

MINUTES OF THE MEETING
OF THE
ARKANSAS LEGISLATIVE COUNCIL

Friday, October 16, 2015

The Arkansas Legislative Council met at 9:00 a.m., Friday, October 16, 2015 in Committee Room A of the Big Mac Building, Little Rock, Arkansas. Co-Chair David L. Branscum called the meeting to order and recognized a quorum of members present. The members present are listed on the sign-in sheets.

Minutes of the Last Meeting

Co-Chair Branscum referred the members to the minutes of the September 25, 2015 meeting (Exhibit C) of the Legislative Council and asked if there was a motion to approve the minutes. **Co-Chair Sample moved that the minutes of the September 25, 2015 Legislative Council meeting be adopted. The motion was seconded and passed by voice vote.**

Presentation of Revenue Report

Co-Chair Branscum recognized Richard Wilson, Assistant Director for Research Services with the Bureau of Legislative Research, to present the September 2015 revenue report prepared by the Bureau of Legislative Research (Exhibit D). Mr. Wilson reported that after three (3) months of this fiscal year, gross revenue collections are \$1.2 million ahead of the same period last year while net general revenue available for distribution is \$14.4 million above the three-month period of last year for a growth rate of one point one percent (1.1%). Mr. Wilson reported that the graph indicates revenues are about \$50 million above the official forecast. Mr. Wilson reported that the spreadsheet indicates that gross receipts have grown by seven percent (7%) and income tax receipts show a negative four and one-half percent (-4.5%), some of which is due to a timing situation. This concluded the presentation of the September 2015 revenue report and there were no questions.

Co-Chair Sample moved that the report be approved. The motion was seconded and passed by voice vote.

Report of the Executive Subcommittee

Co-Chair Branscum recognized Co-Chair Bill Sample to present the report of the Executive Subcommittee (Exhibit E). Co-Chair Sample reported that the Executive Subcommittee of the Legislative Council met on October 1, 2015 and heard a request from the Department of Human Services (DHS) to immediately implement an emergency rule for a new CPT procedure code for the HPV vaccine that would allow providers to begin receiving reimbursements for providing the vaccine. The subcommittee voted to review and approve the emergency rule and the rule

became effective at 12:01 a.m. on October 3, 2015. This concluded the report and there were no questions.

Co-Chair Sample moved that the report of the Executive Subcommittee be adopted. The motion was seconded and passed by voice vote.

Reports of the Standing Subcommittees

Administrative Rules and Regulations Subcommittee

Co-Chair Branscum referred members to the report of the Administrative Rules and Regulations Subcommittee (Exhibit F.1) and recognized Representative Andy Davis to present the report. Representative Davis reported that the Administrative Rules and Regulations Subcommittee met on October 12, 2015 and the subcommittee adopted the reports from the Executive Subcommittee concerning the Executive Subcommittee's approval of four (4) emergency rules since the last subcommittee meeting. The Administrative Rules and Regulations Subcommittee also reviewed and filed quarterly reports submitted by the Department of Correction, the Department of Community Correction, and the Arkansas Parole Board in accordance with Act 1258 of 2015. The subcommittee also deferred two rules, one from the Arkansas Parole Board and one from the Department of Human Services Division of Behavioral Health Services, until the November subcommittee meeting. The subcommittee also referred a rule by the Arkansas Plant Board concerning the Arkansas Grain Dealers Act to the Senate and House Committees on Agriculture, Forestry, and Economic Development. Representative Davis reported that all other rules on the agenda were reviewed and approved. This concluded the report and there were no questions.

Representative Andy Davis moved that the report of the Subcommittee on Administrative Rules and Regulations be adopted. The motion was seconded and was passed by voice vote.

Performance Evaluation and Expenditure Review (PEER) Subcommittee

Co-Chair Branscum recognized Representative David 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 October 13, 2015 and approved two items, including an appropriation and fund transfer request from the Arkansas State Police, and a request from the Highway and Transportation Department for \$1.3 million from the Rainy-Day Set-Aside fund. Representative Meeks reported that all other items on the agenda were reviewed. This concluded the report and there were no questions.

