



A CONVERSATION ABOUT CITIES >>>



A Conversation with Kentucky's Lieutenant Governor - The Honorable Daniel Mongiardo



Lieutenant Governor Daniel Mongiardo recently answered some questions from KLC about the future of our Kentucky cities. The Lt. Governor, from Hazard, brings a unique perspective to the opportunities ahead for cities and the commonwealth at large, particularly in the areas of technology, economic development and finances, healthcare and our natural resources.

He encourages city leaders to contact his office and said he hopes to increase openness and accessibility to the Lt. Governor's office for all Kentuckians.

KLC thanks Lt. Governor Mongiardo and his staff for taking time to share his thoughts with KLC membership.

Q In your inaugural address you talked about how your own family, as immigrants from Italy, made their "American dream" come true by building on opportunities in a small eastern Kentucky city. What do you think the cities of Kentucky offer today's generations?

One of the strengths of Kentucky's cities is their incredible diversity. Major metropolitan areas like Louisville and Lexington are poised to become business leaders, nationally attractive for both families and industry alike. Louisville was recently named the 15th best city for entrepreneurs and the nation's number one city for small business growth, while Lexington has been named to Forbes' top ten best cities for business and career list. Outside these metro regions, smaller communities shine as beacons of economic development, diverse resources - from agriculture to manufacturing - and opportunity for those looking to improve not only their financial situation but overall quality of life. Throughout all Kentucky cities one common denominator is a unique sense of community and friendliness that sets Kentucky towns apart: people truly do

embrace their neighbors in an atmosphere of support and congeniality. This is a long-standing Kentucky trait that helped my family get its start a century ago, and it still continues to this day.

Q Thank you for attending our KLC City Night legislative reception in February. What relationship does the Lt. Governor's office want to have with cities?

It was a pleasure to attend City Night - I always enjoyed it during my time as a senator and did so this year. Our office is dedicated to serving as a support, resource and advocate for towns and cities across the commonwealth. Many times, the local officials within cities serve as the face of government to those within their communities while state leaders in Frankfort seem distant. I would like to change this: I hope to increase openness and accessibility for all Kentuckians to be in close contact with the Lieutenant Governor's office.

Q What role do you see for cities as we address these tough economic times and the tightening of our state budget?

There is no denying that we are in the middle of a budget crisis in the commonwealth. However, instead of looking upon this situation as a hardship, cities should look upon it as a time to show true leadership. This means doing what is best for all and what is right - even if it is not popular.

I hope that city leaders will serve as allies as we begin to lead Kentucky in looking for new avenues of economic growth.

Q Would you agree that cities and counties need to have additional revenue options to meet the increasing demand for services at the local level?

Absolutely. We need to start looking at the resources already present within communities in order to generate new sources of income. One of the defining features of communities across Kentucky is their vast and diverse natural resources - from Western Kentucky, which houses the second longest lake system in the U.S., to the mountains of Eastern Kentucky. In turn, we should tap into these natural resources as national hot spots for recreation. The implementation of

(continues on page 2)

INSURANCE INSIGHT >>>>>

Why Do My Property Values Keep Changing?

In order to understand property coverage some common terms need to be understood. Replacement cost value (RCV) means the cost to repair, rebuild or replace damaged property with material of equivalent function, size and appearance. Actual cash value

(ACV) means the cost to repair, rebuild or replace damaged property with material of equivalent function, size and appearance **less allowance for physical deterioration, depreciation and depletion.**

Market value of a building in some smaller rural areas of the Commonwealth can have little or no correlation to what the cost to rebuild or repair a building would be. This can prompt the question: Why do we need to increase the insurance value of this

building since we wouldn't be able to sell it for more than "x"?

Kentucky League of Cities property insurance requires that in order to provide replacement cost coverage,

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A Conversation with Kentucky's Lieutenant Governor - The Honorable Daniel Mongiardo

this style of destination tourism - known as adventure tourism - will positively impact economically all communities involved - especially rural communities - while allowing major metropolitan areas to keep more of their tax base.

Q What about healthcare? The administration and legislators are taking steps with cities and other groups to improve the future of our healthcare and pension status. What's your take on this issue?

There is no denying that we must provide better healthcare options for our citizens, not just in the commonwealth but across the nation. One method by which we will be able to provide faster, more reliable patient care while increasing affordability is by creating an electronic health system - commonly called e-health - and getting rid of the outdated paper system we currently use.

