

Kentucky Council of Area Development Districts
Quarterly Board Meeting

Wednesday, August 25, 2021 at 11:00 am EDT

HYBRID

Willis Room, 2nd Floor, East Tower, Galt House, Louisville, Kentucky

Board Members Present:

Judge Casey Ellis (NKADD) Chair
Mayor Les Stapleton (BSADD) 1st Vice-Chair
Mr. Steve Thurmond (BRADD) 2nd Vice-Chair
Judge John Phelps, Jr. (LCADD) Treasurer
Judge Dan Mosley (CVADD) Past Chair
Judge Wil Cannon (BRADD)
Judge Bobby Carpenter (FIVCO)
Judge Chuck Caudill (KRADD)
Judge Larry Foxworthy (BTADD)
Judge John Frank (LCADD)

Judge Orbrey Gritton (BGADD)
Judge Maurice Lucas (LTADD)
Judge Al Mattingly, (GRADD)
Judge John Riley (KIPDA)
Judge Brad Schneider (GRADD)
Mayor Harold Slone (FIVCO)
Judge Steve Tribble (PeADD)
Mayor Mark Walter (GWADD)
Judge Huston Wells (BGADD)
Judge Greg Terry Proxy for A. Boykin, (PuADD)

Staff Present:

Lisa Cooper (NKADD)
Whitney Chesnut (CVADD)
David Duttlinger (BGADD)
Josh Farrow (GWADD)
Jason Vincent (PeADD)
Waylon Wright (LCADD)
Ben Hale (BSADD)

Mike Burress (LTADD)
Jeremy Buchanan (PuADD)
Eric Sexton (BRADD)
Jarrett Haley (KIPDA)
Amy Kennedy (BTADD)
Kelly Ward (FIVCO)
Michele Allen (KRADD)

Tony Wilder, KCADD Executive Director
Marilyn Eaton-Thomas, KCADD Executive Assistant
Bill Cooper, Business Development Manager

Call to Order Chair Ellis called the meeting to order at 11:00 am and welcomed members and staff present and those joining via ZOOM. After a Roll Call conducted by Executive Assistant Eaton-Thomas, the chair declared a quorum with all 15 ADDs represented.

Guest Speaker: Chair Ellis then introduced the speaker, Mr. Eric Gregory, President, KY Distillers Association (KDA) who appeared via ZOOM and showed a virtual slide show. Gregory announced that the KDA office is now located at the corner of Capital and Second Streets in the heart of Frankfort. Interestingly, their headquarters is located in the house where bourbon balls were originated. KDA is a nonprofit organization comprised of 48 member distillers representing all regions of Kentucky from Pikeville to Paducah. He was pleased to report that craft distillers continue to locate to Kentucky and are continuing to build on the Kentucky bourbon tradition. Currently the state has 25 craft distilleries.

He referred to a recent economic impact statement prepared by Dr. Paul Coomes which found distilleries are an \$8.6 billion industry in Kentucky and have created 20,100 jobs. The study also indicates that Kentucky's distillers contribute approximately \$235 million in local and state taxes. Mr. Gregory was

excited to announce a new future distillery/visitor center project to be located in Somerset. The project will be a major multi-million-dollar investment and will produce and market the "Horse Soldier" brand.

He reports that the industry has experienced a 360% increase since 1999 and there is currently 9.3 million barrels of bourbon currently in warehouses aging, which translates into 2 barrels for every person in this Commonwealth.

Mr. Gregory observed that distillers have been very unified as a group and have enjoyed some legislative successes over the years. You can now buy bourbon on-line and they also have the ability to ship to about 12 states. He concedes that that represents progress, but mentioned that wineries can ship their product to a total of 48 states. Shipping of bourbon is covered by the KY Model Consumer Shipping law.