Representative David Meeks moved that the report of the Performance Evaluation and Expenditure Review (PEER) Subcommittee be adopted. The motion was seconded and passed by voice vote.

Policy-Making Subcommittee

Co-Chair Branscum recognized Representative George B. McGill to present the report of the Policy-Making Subcommittee (Exhibit F.9). Representative McGill reported that the Policy-Making Subcommittee met on October 15, 2015 and reviewed and approved a contract between

the Bureau of Legislative Research and The Stephen Group for the benefit of the Health Reform Legislative Task Force (see attachment to the report). Representative McGill explained that the contract was brought before the subcommittee by Senator Linda Chesterfield and that she was available to answer questions regarding the contract. This concluded the report and there were no questions.

Co-Chair Bill Sample moved that the report of the Policy-Making Subcommittee be adopted. The motion was seconded and passed by voice vote.

Review Subcommittee

Co-Chair Branscum referred members to the report of the Review Subcommittee (Exhibit F.10) and recognized Senator Bart Hester to present the report. Senator Hester reported that the Review Subcommittee met on October 13, 2015 and reviewed the methods of finance, discretionary grants, and contracts as noted in the report and that no items were held.

Senator Bart Hester moved that the report of the Review Subcommittee be adopted. The motion was seconded and passed by voice vote.

Co-Chair Branscum recognized Senator Hester who informed the committee that the Arkansas Department of Health announced on August 10, 2015 that its in-home services program would be transitioned to the private sector due to a budget shortfall. Senator Hester stated that the Department of Health had published an RFQ (request for qualifications) and has selected a vendor to assist and evaluate the marketing of the program to the private sector. Senator Hester stated the Department of Health has indicated that a contract would be submitted shortly and that waiting to review this contract at the next subcommittee meeting could further erode the value of the program and jeopardize the department's ability to avoid lay-offs prior to the transition. A request has been made today to allow the Review Subcommittee to meet for the purpose of hearing testimony from the Health Department and to discuss and take final action on the contract when the contract is submitted for review.

Senator Bart Hester moved that if the contract with the Arkansas Department of Health is submitted and necessitates action prior to the next general, scheduled Review Subcommittee meeting, that the Legislative Council give authority to the Review Subcommittee to meet and take final action on this proposed Health Department contract.

Co-Chair Branscum recognized Co-Chair Sample. **Co-Chair Bill Sample made a substitute motion that a special meeting of the Legislative Council be called within two (2) business days of action by the Review Subcommittee on the contract by the Department of Health to transition its home health care services program to the private sector. The motion was seconded.**

Co-Chair Branscum stated that a substitute motion has been made and asked if there were any questions from the members and there were none. **Co-Chair Branscum called for a voice vote on the substitute motion by Co-Chair Sample and the substitute motion passed.**

Uniform Personnel Classification and Compensation Plan Subcommittee

Co-Chair Branscum recognized Senator Uvalde Lindsey to present the report of the Uniform Personnel Classification and Compensation Plan Subcommittee (Exhibit F.11). Senator Lindsey reported that the Uniform Personnel Classification and Compensation Plan Subcommittee met on October 14, 2015 and reviewed the regular reports on special-entry rates for exceptionally well-qualified candidates, labor market rates, grid movements, and the provisional positions for the institutions of higher education. Senator Lindsey reported that the subcommittee reviewed the notification from the Insurance Department that employees were laid off under the reduction-in-force process due to the ending of federal grants and heard some special-language pool position reports from the retirement system.

Senator Lindsay reported that the subcommittee reviewed and approved requests for special-entry rates for the Northwest Technical Institute and the Department Information Systems. Senator Lindsey reported that the subcommittee also reviewed the following: a request for a growth pool position from the Arkansas State Police; a request from the Department of Human Services for five (5) growth pool positions; a request from the Office of the Medicaid Inspector General for two (2) growth pool positions; a request from the Department of Community Correction for a swap-pool position; the titles of Investigator I for the Office of the Attorney General and the Disability Determination for Social Security; requests for labor-market rates for the Arkansas Natural Resources Commission; and standard reports for the month of September 2015. This concluded Senator Lindsey's report and he answered a question from Senator Terry Rice regarding the reduction-in-force actions by the subcommittee.