Similarly, our administration made pension reform one of the top priorities as soon as the legislative session began. With cooperation between all facets of city and state government we will be able to work together to fix a problem affecting so many Kentuckians and change the course of an outdated system.

Q You are an advocate of adventure tourism. What suggestions do you have for cities that wish to become involved in the promotion of local activities or attractions that fit in this type of tourism?

With the recent passage of the adventure tourism bill through both chambers and the overwhelming bipartisan support throughout the state for such efforts, we will soon be commencing a statewide outreach effort to let

communities know how to get involved in this exciting new initiative. In the coming weeks I encourage all city and county leaders to think about the natural elements and outdoor recreation spaces that make their communities unique - lakes, riding trails, hiking areas - and see those not just as local resources but as potential adventure tourism spots within the state. As we bring together leaders from various arenas of outdoor activity, they will be able to serve as a more centralized resource and provide guidance for communities to promote adventure tourism locally.

Q You appear to have a great interest in technology and its application in areas like healthcare delivery and records. What importance does technology play for our state as a whole?

As a doctor I have always been privileged to have access to many of the latest technologies as they grow and flourish in the medical field, so I understand deeply the ways in which technological advancement is improving the quality of life for citizens across the commonwealth.

While we have made huge strides in technology, there is still room for great improvement. In education, all of Kentucky's children need to be computer literate and have the electronic resources necessary - from the beginning until the end of their educational careers - to compete for jobs on a national level. Within healthcare, Kentucky is poised to become a national model for the implementation of a statewide e-health system. Not only will this show that our communities value the importance of technology and are on the cutting edge, but it will ensure across Kentucky that everyone has quality, affordable medical access.

The future of Kentucky - economically, socially and educationally - in part relies on our ability to stay up-to-date on the latest technologies and embrace development. We must always be looking towards the future and embracing new, innovative ideas.

Q How can our communities compete globally?

I think Kentucky has the perfect fusion of a great workforce to attract new business, a solid infrastructure both privately and publicly to support company needs and friendly, welcoming communities for families. While we as Kentuckians may be aware of these great resources our cities possess, many across the nation and across the globe are not. Communities should begin to more aggressively and actively promote their strengths and points of pride. Through this type of proactive promotion businesses that might have gone overseas - unknowing of the resources so close to home - may instead decide to develop here in the commonwealth instead.

Q Any surprises so far?

With the way the election system currently is in Kentucky, Governor Beshear and I took office and immediately began preparing for a legislative session and cobbling together a budget in a short amount of time. Preparing for the session and creating a budget while at the same time getting adjusted to our new roles was a challenge, but one I welcomed as we were able to truly hit the ground running. I hope to continue to work hard day in and day out to keep Kentucky moving forward.

ANSWERS TO THE KENTUCKY CROSSWORD [ON BACK PAGE]

Across - 3. Hawk; 4. Tulip Poplar; 9. Wood; 11. Curd; 13. Goldend; 14. Bobcat; 15. Viceroy; Down - 1. Gony; 2. Bluebloss; 5. Lammouth Bass; 6. Thoroughbred; 7. Mountain; 8. Black Bear; 10. Coffee Tree; 12. Bison

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The voice of Kentucky cities.

KLC Direct is published monthly by the Kentucky League of Cities (KLC). KLC is a voluntary association of nearly 400 cities and provides a multitude of services to assist in improving local government. Please address any correspondence to KLC Direct, Kentucky League of Cities, 100 East Vine Street, Suite 800, Lexington, Kentucky 40507-3700. Phone (859) 977-3700 or 1-800-876-4552. Fax (859) 977-3703. www.klc.org.

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[SAFETY CONFERENCE]



223 REGISTRANTS MAKE KMESHA CONFERENCE LARGEST EVER!

The Kentucky League of Cities (KLC) and the Kentucky Municipal Environmental Safety and Health Association (KMESHA) Advisory Board want to thank all those who attended the 2008 KMESHA Safety Conference in Bowling Green.

This conference included workshops and attractions such as a safety tour of the GM Corvette Plant, mobile workshops to Bowling Green's police dispatch center, the skate park and the train depot. The classroom sessions were a big hit as well with sessions on fall protection, electrical line safety, confined space, how to handle poisonous snakes and spiders, and more.

KMESHA is an organization designed specifically to address municipal safety and environmental issues. We look to your continued support and participation of the KMESHA Conference!

For more information contact Callie Dezarn, KLC Insurance Assistant, at cdezarn@klc.org or 1-800-876-4552.

