

MINUTES OF THE MEETING
OF THE
ARKANSAS LEGISLATIVE COUNCIL

Friday, December 19, 2014

The Arkansas Legislative Council met at 9:00 a.m., Friday, December 19, 2014 in Committee Room A of the Big Mac Building, Little Rock, Arkansas. Co-Chair John Charles Edwards called the meeting to order and recognized a quorum of members present. The members present are listed on the sign-in sheets.

Co-Chair Edwards stated that as this was his last opportunity to chair a meeting of the Legislative Council, he wished to thank Marty Garrity and the staff of the Bureau of Legislative Research for the assistance that the staff provided him while he was the House Co-Chairman. The members responded with applause.

Minutes of the Last Meeting

Co-Chair Edwards referred the members to the minutes of the last Legislative Council meeting on November 21, 2014 (Exhibit C) and asked if there was a motion to approve the minutes. **Senator Bill Sample moved the adoption of the minutes of the Legislative Council meeting on November 21, 2014. The motion was seconded and passed by voice vote.**

Presentation of Monthly Revenue Report

Co-Chair Edwards recognized Richard Wilson, Assistant Director for Research Services with the Bureau of Legislative Research, to present the November 2014 revenue report (Exhibit D). Mr. Wilson stated that after five months of fiscal year 2015, gross revenue collections are \$ 77 million ahead of the same period last year for a growth rate of three point two percent (3.2%) while net collections are \$72.7 million ahead of last year for a growth rate of three point six percent (3.6%).

Mr. Wilson stated the graph page shows that revenues are currently \$25 million ahead of the official forecast after five months. Mr. Wilson reported that the spreadsheet shows a monthly growth rate for sales and use taxes of three point three percent (3.3%) that brings the growth rate to about one percent (1%) for the fiscal year. The spreadsheet also indicates that the growth rate for income taxes is five percent (5%) for the fiscal year. This concluded Mr. Wilson's report and there were no questions.

Co-Chair Edwards stated the Executive Subcommittee did not meet this month and there is no report.

Reports of the Standing Subcommittees

Administrative Rules and Regulations Subcommittee

Co-Chair Edwards referred members to the report of the Administrative Rules and Regulations Subcommittee (Exhibit F.1) and recognized Representative Kelley Linck to present the report. Representative Linck reported that the Administrative Rules and Regulations Subcommittee met on December 3, 2014 and reviewed the rules listed in the report.

Representative Linck reported that the subcommittee had received and adopted the report from Senate and House Committees on State Agencies and Governmental Affairs (see item five on page 4), which indicates the committees reviewed 22 rules by the Alcoholic Beverage Control Board and have held 5 other rules by this agency for further review.

Representative Linck reported that after hearing testimony on the Arkansas Department of Insurance Rule 108 on Patient-Centered Medical Home Standards (see item six on page 4), the subcommittee deferred review of the rule until the December 22 subcommittee meeting.

Representative Linck reported that the Department of Human Services rule on ARKIDS 2-14 and the CHIP State Plan Amendment was referred to the Interim Committees on Public Health, Welfare, and Labor and is scheduled for review by the subcommittee on December 22, 2014 following review by the Interim Committees on Public Health, Welfare, and Labor. This concluded the report and there were no questions.

Senator Kelley Linck moved that the report of the Subcommittee on Administrative Rules and Regulations be adopted. The motion was seconded and was passed by voice vote.

Co-Chair Edwards recognized Representative Linck who stated that the Administrative Rules and Regulations Subcommittee has scheduled a meeting for December 22, 2014 for the purpose of considering the following:

- 1) the rules by the Alcoholic Beverage Control Board that are pending review by the Interim Committees on State Agencies and Governmental Affairs;
- 2) the Department of Human Services rule on ARKIDS 2-14 and the CHIP State Plan Amendment that were referred for review by the Interim Committees on Public Health, Welfare, and Labor;
- 3) the Arkansas Department of Insurance Rule 108 on Patient-Centered Medical Home Standards;
- 4) rules by the State Plant Board; and
- 5) the Department of Health rule concerning a list of controlled substances.

Representative Kelley Linck moved that the actions of the Administrative Rules and Regulations Subcommittee be deemed as final action on the rules considered by the subcommittee on December 22, 2014 and the motion was seconded by Representative Terry Rice.

