

**REPORT  
OF THE  
COMMITTEE ON POLICY MAKING  
OF THE  
ARKANSAS LEGISLATIVE COUNCIL**

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**May 19, 2017**

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Dear Co-Chairs:

The Policy Making Subcommittee of the Arkansas Legislative Council met Thursday, May 18, 2017 at 2:00 p.m. in Room 272 of the State Capitol Building, Little Rock, Arkansas. Senator Linda Chesterfield called the meeting to order and saw a quorum of members present. The members present are listed on the sign-in sheet.

The subcommittee discussed the interim committee allocations for the Bureau of Legislative Research for the fiscal year that begins July 1, 2017. After discussion, the subcommittee chose to make one revision to the proposed starting amounts for committee allocations in order to allocate \$24,000.00 to the Economic and Tax Policy Committee.

**Representative Jeremy Gillam made a motion to set the interim committee allocations for the fiscal year beginning July 1, 2017 to amounts as set forth in Exhibit B as revised. The motion was seconded and passed by voice vote.**

The subcommittee also discussed the renewal of the contract with Osborn, Carreiro & Associates to provide actuarial services for the Joint Committee on Public Retirement and Social Security Programs. The new contract will be effective July 1, 2017 through June 30, 2019 for a maximum amount of \$160,000.00.

**Senator Terry Rice made a motion to recommend approval of the contract. The motion was seconded and passed by voice vote.**

There being no further business, the meeting adjourned.

Respectfully submitted,

Senator Linda Chesterfield, Senate Co-Chair

Representative George B. McGill, House Co-Chair

LC:GBM/vjf

**Interim Committee Balances  
for the  
Bureau of Legislative Research**

(July 1, 2016 - June 30, 2017)								
APRIL 30, 2017								
COMMITTEE TITLE	PER DIEM/MILEAGE & EXPENSES BEGINNING	TRANSFER IN/OUT	EXPENDED	ENDING BALANCE	OUT OF STATE TRAVEL BEGINNING	EXPENDED	ENDING BALANCE	
ECONOMIC AND TAX POLICY JOINT	24,000.00		\$ 3,311.45	20,688.55	-		-	
LEGISLATIVE FACILITIES JOINT	28,000.00			28,000.00	-		-	
SENATE EDUCATION	28,000.00		\$ 16,241.14	11,758.86	5,950.00		5,950.00	
SENATE JUDICIARY	14,000.00		6,350.13	7,649.87	5,950.00		5,950.00	
SENATE PUBLIC HEALTH, WELFARE & LABOR	28,000.00		15,667.68	12,332.32	5,950.00		5,950.00	
SENATE TRANS, TECH, LEGIS AFFAIRS	14,000.00		1,111.71	12,888.29	5,950.00		5,950.00	
SENATE REVENUE & TAX	14,000.00		1,744.77	12,255.23	5,950.00		5,950.00	
SENATE AGRI, FORESTRY & ECONOMIC DEV	14,000.00		3,351.97	10,648.03	5,950.00		5,950.00	
SENATE CITY, COUNTY & LOCAL AFFAIRS	14,000.00		2,617.21	11,382.79	5,950.00		5,950.00	
SENATE INSURANCE & COMMERCE	14,000.00	(6,768.46)	463.07	6,768.47	12,718.46	5,446.79	7,271.67	
SENATE STATE AGENCY & GOVT'L AFFAIRS	28,000.00		6,249.67	21,750.33	5,950.00		5,950.00	
JOINT PERFORMANCE REVIEW	90,000.00		\$ 27,096.16	62,903.84	25,500.00		25,500.00	
JOINT PUBLIC RETIREMENT & SS PRGM	40,000.00		\$ 1,945.08	38,054.92	-		-	
SENATE CHILDREN & YOUTH	20,000.00		\$ 9,152.67	10,847.33	8,500.00		8,500.00	
JT ADV COM & TECH	34,000.00		\$ 3,157.44	30,842.56	14,450.00		14,450.00	
HOUSE EDUCATION	112,000.00		\$ 45,410.04	66,589.96	17,000.00		17,000.00	
HOUSE JUDICIARY	58,000.00		18,983.03	39,016.97	17,000.00		17,000.00	
HOUSE PUBLIC HEALTH, WELFARE & LABOR	128,000.00		25,052.84	102,947.16	17,000.00		17,000.00	