MARK YOUR CALENDAR FOR KMESHA 2009, MARCH 4-6, GENERAL BUTLER STATE RESORT PARK, CARROLLTON (SAFETY TOUR - KENTUCKY SPEEDWAY!)



Morehead State University President Dr. Wayne Andrews with Sylvia L. Lovely.

Congratulations to our KLC Executive Director/CEO Sylvia L. Lovely, recently elected the first woman chair of Morehead State University's Board of Regents.

WOMEN IN MUNICIPAL GOVERNMENT (WIMG) SUMMER MEETING

May 28 - 31, 2008, Philadelphia's Downtown Marriott.

For more information about the WIMG Summer Conference and membership opportunities contact NLC staff at 202-626-3169.

Why Do My Property Values Keep Changing?



the building must be insured for its full replacement cost (100 percent coinsurance). For example, if a policy requires a 100 percent coinsurance requirement, a building that would cost \$100,000 to build needs to be insured for at least \$100,000 in order for a claim to be paid at the cost to repair or rebuild with like materials.

If the building is not covered for the required amount, the owner of the building could be responsible for a portion of the claim due to the coinsurance clause. A 100 percent coinsurance clause requires you to carry \$100,000 value for that \$100,000 building. If you don't carry that amount, then the claim would be paid at the percentage of the

claim that the amount carried bears to the amount that should have been carried. For example, if that same \$100,000 building was insured for \$75,000 and suffered a \$10,000 hail loss, then the loss would be paid at 75 percent (\$75,000 carried divided by \$100,000 should have carried) of the total loss, or \$7,500. The owner is then responsible for the remaining \$2,500 of the loss.

Kentucky League of Cities Insurance Services assists policy holders to stay current with changing property values by:

- 1. Providing assistance to help you determine the replacement value of property,** by a KLCIS staff member or independent contractor.
- 2. Offering policy limits on a blanket basis,** meaning all property is insured under one limit vs. limits for each individual building. This is valuable in case one building is slightly undervalued; the other buildings may be slightly over valued to make the total value accurate. If one building is undervalued, the undervalue amount is spread over the entire schedule to minimize the

impact of the coinsurance clause.

- 3. Automatically increasing property values at policy renewal times to minimize the effects of rising construction costs.** While it is still your responsibility to make sure the values are correct, it helps minimize and simplify the process.
- 4. Allowing members to insure their property at actual cash value (ACV),** which removes coinsurance from the process entirely. All claims for the building designated at ACV would be settled on an ACV basis.

KLCIS wants members to be insured to replacement cost. In the event of a loss the member then has enough insurance proceeds to put the building back to the equivalent of pre-loss condition. Let us help you keep your values up to date so you have enough insurance proceeds to repair or replace the damaged property if a loss occurs.

If you have a concern regarding your property values, please contact your underwriter, either Linda Shearer (lshearer@klc.org) or Suzanne Reed (sreed@klc.org), at 1-800-876-4552.

RISK MANAGEMENT >>>>>

School's Out, Be Careful - A Few Rules When Hiring Employees Under 18 Years of Age

Spring has arrived and summer is fast approaching. Many cities across the commonwealth will hire students under the age of 18 for summer employment. The U.S. and Kentucky Departments of Labor have strict guidelines that must be followed to help insure the health and safety of these employees. Civil penalties can be imposed to those employers who fail to comply with child labor regulations.

DON'T

First, remember that minors under age 16 may not be employed during regular school hours, and between June 1 and Labor Day a minor under 16 cannot work later than 9:00 p.m.

Something as simple as sending that summer employee to pick up lunch, driving to the Post Office to get the mail or pick up office supplies is a violation. Other prohibited activities for minors are:

- ♦ Loading or unloading vehicles
- ♦ Any type of roofing activity
- ♦ Operating forklifts or other similar pieces of equipment
- ♦ Use of power tools such as circular saws or chain saws

- ♦ Driving a motor vehicle on a public road (including a golf cart across a public road that runs through a golf course or golf community)
- ♦ Work prohibited by Kentucky Alcohol and Beverage Control
- ♦ Employees age 14 and 15 years cannot operate mowers or tractors with more than 20 Horse Power PTO
- ♦ Employees age 14 and 15 years cannot work around or apply poisonous chemicals

DO

So, what can they do?

Actually there is plenty to keep these young workers busy. Mowing, even on a riding mower and using a weed eater, is approved. Work involving the normal parks and recreation duties as well as office work are examples of approved duties.