Co-Chair Edwards recognized Representative Andrea Lea who asked to make a substitute motion to add the rules that were reviewed yesterday by the Committees on State Agencies and Governmental Affairs. Representative Linck stated that amendment was not needed as those rules would be a part of his motion.

Co-Chair Edwards called for a voice vote on the motion by Representative Kelley Linck that the actions of the Administrative Rules and Regulations Subcommittee be deemed as final action on the rules considered by the subcommittee on December 22, 2014 and the motion passed.

Claims Review Subcommittee

Co-Chair Edwards recognized Representative Jon Eubanks to present the report of the Claims Review Subcommittee (Exhibit F.3). Representative Eubanks reported that the Claims Review Subcommittee met on December 15, 2014 and makes the recommendations as listed in the report.

Representative Jon Eubanks moved that the report be adopted.

Co-Chair Edwards recognized Senator Bart Hester who asked to make a substitute motion. **Senator Bart Hester made a substitute motion that the report of the Claims Review Subcommittee be adopted with the exception of the items B.1 and B.3 and that these items be referred to the Joint Budget Claims Review Subcommittee for further discussion and review. The substitute motion was seconded by Representative Jim Dotson.**

Co-Chair Edwards recognized Senator Maloch who asked for more information regarding the items to be referred. Co-Chair Edwards recognized Senator Hester who responded to questions.

There being no other questions, Co-Chair Edwards called for a voice vote on the substitute motion by Senator Bart Hester that the report of the Claims Review Subcommittee be adopted with the exception of the items B.1 and B.3 and that these items be referred to the Joint Budget Claims Review Subcommittee for further discussion and review and the motion passed.

Performance Evaluation and Expenditure Review (PEER) Subcommittee

Co-Chair Edwards recognized Representative Stephen Meeks to present the report of the Performance Evaluation and Expenditure Review (PEER) Subcommittee (Exhibit F.8). Representative Meeks reported that the PEER Subcommittee met on December 4, 2014 and approved four items, which were three requests for set-aside funding (see item B.1) and an appropriation transfer request from the Department of Education (see item B.2). Representative Meeks reported that the subcommittee deferred action to the full Legislative Council on an appropriation transfer request from the Secretary of State (see item C.1) in the amount of \$803,136 for the purpose of completing several facility and security updates. Representative Meeks reported that the subcommittee also deferred action to the full Legislative Council on three miscellaneous federal grant requests from the Insurance Department (see item D.6, item D.7, and item D.8). This concluded the report and there were no questions.

Representative Stephen Meeks moved the adoption of the report of the Performance Evaluation and Expenditure Review (PEER) Subcommittee including the deferred miscellaneous federal grant requests from the Insurance Department and with the exception of the appropriation transfer request from the Secretary of State in the amount of \$803,136 which is referred to the Joint Budget Committee for consideration. The motion was seconded and passed by voice vote.

Arkansas Securities Department Request

Co-Chair Edwards recognized Representative Stephen Meeks who explained that Exhibit I.1 (under New Business) is an appropriation transfer request from the Arkansas Securities Department that was submitted after the Performance Evaluation and Expenditure Review (PEER) Subcommittee meeting and which requires a suspension of the rules to be considered by the Legislative Council.

Representative Stephen Meeks moved that the rules be suspended to allow the Legislative Council to take action upon the request for an appropriation transfer from the Arkansas Securities Department. The motion was seconded and passed by a voice vote.

Co-Chair Edwards recognized Representative Stephen Meeks who stated that the request from the Arkansas Securities Department is for approval of the transfer of \$40,000 in appropriation from the contingency line item to the professional fees line item for the purpose of hiring an expert to provide testimony related to an open investigation and for the purpose of hiring a hearing officer to preside over two administrative hearings involving St. Bernard Financial Services. There were no questions.

Representative Stephen Meeks moved that the Legislative Council approve the request from the Arkansas Securities Department for an appropriation transfer of \$40,000 from the contingency fund to the professional fees fund. The motion was seconded by Representative Gillam and passed by a voice vote.

Policy-Making Subcommittee

Co-Chair Edwards referred members to the report of the Policy-Making Subcommittee (Exhibit F.9) and recognized Representative James Word to present the report. Representative Word reported that the Policy-Making Subcommittee was scheduled to meet on December 17, 2014, but a quorum of members was not present. Representative Word reported that Senator Jonathan Dismang made a motion that the consultant services contract proposal between Human Factor Analytics, Incorporated and the Bureau of Legislative Research be referred to the full Legislative Council for consideration.