Senator Uvalde Lindsey moved that the report of the Uniform Personnel Classification and Compensation Plan Subcommittee be adopted. The motion was seconded and passed by voice vote.

Lottery Oversight Subcommittee

Co-Chair Branscum recognized Representative Chris Richey to present the report of the Lottery Oversight Subcommittee (Exhibit F.12). Representative Richey reported that the Lottery Oversight Subcommittee met on October 15, 2015 and heard a report on the operations of the Office of Arkansas Lottery from Bishop Woolsey, Director of the Office of Arkansas Lottery, and Larry Walther, Director of the Department of Finance and Administration. Representative Richey reported that the subcommittee also reviewed the Office of Arkansas Lottery's Request for Qualifications (RFQ) for a business plan and consulting services with Camelot Global. Representative Richey reported that the subcommittee also reviewed the Office of Arkansas Lottery's proposed extension of the Scientific Games contract. Representative Richey reported the subcommittee reviewed the Arkansas Department of Higher Education report of expenses for fiscal year 2015 of reimbursable administrative costs associated with the scholarships awarded. This concluded the report from Representative Richey.

Representative Chris Richey moved that the report of the Lottery Oversight Subcommittee be adopted and the motion was seconded.

Co-Chair Branscum recognized Senator Jimmy Hickey who made a substitute motion that the contract with Camelot Global and the contract extension with Scientific Games be

removed from the report and that these items be voted on separately. The motion was seconded and failed by voice vote.

Senator Hickey called for a roll call vote on his motion with a divided vote between the House and Senate members. **Upon seeing three hands for a roll call vote, Representative Branscum stated that a roll call vote would be taken and explained that the co-chairs have decided that votes will be counted if a member has signed-in and is in his or her seat and that those members will constitute the quorum. Co-Chair Branscum asked that the sign-in sheets be brought to the staff and then called for a roll call vote on the substitute motion by Senator Jimmy Hickey that the contract with Camelot Global and the contract extension with Scientific Games be removed from the report and that these items be voted on separately.**

Co-Chair Branscum recognized Senator Linda Chesterfield who asked for more information regarding the issue with these items. Co-Chair Branscum responded that if the substitute motion to vote separately on the contract with Camelot Global and the contract extension with Scientific Games passes, then the full Legislative Council will hear a discussion of the issues. Co-Chair Branscum recognized Representative Nate Bell who asked if the discussion could be taken up prior to considering the report rather than considering these items separately. Co-Chair Branscum responded that could have been done, but there is already a motion on the floor.

Co-Chair Branscum called for the roll call vote on the substitute motion by Senator Jimmy Hickey that the contract with Camelot Global and the contract extension with Scientific Games be removed from the report and that these items be voted on separately. The motion failed to pass with twenty (20) "yes" votes and nineteen (19) "no" votes.

Co-Chair Branscum stated that the substitute motion has failed and that the original motion by Representative Richey to adopt the report has been seconded. Co-Chair Branscum then opened the meeting to discussion on the motion by Representative Richey to adopt the report of the Lottery Oversight Subcommittee. Co-Chair Branscum recognized Bishop Woolsey, Director of the Office of Arkansas Lottery, and Richard Bateson, Senior Vice President of Sales and Marketing for Camelot Global, to come forward and respond to questions. Mr. Woolsey and Mr. Bateson introduced themselves and then responded to several questions from the committee members.

Senator Jonathan Dismang moved that the contract with Camelot Global and the Office of Arkansas Lottery be approved today and that the Executive Subcommittee of the Legislative Council will have the final review of the amendment to the contract and the final review of the clerical errors in the contract. The motion was seconded by Senator Hickey and passed by voice vote.

Co-Chair Branscum stated that the passage of this motion requires that the changes will be made in the contract and sent to the Executive Subcommittee and the Executive Subcommittee will vote to approve or not to approve the changes.