Some employers have added child labor compliance monitoring to the job descriptions of managers. Managers should also consider taking the time to occasionally interview employees under 18 to question them about equipment they operate and duties they are

performing. Remind employees and supervisors about child labor requirements throughout the summer.

Employers are required to maintain a copy of a photo I.D. or birth certificate for each minor employed. This proof of age must be kept on file where the minor is employed.

When an employee reaches his or her 18th birthday, federal and state child labor rules no longer apply.

Cities provide great opportunities for summer employment for teenagers, interns and part-time help. Make sure you do all you can to ensure their safety by complying with all child labor guidelines.

For specific questions on child labor or wage and hour questions in general contact the Kentucky Department of Labor at 502-564-2784.

At KLC contact Joe O'Nan with questions at jonan@klc.org or 1-800-876-4552.



[NLC NEWS]

CONGRESS OF CITIES RECAP - OFFICIALS DISCUSS KEY FEDERAL ISSUES AT NLC CONFERENCE

Around 30 Kentucky city officials joined thousands of their counterparts from across the country at the Congressional City Conference in Washington, D.C., last month to discuss key municipal issues that Congress and the Administration are debating this year.



Delegates learned specifics about the following six major legislative issues:

- ♦ federal support for crime intervention, crime prevention and law enforcement programs;
- ♦ mandatory collective bargaining for public safety officers;
- ♦ transportation funding and reauthorization of the surface transportation infrastructure program;
- ♦ housing finance system reform;
- ♦ funding for the new Energy Efficiency and Conservation Block Grant; and
- ♦ comprehensive immigration reform.

Most Kentucky officials in attendance serve on steering and policy committees or other leadership groups that help develop positions on these and other issues for the National League of Cities, which hosts the annual conference.

Lyndon Mayor Susan Barto, who serves on the Human Development Steering Committee, said her committee discussed new grant opportunities and statistical information relating to immigrants while meeting during the Congress of Cities.

"Immigration is a very complex and far-reaching issue," she said. "The opportunity to network with leaders from all levels of government is extremely valuable on this and other issues."

Attendees were encouraged to meet individually with their congressional delegation and staff as a part of City Lobby Day at the end of the conference.

(continues on page 4)

[NLC NEWS CONT.]

In addition to training and networking opportunities, attendees heard from prominent guests such as Speaker of the House Nancy Pelosi (D-Calif.), House Majority Whip James Clyburn (D-S.C.), House Financial Services Chairman Barney Frank (D-Mass.) and policy analyst and commentator Mark Shields.

For more specifics on the meeting go to www.nlc.org. For more information about the Congressional City Conference or federal issues contact Joseph Coleman at 1-800-876-4552 or jcoleman@klc.org.

Photo captions: 1. Rebecca Hopkins, Connie and Paducah Commissioner Robert A. Coleman and Williamstown Mayor and KLC President Glenn V. Caldwell; 2. Covington Commissioner Steve Megerle and Madisonville Mayor William Cox, Jr.; and 3. Fort Mitchell Mayor Thomas E. Holocher, KLC Deputy Director, Insurance & Finance Services Bill Hamilton and KLC Deputy Director/COO Neil Hackworth.

[NEWCITIES NEWS]



NEWCITIES ANNOUNCES EVERYDAY HERO CERTIFICATE AWARD

The NewCities Institute is pleased to announce the Everyday Hero Certificate Award. This new award honors individuals who have taken the steps to become informed, involved and see the possible in making a difference in their local community. The NewCities Institute is looking for individuals involved in civic leadership, proactive community involvement, community economic and social vitality or involvement in public office.

To nominate yourself or someone you know as an Everyday Hero simply go online to www.newcities.org/rbaward.asp and fill in the basic information about citizen participation and improvements resulting from civic engagement and leadership. There is a \$10 processing charge to cover the costs, or you can purchase a copy of *The Little Red Book of Everyday Heroes* for \$19.95 and the certificate is free.

NEWCITIES ON KET

The NewCities Institute is pleased to be participating with Smiley Pete Publishing and *Business Lexington* on a new Kentucky Educational Television program titled "Business Lexington." The show features Lexington and the Central Kentucky region, while the NewCities commentary segment provides information about issues of interest to a statewide audience. Air dates and times vary; please check listings each month.

KLC MEMBER LEGAL SERVICES >>>>>

Ask a Lawyer

To protect the anonymity of member cities specific details have been slightly altered.