Representative Word stated the State and Public School Life and Health Insurance Task Force met on Tuesday, December 16, 2014, and referred this consultant services contract to the Policy-Making Subcommittee for review. Representative Word explained that the consultant services contract proposal is between Human Factor Analytics, Incorporated and the Bureau of Legislative Research in the amount of \$40,000.00 and, if approved, the contract would begin December 19, 2014 and continue through March 31, 2015. Representative Word reported that there was one change made to the contract, which is attached to the report, and that Senator Jim Hendren is in attendance to answer questions regarding the contract.

Co-Chair Edwards recognized Senator Jim Hendren who commented that the contract needed to come before Legislative Council for review because there may be some recommendations from State and Public School Life and Health Insurance Task Force that may be filed with the General Assembly when it convenes in the 2015 Regular Session. Senator Hendren stated that in order to make these recommendations, the task force needed more data which would be provided by February 15, 2015 from Human Factor Analytics. Senator Hendren answered questions from the committee members. Co-Chair Edwards also recognized Richard Kersh, the President of Human Factor Analytics, who also answered questions from the committee members.

Co-Chair Edwards recognized Senator Jonathan Dismang who moved that the Legislative Council adopt the consultant services contract between Human Factor Analytics, Incorporated and the Bureau of Legislative Research. The motion was seconded by Senator Jane English and passed by voice vote.

Review Subcommittee

Co-Chair Edwards referred members to the report of the Review Subcommittee (Exhibit F.10) and recognized Senator David Sanders to present the report. Senator Sanders reported that the Review Subcommittee met on December 3, 2014 and reviewed methods of finance, discretionary grants, and professional and consultant services contracts and technical services contracts. Senator Sanders reported that the subcommittee held for more information a professional services contract between the Arkansas Health Department and Alere Wellbing, Inc. (formerly Free & Clear Inc.), but since the meeting the information was provided and the hold on the contract has been removed. Senator Sanders reported that the subcommittee approved a contract for Southern Arkansas University for the purpose of renovating the SAU Greek Theater. This concluded the report and there were no questions.

Senator David Sanders moved the adoption of the report of the Review Subcommittee including the contract between the Arkansas Health Department and Alere Wellbing, Incorporated. The motion was seconded and passed by voice vote.

Uniform Personnel Classification and Compensation Plan Subcommittee

Co-Chair Edwards recognized Representative Andrea Lea to present the report of the Uniform Personnel Classification and Compensation Plan Subcommittee. Representative Lea asked for a moment for personal privilege and asked that the committee recognize all of the committee who would not be returning next year. The committee responded with applause.

Representative Lea reported that the Uniform Personnel Classification and Compensation Plan Subcommittee met on December 16, 2014 and reviewed the following: Quarterly Employment Report for the first quarter of fiscal year 2015; reports of grid movements and usage by multiple agencies for September, October, and November 2014; a report from the Department of Finance and Administration detailing the approval of special entry rates for exceptionally well-qualified candidates by the Chief Fiscal Officer; provisional position reports from two and four-year institutions detailing twenty-two (22) provisional positions for fiscal year 2015; a request from the Disability Determination for Social Security Administration for second-language differential for employees who utilize a second language twenty-five percent (25%) of the time; a request from the Department of Parks and Tourism for a growth pool position; a request from the Department of Health for a swap-pool position where the department gave up two positions in return for one position; a request from the Department of Correction for thirty-four (34) positions from the growth pool of which thirty-three (33) were for corporals and one was for a sergeant and which were in the fiscal year 2016 budget; a request from the Department of Economic Development to retain the previous salary of a new employee who had gone through reduction of force at the Department of Finance and Administration in September; a request from the Board of Licensure for Professional Engineers and Professional Surveyors for an increased entry rate for an exceptionally well-qualified candidate; and a review of the classification title for a MFG position previously approved by the Performance Evaluation and Expenditure Review (PEER) Subcommittee in November. This concluded the report and there were no questions.

Representative Andrea Lea moved the adoption of the report of the Uniform Personnel Classification and Compensation Plan Subcommittee. The motion was seconded and passed by voice vote.