Co-Chair Sample moved for immediate consideration of the motion by Representative Chris Richey to adopt the report of the Lottery Oversight Subcommittee. The motion was seconded and passed by voice vote.

Co-Chair Branscum called for a voice vote on the motion by Representative Chris Richey to adopt the report of the Lottery Oversight Subcommittee and the motion passed.

Introduction of Veterans with Forward Assist

At this point, Co-Chair Branscum recognized Senator Bobby J. Pierce for a point of personal privilege. Senator Pierce stated that in attendance today is Mayor Vernon Dollar from Rison, Arkansas, and asked Mayor Dollar to introduce the group of veterans who are visiting today. Mayor Dollar introduced himself and explained that the English organization called "Forward Assist" works to assist veterans during times of war and when the veterans return home by offering them refuge and friendship. Mayor Dollar introduced Mr. Tony Wright as the Executive Director of Forward Assist in England, introduced Mr. Dave Anderson as a supporter of Forward Assist, a member of the Labor Party, and a member of the House of Commons in the Parliament of the United Kingdom, and introduced the Forward Assist veterans who were in attendance. The members of the Legislative Council welcomed them with applause.

Mayor Dollar stated that Forward Assist is visiting here today and has extended an invitation to American veterans to visit their home. Mr. Dave Anderson came forward and explained that he comes from a town near the city of New Castle, which has a sister-city relationship with the city of Little Rock. Mr. Anderson stated this group started when he met Mr. Wright who asked for his assistance with helping veterans with adjusting to life at home after going through the experiences of war. Mr. Anderson stated that the purpose of their visit here today was to build links between your country and ours because we have shared a very long history in both war and peace. Mr. Anderson thanked the people of Arkansas for their welcome and the support they have shown to Forward Assist. Mr. Anderson stated that Forward Assist will be going to Peru to build a facility for children and he hopes that American veterans will join them in this project. Mr. Anderson concluded his remarks by thanking the members for their welcome and time, and by asking that the veterans with him today be thanked also. The members of the Legislative Council stood and applauded. Co-Chair Branscum thanked them for their service.

Review of Communications

Co-Chair Branscum referred members to the communications listed as Exhibit H.1 through Exhibit H.17 and stated that two of these communications require action by the Legislative Council.

Arkansas Development Finance Authority

Co-Chair Branscum referred members to the request for the Legislative Council's review of three Program Fact Sheets, submitted by the Arkansas Development Finance Authority pursuant to A.C.A. § 15-5-212(b) (Exhibit H.2), and asked if there was a motion.

Co-Chair Bill Sample moved that the Legislative Council file as reviewed the following Program Fact Sheets submitted by the Arkansas Development Finance Authority: (1) Program Fact Sheet CY2015DF005, Henderson State University Qualified Energy Conservation Bonds in the amount of \$10,136,926; (2) Program Fact Sheet CY2015DF006, Baptist Healthcare Revenue Refunding Bonds in the amount of \$62,765,000; and

(3) Program Fact Sheet CY2015DF007, Episcopal Collegiate School Project Refunding Bonds in the amount of \$3,650,000. The motion was seconded and passed by voice vote.

Arkansas Teacher Retirement System

Co-Chair Branscum referred members to the request from the Arkansas Teacher Retirement System (ATRS) for the Legislative Council's review of the partial equity ownership investments submitted pursuant to A.C.A § 19-11-1302 (Exhibit H.6) and asked if there was a motion.

Co-Chair Bill Sample moved that the Legislative Council file as reviewed the Arkansas Teacher Retirement System investments with the following: (1) Triam Partners, L.P.; (2) Triam Co-Investment Opportunities Fund, L.P.; (3) Voya Absolute Alpha MSCI ACWI Trust Fund; (4) Aeolus Property Catastrophe Keystone PF, L.P.; and (5) JFL Equity Investors IV, L.P. The motion was seconded and passed by voice vote.

Adjournment

At 10:20 a.m., the meeting was adjourned as there was no further business to come before the Legislative Council.

Respectfully submitted,

ATTEST:

Representative David L. Branscum
Co-Chair, House

Marty Garrity
Executive Secretary