What are the local government requirements for procurement?

Unless a city otherwise designates, KRS 424.260 requires cities making a contract, lease or other agreement for the purchase of materials, supplies, equipment or contractual services for an amount exceeding \$20,000 to first advertise for bids pursuant to KRS 424.130. The city need only advertise once, but may advertise two or more times provided that at least one advertisement is carried between seven and 21 days before the close of bidding. The advertisement must include a description of what is to be bid, the time and place for receipt of bids and any special terms of the sale. The statute excludes contracts made during a certified emergency as well as those that are for the purchase of perishable goods and professional services.

KRS 424.260 however, exempts contracts for the

purchase of perishable meat, fish, and vegetables and contracts for professional services. Professional services include the services of physicians, lawyers, engineers, artists, architects, and certified public accountants. [OAG 78-725 and OAG 75-488]. In addition, cities are not required to bid banking and insurance services, *McCloud v. City of Cadiz*, 548 S.W.2d 158 (Ky. App. 1977).

A city may elect by ordinance to adopt the provisions of the Local Government Model Procurement Code, KRS 45A.343 - 45A.460. If this code is adopted, all purchases made by the city must conform to its provisions unless the code is adopted only as a condition for the receipt of grant money for specific purchases. The Model Procurement Code is similar to KRS 424.260 in that it requires invitations for bids to be advertised for contracts and purchases exceeding \$20,000. However, the Model Procurement Code requires only that there be an adequate notice seven days before the date set for

the opening of bids. The bids must be opened publicly in an announced location and the contract awarded to either the lowest bidder or the bidder submitting the lowest evaluated bid price (see KRS 45A.365).

The code additionally permits competitive negotiations in instances where specifications are complex or nonstandard, where bids received are unreasonable or identical, and where all bids received through competitive bidding exceed available funds (see KRS 45A.370 - KRS 45A.375).

Get more information on the subject in Chapter 16 of the KLC City Officials Legal Handbook.

Elected and appointed officials can make general municipal law inquiries by contacting Lee Wilson or Andrea Shindlebower at 1.800.876.4552. The legal staff avoids involvement in fact-specific disputes between city officials and will defer the inquirer to his or her city attorney unless all individuals involved in the dispute have made a request to the department.

Order a Legal Handbook online at www.klc.org/Member Services and Solutions/Legal/Publications.

TECH EDGE >>>>>

How to Help Citizens Prepare for the DTV Transition - Tips from the Kentucky Broadcasters Association

Are your citizens ready for the most significant upgrade in television since color TV? The transition from analog to digital television (DTV) represents the most significant advancement of television technology since color TV was introduced. But while nearly every new technology we use today - including cell phones, music and radio - has gone digital, most Americans are completely unaware of the upcoming DTV transition, which will be completed on February 17, 2009.

The benefits of digital television are clear: more choices, crystal clear pictures and CD quality sound.

Who needs to get ready? The DTV transition doesn't directly affect everyone - those who have a digital tuner in their television, or subscribe to cable, satellite or a telephone company television service provider need not worry. But those who are affected are impacted dramatically. Citizens need to take action if they are among the 19.6 million American households that rely exclusively on free, over-the-air broadcasts made available through a rooftop antenna or "rabbit ears."

Even subscribers to a television service provider with second sets in bedrooms or kitchens will be impacted. Overall, the transition will directly impact more than 69 million television sets.

Fortunately, navigating the transition is easy. You have only to follow one of three simple steps to make sure your family continues to receive free, over-the-air television:

1. **Purchase a DTV converter box that will convert the digital signal into analog for an existing analog television set.** Converter boxes are now available for purchase at most major electronics retailers and cost between \$40 and \$70. To help cover the cost of the converter box the federal government is offering two converter box coupons, valued at \$40 each, to eligible households. Each coupon may be used toward the purchase of a single converter box, and the coupon program will be administered by the U.S. Department of Commerce. For more information about the converter box coupon program visit www.dtv2009.gov or call 1-888-388-2009.



2. **Purchase a new television set with a built-in digital tuner.** Another option you may choose is to upgrade to a new television set with a built-in digital tuner. Most sets sold in the last few years that are larger than 27 inches will likely have a digital tuner.

3. **Subscribe to cable, satellite or a telephone company television service provider.** No additional equipment is required for consumers who decide to go this route.

While there is still time to decide how to navigate the digital television transition, it's a good idea to help citizens start thinking about which option will work best now, particularly if your city operates its own cable system. It pays to get prepared now for DTV.