Interim Committee Balances  
for the  
Bureau of Legislative Research

(July 1, 2016 - June 30, 2017)								
APRIL 30, 2017								
COMMITTEE TITLE	PER DIEM/MILEAGE & EXPENSES				OUT OF STATE TRAVEL			
	BEGINNING	TRANSFER IN/OUT	EXPENDED	ENDING BALANCE	BEGINNING	EXPENDED	ENDING BALANCE	
HOUSE PUBLIC								
TRANSPORTATION	48,000.00		8,236.16	39,763.84	17,000.00		17,000.00	
HOUSE REVENUE & TAX	64,000.00		6,194.01	57,805.99	17,000.00		17,000.00	
HOUSE AGING & LEGIS								
AFFAIRS	42,000.00		\$ 14,541.50	27,458.50	17,000.00		17,000.00	
HOUSE AGRI, FORESTRY &								
ECONOMIC DEVELP	56,000.00		12,036.52	43,963.48	17,000.00		17,000.00	
HOUSE CITY, COUNTY &								
LOCAL AFFAIRS	50,000.00		5,271.25	44,728.75	17,000.00		17,000.00	
HOUSE INSURANCE &								
COMMERCE	60,000.00		4,831.72	55,168.28	17,000.00	3,236.99	13,763.01	
HOUSE STATE AGENCIES &								
GOVT'L AFFAIRS	88,000.00		\$ 16,034.60	71,965.40	17,000.00	4,375.14	12,624.86	
UNALLOCATED INTERIM								
COMMITTEE	309,199.00		188,876.57	120,322.43	5,197.00		5,197.00	
GRAND TOTAL	1,419,199.00		440,616.94	978,582.06	283,965.46	13,058.92	270,906.54	
JOINT ENERGY	65,806.00		7,901.00	57,905.00				

<b>COMMITTEE NAME</b>	<b>EXPENDED</b>
Task Force on Best Practices Special Education	\$ 2,185.62
Health Reform Task Force	\$ 29,708.70
Health Reform Human Dev Centers Task Force Subcommittee	\$ 2,856.65
Alzheimer's Advisory Council	\$ 2,629.54
Task Force Realignment of Higher Education	\$ 11,955.65
State Public School Life & Health Insurance Task Force	\$ 3,150.26
Health Insurance Marketplace Oversight	\$ 2,879.37
Local 911 Systems Blue Ribbon	\$ 879.14
Governor's Emergency Fund Review	\$ 1,297.58
Intermodal Transportation Task Force	\$ 4,402.32
Code Revision Commission	\$ 381.60
Joint Budget	\$ 126,550.14
<b>TOTAL</b>	<b>\$ 188,876.57</b>