He advised that the KY Bourbon Trail was created in 1999 by the KDA and is now enjoying its 21st year. The Trail offers tours and a visitor center experience at 18 of our distilleries including some of our craft distilleries. The Frazier Museum is the official start of the Bourbon Trail where they have assembled an exceptional exhibit. A total of 1.3 million persons took a bourbon tour in 2019 and 99% said they would recommend tours to their family and friends. He cited the "Bourbon 2100" initiative where KDA is working with state universities and the KY Chamber to conduct research into exploring the creation of educational curriculums to promote workforce development in the industry. He stressed that KDA encourages people to enjoy bourbon "responsibly". KDA is concerned that their industry is seen as comprised of "old white men" and they have created an advisory panel to counter that image.

In closing, Mr. Gregory pointed out that there are over 2000 distillers in the 50 states which includes 52 active craft distillers. He maintains that distillers are the highest taxed industry in KY.

Chair Ellis thanked Mr. Gregory for his presentation.

Approval of June 16, 2021 Minutes Chair Ellis then called for approval of the minutes from the June 16 meeting. **Judge Gritton offered a motion to approve, with Judge Carpenter issuing a second. All members voted in favor.**

KCADD Financial Report Chair Ellis recognized Judge Phelps to offer the financial report. Treasurer Phelps advised Financial Reports were sent electronically to all members to review prior to the meeting and copies were also included in today's meeting folder. He referred to the Monthly Statement of Revenue and Expenditures for the period ending July 31, 2021. He advised that as we begin the new fiscal year, July's income was \$208,892.14. Said figure represents 55.18% of the budgeted figure of \$378,556.14. He also pointed to the total expenses for the fiscal year to date of \$30,740.54, which represents only 7.41% of the budget. Treasurer Phelps noted that the expenditures are in-line and reasonable at this point in the fiscal year. With there being no questions or comments, Treasurer Phelps submitted the financial report for approval. **Mayor Stapleton offered the motion to approve the Financial Report as presented and Judge Frank issued a second. All members voted in favor.**

OLD BUSINESS

Business Manager Report Chair Ellis then proceeded to Old Business and recognized Bill Cooper for his report. Mr. Cooper advised he had attended the monthly DAIL/AAA ZOOM meetings and the KAAAIL ZOOM meetings. He also participated in the final ACL "Think Tank" meeting. He participated in financial reporting training related to the PCHP/ADD contract requirements. In

addition, he created a draft survey tool to be utilized by the ADDs to determine statewide expenses associated with the PCHP contract. He met with Humana's local office in Owensboro and provided an overview of KY's Community Healthcare Connections program. The expectation being that the local office would communicate the information to the corporate office in Louisville. Mr. Cooper also participated with PCHP, Director Vincent and Director Haley in a ZOOM meeting to discuss program costs.

Concerning the previously mentioned IT issues, Mr. Cooper has participated in multiple meetings with GRADD and BGADD to discuss options that best provides the IT security required by Aetna. He advised that these deliberations resulted in a decision to move forward with contracting with PCHP to utilize their "Ground Game" programming platform, which is nationally certified, to satisfy our needs with respect to the Aetna contract.

ACL Grant Expenditure/Preferred Community Partner's (PCHP) Contract

Mr. Cooper continued by reiterating we cannot meet Aetna's security requirements on our own. He advises that the ADD directors have offered their endorsement of establishing a partnership with PCHP. GRADD already has a contract with PCHP which can be expanded to include all the ADDs. Said contract would "piggyback" their existing contract with GRADD serving as the "pilot project" entity. This IT capability enhances the Kentucky Healthcare Connection Network's ability to secure not only a contract with Aetna but additional future contracts with other providers. The terms of the contract involve a one-time \$5,000 buy-in with an administration fee of \$1,200 per month for two years. Said contract also includes all necessary training to access the platform and the training of a "Super Administrator". The total costs for two years of \$33,800.00 can be covered by the previously received \$125,000 ACL grant. The proposed "buy-in cost is well below the normal \$55,000 charged by PCHP.

Mayor Stapleton asked if each ADD would have to hire a "Super Administrator". Chip Clark of BGADD explained that each ADD would have a program administrator but there would only be one "Super Administrator". After the pilot stage and the program evolves, the matter of the "Super Administrator" will have to be determined. Judge Schneider asked if the contract would be fully covered by the grant for the two-year period. Both Wilder and Cooper indicated that the grant funds would cover the entire cost of the contract.