Additional information about the DTV transition is available at www.dtv.gov.

For more information contact Gary R. White, president/CEO of the Kentucky Broadcasters Association, at 502-848-0426 or gwhite@kba.org.

▶ [CORNERSTONE PARTNERS]

KLC CORNERSTONE PARTNER PROGRAM IS A BENEFIT TO MEMBER CITIES, TOO

Over the past year the KLC Cornerstone Partner program has retained and attracted more than 50 companies that want to do business with our member cities. By participating in the program partners enjoy numerous sales and marketing opportunities to get the word out about their products and services. The result is more exposure and sales for participating partners and more resources and competition for our member cities. Proceeds derived from the program help to underwrite KLC programs including convention and training.

While KLC is not in a position to endorse the particular products and services offered by its Cornerstone Partners, we do encourage our member cities to consider our Cornerstone Partners when the need arises.

If you would like to recommend a company with a product or service that you have found beneficial, let us know so we can introduce them to the benefits of the Cornerstone Partner program. Contact Tammy Penna at 1-800-876-4552 or tpenna@klc.org.



▶ [MARK YOUR CALENDAR]

DISCOVER THE EXPERIENCE!

The 2008 Kentucky League of Cities Convention & Expo will be held October 16-19, 2008, at the Kentucky International Convention Center in downtown Louisville. Discover the experience through dozens of sessions created for city leaders and employees, a network of peers and ideas, KLC's famous hospitality, and best practices in local government.

Register now at www.klc.org to get valuable discounts and guarantee your room at the Louisville Marriott.

▶ [SHOW ME THE MONEY]

2008 CMRS BOARD WORKSHOPS AND GRANTS

The 2008 Commercial Mobile Radio Service (CMRS) Board Grant Application and the 2008 CMRS Board Grant Fund Application Workshop schedule is now available at <http://cmrsboard.ky.gov>.

Grant application deadline: June 27, 2008

Information: CMRS Grant Manager Tandy Hubbard at tandys.hubbard@ky.gov or 502-564-3911

Check out additional grants at www.gold.ky.gov and www.grants.gov.

▶ [STAFF KUDOS]



Congratulations to **Greg Partin**, KLC Loss Control Specialist, who has received his Associate in Risk Management (ARM) designation from the Insurance Institute of America.

HAZARD MITIGATION GRANT PROGRAM FUNDS

Funds are available to cities through FEMA HMBP funds which can cover 75 percent of several types of projects including regular acquisition, demolition or elevation of infrastructure or buildings, initiatives related to weather and warning systems, or mitigation planning projects.

All those intending to apply for funds must complete a pre-application and notice of intent by May 2, 2008.

For full information on what is covered go to www.klc.org where you can download documents or link to the Kentucky Emergency Management website. With questions contact Howard Rosewell at brosewell@klc.org or 1-800-876-4552.

▶ [SITE TO SEE]

[WWW.GOVERNING.COM](http://www.GOVERNING.COM)

Go to the magazine's website and sign up for the *Governing* daily newsletter (click on "eNewsletters" on the home page), which is packed with resources, ideas and information from cities across the nation. Best of all, it's free!



▶ [CITY BEAUTIFUL]

U.S. COMMUNITIES ALLIANCE EXPLORES BUYING "GREEN" - A NATIONAL LEAGUE OF CITIES PROGRAM



City, county and school purchasing officials and suppliers of a broad range of goods and services met recently at the annual meeting of the U.S. Communities Government Purchasing Alliance to share best practices and new opportunities for buying "green." The U.S. Communities program is the national purchasing program sponsored by NLC and four other national organizations.

Chief among the conclusions was that there are varying definitions of what it means to be "green" and it is best to start making incremental improvements rather than focus too much on achieving perfection.

Participant Nancy Locke, purchasing manager for Seattle, said, "It takes time. You have to work through product by product. It's not that you can just say, 'Now we are green,' and you are done. Our citizens expect us to be paying attention to this and they are doing this in their own corporate offices."

Participants dispelled the common myths that being green is expensive or sacrifices quality. An example is that remanufactured printer cartridges cost less than new ones and have been improved so they no longer burst inside printers as they once did. According to Locke, Seattle is saving \$300,000 each year just on toner cartridges. They are also achieving savings by using retreaded tires, recycled antifreeze, plastic lumber and remanufactured furniture.