Interim Committee Balances  
for the  
Bureau of Legislative Research

(July 1, 2017 - June 30, 2018)									
JULY 1, 2017									
PER DIEM/MILEAGE & EXPENSES					OUT OF STATE TRAVEL			TASK FORCE	
COMMITTEE TITLE	BEGINNING	TRANSFER IN/OUT	EXPENDED	ENDING BALANCE	BEGINNING	EXPENDED	ENDING BALANCE	EXPIRATION DATE	
ECONOMIC AND TAX POLICY JOINT	24,000.00			24,000.00	-		-		
LEGISLATIVE FACILITIES JOINT	14,000.00			14,000.00	-		-		
SENATE EDUCATION	28,000.00			28,000.00	5,950.00		5,950.00		
SENATE JUDICIARY	14,000.00			14,000.00	5,950.00		5,950.00		
SENATE PUBLIC HEALTH, WELFARE & LABOR	28,000.00			28,000.00	5,950.00		5,950.00		
SENATE TRANS, TECH, LEGIS AFFAIRS	14,000.00			14,000.00	5,950.00		5,950.00		
SENATE REVENUE & TAX	14,000.00			14,000.00	5,950.00		5,950.00		
SENATE AGRI, FORESTRY & ECONOMIC DEV	14,000.00			14,000.00	5,950.00		5,950.00		
SENATE CITY, COUNTY & LOCAL AFFAIRS	14,000.00			14,000.00	5,950.00		5,950.00		
SENATE INSURANCE & COMMERCE	10,000.00			10,000.00	15,000.00		15,000.00		
SENATE STATE AGENCY & GOVT'L AFFAIRS	14,000.00			14,000.00	7,000.00		7,000.00		
JOINT PERFORMANCE REVIEW	28,000.00			28,000.00	10,500.00		10,500.00		
JOINT PUBLIC RETIREMENT & SS PRGM	14,000.00			14,000.00	-		-		
SENATE CHILDREN & YOUTH	14,000.00			14,000.00	8,500.00		8,500.00		
JT ADV COM & TECH	14,000.00			14,000.00	14,450.00		14,450.00		
HOUSE EDUCATION	112,000.00			112,000.00	17,000.00		17,000.00		
HOUSE JUDICIARY	24,000.00			24,000.00	17,000.00		17,000.00		
HOUSE PUBLIC HEALTH, WELFARE & LABOR	50,000.00			50,000.00	17,000.00		17,000.00		
HOUSE PUBLIC TRANSPORTATION	24,000.00			24,000.00	17,000.00		17,000.00		
HOUSE REVENUE & TAX	24,000.00			24,000.00	17,000.00		17,000.00		
HOUSE AGING & LEGIS AFFAIRS	24,000.00			24,000.00	17,000.00		17,000.00		
HOUSE AGRI, FORESTRY & ECONOMIC DEVELP	24,000.00			24,000.00	17,000.00		17,000.00		
HOUSE CITY, COUNTY & LOCAL AFFAIRS	14,000.00			14,000.00	17,000.00		17,000.00		



Interim Committee Balances  
for the  
Bureau of Legislative Research

(July 1, 2017 - June 30, 2018)									
JULY 1, 2017									
PER DIEM/MILEAGE & EXPENSES					OUT OF STATE TRAVEL			TASK FORCE	
COMMITTEE TITLE	BEGINNING	TRANSFER IN/OUT	EXPENDED	ENDING BALANCE	BEGINNING	EXPENDED	ENDING BALANCE	EXPIRATION DATE	
HOUSE INSURANCE & COMMERCE	24,000.00			24,000.00	17,000.00		17,000.00		
HOUSE STATE AGENCIES & GOVT'L AFFAIRS	24,000.00			24,000.00	17,000.00		17,000.00		
Alzheimer's Advisory Council	10,000.00			10,000.00					
Alternative Energy Commission	10,000.00			10,000.00				09/30/2017	
Desegregation Litigation Oversight Committee	10,000.00			10,000.00				09/30/2017	
Substance Abuse Prevention Task Force	10,000.00			10,000.00				09/30/2017	
Substance Abuse Treatment Task Force	10,000.00							09/30/2017	
Rural Fire Departments Study	10,000.00								
Behaviorial Health Treatment Access Task Force	10,000.00							09/30/2017	
State and Public School Life and Health Insurance Program Task Force	10,000.00							12/31/2018	
Water Provider Legislative Task Force	10,000.00							01/01/2019	
Legislative Task Force on Workforce Education Excellence	10,000.00							07/01/2019	
Tax Reform and Relief Legislative Task Force	50,000.00							12/31/2018	
Task Force on Alpha-Gal	10,000.00							12/31/2018	
Autism Task Force	10,000.00								
Child Maltreatment Investigations Oversight Committee	10,000.00								
Code Revision Commission	5,000.00								
Governor's Emergency Fund Review	5,000.00								
UNALLOCATED INTERIM COMMITTEE	627,199.00			627,199.00	3,960.00		3,960.00		
GRAND TOTAL	1,419,199.00		-	1,419,199.00	271,060.00	-	271,060.00		

