

**154A.030 Board of directors -- Senate confirmation -- Qualifications -- Terms -- Removal -- Chairman -- Standards of conduct -- Compensation -- Meetings -- Quorum -- Records -- Appointment and confirmation of corporation president -- Duties -- Removal -- Open board meetings.**

- (1) The affairs of the corporation shall be administered by a board of directors composed of eight (8) members. One (1) member of the board shall be the State Treasurer, who shall serve on the board in an ex officio capacity. The other seven (7) members shall be appointed by the Governor, subject to the advice and consent of the Senate. Members appointed when the Senate is not in session shall serve only until the next regular session, or special session if such matter is included in the call therefor of the General Assembly, at which time they shall be subject to confirmation by the Senate. If the Senate is not in session, the appointments shall be subject to review by the Interim Joint Committee on State Government which shall hold a public hearing and shall transmit its recommendations to the Senate. Should the Senate refuse to confirm a member then he shall forfeit his office as of the date on which the Senate refuses to confirm him. Any person not confirmed by the Senate shall not be reappointed as a member for a period of two (2) years. Members appointed by the Governor, and confirmed by the Senate, shall be residents of the Commonwealth of Kentucky and serve a term of four (4) years, except that of the initial members appointed, two (2) shall be appointed for one (1) year with the term ending on the twenty-eighth (28th) day of November, 1989; two (2) shall be appointed for two (2) years with the term ending on the twenty-eighth (28th) day of November, 1990; two (2) shall be appointed for three (3) years with the term ending on the twenty-eighth (28th) day of November, 1991; and one (1) shall be appointed for four (4) years with the term ending on the twenty-eighth (28th) day of November, 1992. Members, confirmed by the Senate, may serve thirty (30) days beyond the end of their respective terms if their successors have not been appointed and qualified. If the Governor fails to appoint a successor within thirty (30) days of expiration of a member's term, the board shall make the appointment. No appointed member shall serve more than two (2) consecutive four-year terms. No more than four (4) of the members appointed by the Governor shall be from the same political party. Appointed members may be removed by the Governor for neglect of duty, misfeasance, or nonfeasance in office. The board shall annually elect a chairman from among its appointed members.
- (2) (a) No member of the board of directors, by himself or through others, shall knowingly:
  1. Use or attempt to use his influence in any manner which involves a substantial conflict between his personal or private interest and his duties to the corporation;
  2. Use or attempt to use any means to influence the corporation in derogation of the corporation;
  3. Use his official position or office to obtain financial gain for himself, or any spouse, parent, brother, sister, or child of the director; or
  4. Use or attempt to use his official position to secure or create privileges,

exemptions, advantages, or treatment for himself or others in derogation of the interests of the corporation or of the Commonwealth.

- (b) No director shall appear before the board or the corporation in any manner other than as a director.
- (c) A director shall abstain from action on an official decision in which he has or may have a personal or private interest, and shall disclose the existence of that personal or private interest in writing to each other member of the board on the same day on which the director becomes aware that the interest exists or that an official decision may be under consideration by the board. This disclosure shall cause the decision on these matters to be made in a meeting of the members of the board who do not have the conflict from which meeting the director shall be absent and from all votes on which matters the director shall abstain.
- (d) In determining whether to abstain from action on an official decision because of a possible conflict of interest, a director shall consider the following guidelines:
  1. Whether a substantial threat to his independence of judgment has been created by his personal or private interest;
  2. The effect of his participation on public confidence in the integrity of the corporation and the lottery;
  3. Whether his participation is likely to have any significant effect on the disposition of the matter;
  4. The need for his particular contribution, such as special knowledge of the subject matter, to the effective functioning of the corporation; and
  5. Whether the official decision will affect him in a manner differently from the public, or will affect him as a member of a business, profession, occupation, or group to no greater extent generally than other members of his business, profession, occupation, or group.

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

- (e) No director, in order to further his own economic interests, or those of any person, shall knowingly disclose or use confidential information acquired in the course of his official duties.
- (f) No director shall knowingly receive, directly or indirectly, any interest or profit arising from the use or loan of lottery funds or funds to be raised through the lottery.
- (g) No director shall knowingly accept compensation, other than that provided in this section for directors, for performance of his official duties.
- (h) No present or former director shall, within one (1) year following termination of his membership on the board, accept employment, compensation, or other economic benefit from any person or business that contracts or does business with the corporation in matters in which he was directly involved during his tenure. This provision shall not prohibit an individual from continuing in the

same business, firm, occupation, or profession in which he was involved prior to becoming a director, provided that, for a period of one (1) year following termination of his position as a director, he personally refrains from working on any matter in which he was directly involved as a director.

- (i) No director, and no spouse, child, brother, sister, or parent of that director shall have a financial interest of more than five percent (5%) of the total value of any vendor, other supplier of goods or services to the corporation, retailer, or related entity. The corporation shall provide each member of the board with a list of all current vendors, which shall be updated on at least a quarterly basis.
- (3) Appointed members of the board of directors shall be entitled to five thousand dollars (\$5,000) per year as remuneration for serving on the board, except for the chairman, who shall receive seven thousand five hundred dollars (\$7,500), and all members shall be reimbursed for necessary travel and other reasonable expenses incurred in the performance of their official duties.
- (4) The board, upon call of the chairman or the president, shall meet at least monthly for the first eighteen (18) months and bimonthly thereafter and at such other times as the chairman or the president may determine. Four (4) members of the board shall constitute a quorum. The board shall also meet upon call of three (3) or more of the voting members of the board. The board shall keep accurate and complete records of all its meetings.
- (5) The State Treasurer shall not be compensated for his service on the board.
- (6) The president of the corporation shall be appointed by the Governor subject to confirmation by the board of directors. Should the board of directors refuse to confirm the appointment of the president, then the Governor shall submit another name. The person whose appointment was refused shall not be renamed for confirmation for a period of two (2) years. The board of directors shall meet within thirty (30) days of the date the Governor submits the name of a nominee for president of the corporation and shall, within that time frame, either approve or reject the nomination. The president of the corporation shall manage the daily affairs of the corporation and shall have such powers and duties as specified by KRS 154A.070 and by the board of directors. The president shall not be a member of the board. The president of the corporation may be removed by the board of directors.
- (7) All meetings of the board shall be open unless they may be closed under KRS 61.810 or relate to trade secrets, legally-protectable intellectual property, confidential proprietary information, the security of the corporation in the operation of the lottery, or the security of the lottery's retailers.

**Effective:** July 15, 1996

**History:** Amended 1996 Ky. Acts ch. 154, sec. 1, effective July 15, 1996. -- Amended 1994 Ky. Acts ch. 170, sec. 2, effective July 15, 1994. -- Created 1988 (1st Extra. Sess.) Ky. Acts ch. 1, sec. 3, effective December 15, 1988.