Mayor Stapleton moved to authorize the expenditure of \$33,800 of the ACL grant funds to expand GRADD's contractual relationship with PCHP for a period of two years with the afore stated deliverables and contingent on Aetna's acceptance of the PCHP contract. Judge Gritton issued a second and all members voted in favor.

Update on "No Wrong Door" Grant Application Chair Ellis again called upon Bill Cooper to offer an update on the new grant application. Mr. Cooper advised KCADD's application in the amount of \$300,000 was submitted during the call for applications in May. He received confirmation it was received and being reviewed. Announcements are expected by early September.

NEW BUSINESS

Presentation of FY 2021 KCADD Audit Chair Ellis called on Director Wilder to present the 2021 audit of KCADD's financial statements. Wilder directed the members to the Audit documents in the meeting packet. Director Wilder was pleased to cite the audit firm's letter where they found no significant audit findings. However, as in years past they cited one "deficiency" under generally accepted accounting standards. That being the lack of "segregation of duties". But followed by stating, that level of segregation, or the hiring of additional personnel was not practical for our operation. Wilder also stated that our financial operations are strengthened by having all financial transactions administered by our contracted accounting firm. **Judge Cannon offered a motion to approve the audit and Judge Lucas issued a second. All members voted in favor.**

Approval of KY Area Development District Finance Trust Nominees Chair Ellis explained that the Kentucky Area Development Districts have a Finance Trust which was formed in 1996 and has offered more than \$250 million in funding programs for municipal projects. The Finance Trust is required to have a Board of 6 qualified and KCADD approved members. At the present time there are 2 vacancies, one for a mayor and one for a county judge/executive. The Chair placed into nomination the names of Breckinridge County Judge Maurice Lucas and West Liberty Mayor Mark Walter. **Judge Phelps moved to approve the nominees and Judge Greg Terry, proxy, issued a second. All members voted in favor.**

Executive Director's Report Chair Ellis called upon Director Wilder to offer his report. Executive Director Wilder, who joined via Zoom, offered his regrets upon not being able to attend today's meeting in-person due to his Covid required quarantined status. He assured all that he was doing well and experiencing only mild symptoms. He then reported that he has attended numerous "ADD relevant" legislative committee meetings in person and on-line including but not limited to the Health and Family Services Committee meetings virtually. He advised that he was able to personally visit some of the ADDs this quarter and attended the retirement reception for KCADD Director Darryl McGaha. He recognized the new KCADD Director, Waylon Wright, who was in attendance. He offered on behalf of the Council welcoming remarks and expressed that he was looking forward to working with him.

Director Wilder presented an update on the situation with the large fieldstone wall on the KCADD property in Frankfort. As mentioned at the last meeting, the wall is moving and bowing out and is creating what appears to be an unsafe circumstance adjacent to a public sidewalk and street. He reported that at his request, a staff member from KACO, our insurance carrier, inspected the wall and offered a recommendation that a structural engineer should be contacted to offer a professional assessment. Wilder will contact a firm and follow-up with a report next meeting.

He further advised that a date for the Annual KCADD Legislative Breakfast has been secured. The date will be February 10, 2022. He also advised that he has been involved in meetings with both KACO and DLG involving the ongoing administration of ARPA funds. In closing, he advised that Mayor Bill Dieruf of Jeffersonton has notified him that he must regretfully resign his position on the KCADD Board. Mayor Dieruf has announced his candidacy for Mayor of Louisville Metro government. Director Wilder commended his exemplary service to the KCADD. He then advised that KIPDA will appoint a new member to succeed Mayor Dieruf.

Adjournment Chair Ellis thanked Director Wilder for his report and wished him well with his recovery. He then inquired if there was further business or comments to come before the Council. There being no further business to entertain, the Chair asked for a motion to adjourn. **Judge Gritton offered the motion to adjourn and Mr. Thurmond issued a second. All members voted in favor.** The meeting adjourned at 12:00 noon.