Reports of Interim or Special Committees

Co-Chair Edwards recognized Co-Chair Bill Sample to present the report of the Advanced Communications and Information Technology Committee (Exhibit G.1). Senator Sample reported that the Advanced Communications and Information Technology Committee met on December 16, 2014 and reviewed the request by the Department of Information Systems to make rate adjustments for fiscal year 2015. Senator Sample stated that the Department of Information Systems operates within the State of Arkansas to provide information technology services to state agencies and other approved governmental entities.

Senator Bill Sample moved that the report of the Advanced Communications and Information Technology Committee be adopted and that the Department of Information Systems proposed rate adjustments for fiscal year 2015 be filed as reviewed. The motion was seconded and passed by voice vote.

Review of Communications

Co-Chair Edwards referred members to the communications listed as Exhibits H.1 through H.14 and stated that the communications that require action by the Legislative Council are Exhibit H.6 and Exhibit H.13.

Arkansas Teacher Retirement System

Co-Chair Edwards recognized Rod Graves with the Arkansas Teacher Retirement System to explain the request for the Legislative Council's review of Arkansas Teacher Retirement System investments (Exhibit H.6). Mr. Graves stated that the Arkansas Teacher Retirement System has submitted three investments for review that were approved at the last board meeting on December 1, 2014. Mr. Graves stated the first two investments are with private equity funds (Franklin Park Venture Fund 2015, L. P. and Franklin Park International Fund 2015, L. P.) and represent a commitment of up to \$25 million each. Mr. Graves stated the third investment is a commitment of up to \$30 million in a real estate fund (Almanac Realty Securities VII, L.P.). This concluded Mr. Graves' presentation and there were no questions.

Co-Chair Sample moved that the Arkansas Teacher Retirement System investments with Franklin Park Venture Fund 2015, L. P., Franklin Park International Fund 2015, L. P., and Almanac Realty Securities VII, L.P. be filed as reviewed. The motion was seconded and passed by a voice vote.

Department of Veterans Affairs

Co-Chair Edwards referred members to the next item that requires action, which is the request by the Arkansas Department of Veterans Affairs for Legislative Council's review and approval of the sale below the appraised value of property (Exhibit H.13) at 4623 West Charles Bussey Avenue in Little Rock, submitted pursuant to A.C.A. § 22-6-601(h)(2)(C). Co-Chair Edwards recognized Col. Cissy Rucker, Director, and Col. Charles Johnson, Deputy Director, to explain the request. Col. Rucker

stated that Col. Johnson was the primary contact on this project and she would ask him to provide the details while she would be happy to answer any questions directed to her.

Col. Johnson explained that the request before the Legislative Council is permission to sell a small house that was associated with the former Little Rock Veterans Home. Col. Johnson stated that the house has been boarded up, but has been vandalized and opened to vagrants and there is no funding for maintaining this property. Col. Johnson stated that this request is for permission to sell the house for an amount below the appraised value of \$34,000. This concluded the explanation.

Co-Chair Sample moved that the Legislative Council approve the request by the Arkansas Department of Veterans Affairs for the sale below the appraised value of property at 4623 West Charles Bussey Avenue in Little Rock. The motion was seconded and passed by a voice vote.

Co-Chair Edwards recognized Col. Cissy Rucker who asked for a personal moment to address the committee members. Col. Rucker stated this would be her last meeting and she thanked the members for their support and kindness that enabled the agency to come through a very dark time. Co-Chair Edwards commented that she and other agency staff had done an amazing job and he applauds their efforts. The committee members responded with applause.

New Business

Co-Chair Edwards referred the members to the second item of new business, which is the report to the Legislative Council for the emergency review of the Office of the Attorney General's request for employment of outside legal counsel in the matter of *Samantha Sackos vs. National Collegiate Athletics Association, et al.* (Exhibit I.2). Co-Chair Edwards explained that a situation arose where legal time lines required an engagement of a law firm to handle some issues. Co-Chair Edwards stated that the Office of the Attorney General submitted a letter requesting approval to engage a law firm at no cost to the State of Arkansas and which was reviewed by the co-chairmen and is now reported to the Legislative Council as required by the Legislative Council Rules. There were no questions.

Adjournment

At 9:55 a.m., the meeting was adjourned as there was no further business to come before the Legislative Council.

Respectfully submitted,

ATTEST:

Representative John Charles Edwards
Co-Chair, House

Marty Garrity
Executive Secretary