The national contracts offered by U.S. Communities as part of its green procurement initiative are one way that local governments can access green products and services at highly competitive prices. The growing catalog of products meets third-party environmental certification standards from Energy Star to EcoLogo to Green Seal.

The U.S. Communities program is easy to use. There is no fee to participate, no minimum spending and only a simple electronic registration is required. Any city or town may register online by visiting www.uscommunities.org and clicking on "Register to Participate."

Details: For more information on the program including the green purchasing opportunities visit U.S. Communities "Go Green" at www.uscommunities.org/green or contact Marc Shapiro at 202-626-3019 or shapiro@nlc.org.

FEELING PLAYFUL?



Cities can apply to become a "Playful City USA" and be recognized for their commitment to healthy development of children through play. Sponsored by KABOOM!, a national nonprofit organization promoting the importance of play, the Playful City USA designation can also qualify cities for playground and recreation grants.

Deadline: May 15, 2008

Information: kaboom.org/playfulcityusa

IN MEMORIAM

Kenneth Dale Stephens, Florence Councilmember, Died February 15

James Mason, Princeton Police Officer, Died February 22



The Trouble with Bond Insurance and Why KLC Doesn't Have It

Foresight and customer focus keep KLC finance customers out of the mess.

If you have been following the financial markets then you are aware of the turmoil that's happening on Wall Street. The sub prime housing market, the stock market and the investment banking industry are all facing varying degrees of crisis. Unfortunately, the municipal bond market is no different. Although interest rates are at near record lows, certain segments of that industry are under great stress. Specifically, the bond insurance industry is near crisis mode.

Bond insurance has been around since the 1970s and is defined as a legal commitment to pay the principal and interest that is due a bondholder in the event that the bond issuer is unable to make those payments on time. Municipal bonds have virtually a zero

risk in terms of default. Usually, only when a municipality defaults does it make news, so you may ask, "What's the problem?" It lies in the other markets that bond insurers have entered. With an eye toward expanding business bond insurers started guaranteeing other, more risky types of debt including, you guessed it, the subprime mortgage market.

As a result of this exposure, many of the largest bond insurers have had their credit ratings downgraded. This has lowered the value of hundreds of billions of dollars in bonds and, thereby, driven up interest rates. Therefore, it is much more difficult for issuers to obtain bond insurance, and it is much more expensive when they do.

As you may know, KLC has offered its members low interest loans through tax-exempt bond pools for nearly 20 years and has never used bond

insurance on any of its programs.

Instead, KLC has always used letters of credit (LOC) provided by strong, highly rated banks. These LOC providers serve the same purpose as bond insurers. They guarantee bondholders will be paid in case of a default by a borrowing city. KLC uses LOC banks for several reasons. First, because the cost is very competitive with bond insurers. In fact, KLC has received a commitment from one of its LOC providers that rates will not increase on loans that are backed by the full faith and credit of the city.

