he was~~ directly involved as a director.
- 15 (i) No director, and no spouse, child, brother, sister, or parent of that director
16 shall have a financial interest of more than five percent (5%) of the total value
17 of any vendor, other supplier of goods or services to the corporation, retailer,
18 or related entity. The corporation shall provide each member of the board with
19 a list of all current vendors, which shall be updated on at least a quarterly
20 basis.
- 21 (3) Appointed members of the board of directors shall be entitled to five thousand
22 dollars (\$5,000) per year as remuneration for serving on the board, except for the
23 **chair**~~chairman~~, who shall receive seven thousand five hundred dollars (\$7,500),
24 and all members shall be reimbursed for necessary travel and other reasonable
25 expenses incurred in the performance of their official duties.
- 26 (4) The board, upon call of the **chair**~~chairman~~ or the president, shall meet at least
27 monthly for the first eighteen (18) months and bimonthly thereafter and at such

1 other times as the chair~~[chairman]~~ or the president may determine. Four (4)
2 members of the board shall constitute a quorum. The board shall also meet upon
3 call of three (3) or more of the voting members of the board. The board shall keep
4 accurate and complete records of all its meetings.

5 (5) The State Treasurer shall not be compensated for~~[his]~~ service on the board.

6 (6) The president of the corporation shall be appointed by the Governor subject to
7 confirmation by the board of directors. Should the board of directors refuse to
8 confirm the appointment of the president, then the Governor shall submit another
9 name. The person whose appointment was refused shall not be renamed for
10 confirmation for a period of two (2) years. The board of directors shall meet within
11 thirty (30) days of the date the Governor submits the name of a nominee for
12 president of the corporation and shall, within that time frame, either approve or
13 reject the nomination. The president of the corporation shall manage the daily
14 affairs of the corporation and shall have such powers and duties as specified by
15 KRS 154A.070 and by the board of directors. The president shall not be a member
16 of the board. The president of the corporation may be removed by the board of
17 directors.

18 (7) All meetings of the board shall be open unless they may be closed under KRS
19 61.810 or relate to trade secrets, legally-protectable intellectual property,
20 confidential proprietary information, the security of the corporation in the operation
21 of the lottery, or the security of the lottery's retailers.