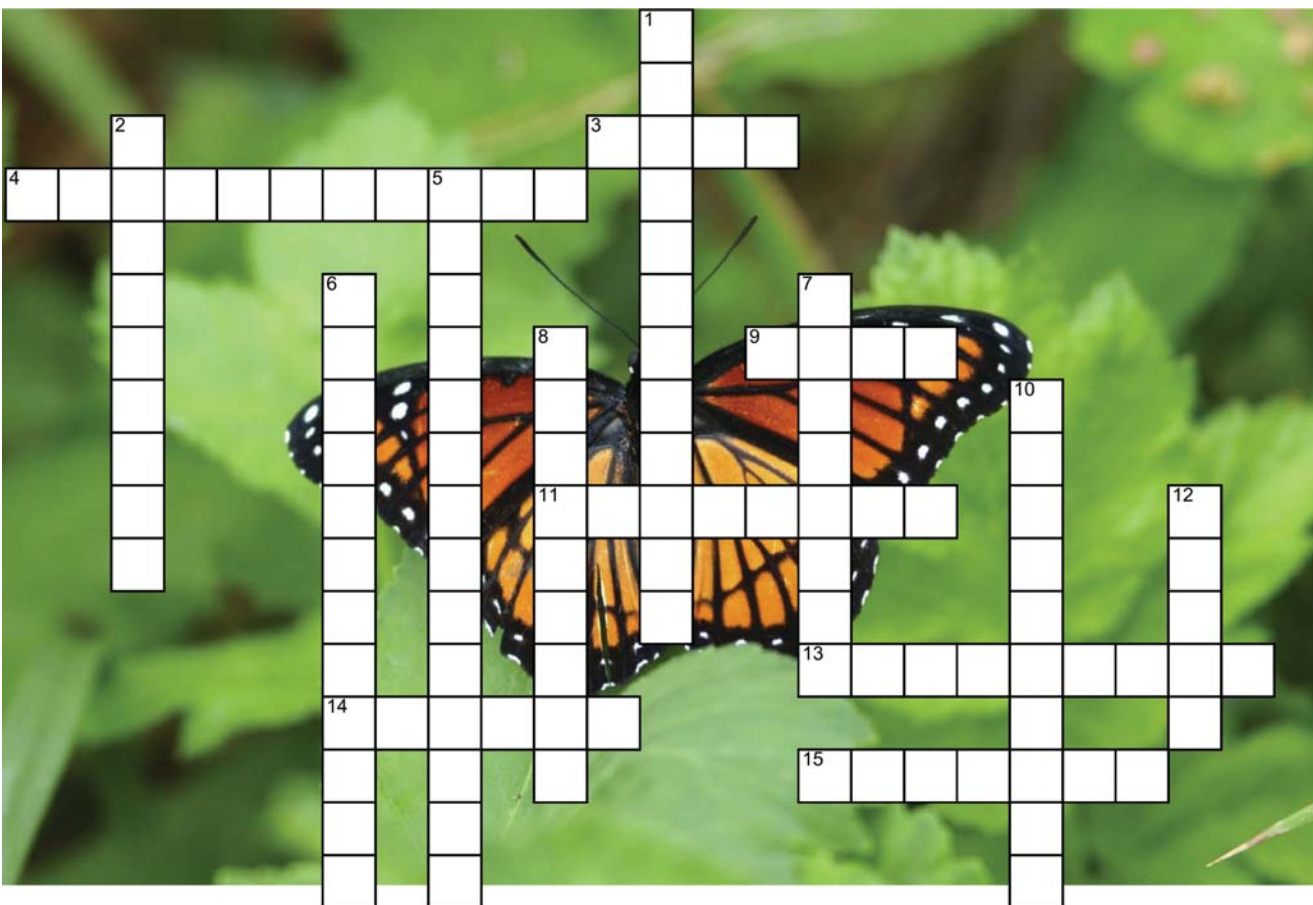
Second, our LOC providers are also based in this part of the country. Therefore, when it comes time for approving a loan request, they are much more familiar with the credit quality of Kentucky cities than is a financial analyst in New York City.

Finally, KLC does not use bond insurance as the concept of "you pay for what you use." With bond insurance, you pay a large one-time upfront fee that covers the entire term of the bond. With an LOC, you pay a small ongoing fee. If you pay your loan off early, which many borrowers do, your LOC fee stops. However, with bond insurance, you will not get a refund for any "unused" portion of the insurance. You have, in essence, paid for something you no longer need.

As market conditions fluctuate, KLC Financial Services will continue to analyze and act in the best interest of our municipal client base.

If you have upcoming capital projects or equipment purchases and would like to discuss financing, please contact Garrett Drakeford (gdrakeford@klc.org) or Nancy Wylie (nwylie@klc.org) in our Financial Services Department at 1-800-876-4552.

KENTUCKY CROSSWORD >>>>> KENTUCKY PLANTS AND ANIMALS



Watch for these native plants and animals and enjoy the beauty of our Kentucky environment!

ACROSS

- 3. The red-tailed _____ is one of the most commonly seen predatory birds in Kentucky
- 4. Kentucky's state tree
- 9. This male duck is considered one of the most beautiful ducks in the world; _____ ducks do not quack, but whistle instead
- 11. Kentucky's state bird
- 13. Kentucky's state flower
- 14. Also known as wildcat or lynx, this is our only native "big cat"
- 15. Kentucky's state butterfly which looks like a Monarch (pictured in the photo)

DOWN

- 1. This small critter is our official wild game species
- 2. A wildflower, this is also known as "wild sweet William"
- 5. The most popular sport fish in North America
- 6. Kentucky's state horse
- 7. _____ dove, the only native dove in Kentucky
- 8. Kentucky's largest mammal is making a comeback in the eastern parts of the state
- 10. Pioneers roasted the seeds of this tree and used them as a coffee substitute
- 12. Only a few of these majestic creatures now live in an enclosed wild herd near Land Between the Lakes



KLC Direct is designed internally to save our members money.



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