Interim Committee Balances  
for the  
Bureau of Legislative Research

(July 1, 2017 - June 30, 2018)									
PER DIEM/MILEAGE & EXPENSES					OUT OF STATE TRAVEL				
JULY 1, 2017									
COMMITTEE TITLE	BEGINNING	TRANSFER IN/OUT	EXPENDED	ENDING BALANCE	BEGINNING	EXPENDED	ENDING BALANCE	TASK FORCE EXPIRATION DATE	
JOINT ENERGY	65,806.00			65,806.00					

# ARKANSAS GENERAL ASSEMBLY



Senator Bart Hester  
Senate Co-Chair

Representative Douglas House  
House Co-Chair

## JOINT COMMITTEE ON PUBLIC RETIREMENT AND SOCIAL SECURITY PROGRAMS

May 11, 2017

The Honorable Linda Chesterfield, Senate Chair  
The Honorable George McGill, House Chair  
Arkansas Legislative Council – Policy-Making Subcommittee  
Room 315, State Capitol  
Little Rock, AR 72201

**RE: Contract for Actuarial Services**

VIA ELECTRONIC MAIL

Dear Senator Chesterfield and Representative McGill:

This letter is to report that the Joint Committee on Public Retirement and Social Security Programs voted on March 27, 2017 to renew its contract with Osborn, Carreiro & Associates, Inc. who will continue to perform actuarial services for committees of the Arkansas General Assembly. The new contract will be effective July 1, 2017 through June 30, 2019 for a maximum amount of \$160,000. Attached is a copy of the contract, plus the pricing estimates provided by Osborn, Carreiro & Associates.

Also on March 27, 2017, the Joint Committee on Public Retirement voted to authorize Osborn, Carreiro & Associates to conduct a study of all the state's public retirement systems and report their findings to the Joint Committee on Public Retirement. Additional information on the project is attached. These actuarial services are to be payable from the monies appropriated for Interim Committee Study Expense purposes in Section 4 of Act 1306 of 2013.

Please feel free to contact either of us if you have any questions.

Respectfully submitted,

*Bart Hester KH*

Senator Bart Hester  
Senate Co-Chair

*Douglas House KH*

Representative Douglas House  
House Co-Chair

Attachments



## ACTUARIAL CONSULTANT SERVICES AGREEMENT

This Actuarial Consultant Services Agreement (this "Agreement") is between Osborn, Carreiro & Associates, Inc. ("Osborn"), located at 124 W. Capitol Ave., Ste. 1690, Little Rock, AR, 72201, and the Bureau of Legislative Research ("BLR"), located in the State Capitol Building, Room 315, 500 Woodlane Street, Little Rock, Arkansas 72201.

Osborn and the BLR hereby agree as follows:

1. **Services to be performed.** The BLR hereby retains Osborn to provide consultant and actuarial services as required by the Joint Committee on Public Retirement and Social Security Programs (the "Committee") and other committees of the Arkansas General Assembly, to include the following (the "Services"):
  - Provide cost analysis, as requested for proposed legislation;
  - Attend committee meetings, as requested, to provide routine actuarial consultation on technical, policy, legal, or administrative questions;
  - Communicate new developments/trends in public retirement programs and provide improvement recommendations;
  - Assist in preparation of proposed changes to governing retirement laws;
  - Provide consultation and advisory services in the policy and administrative problems of new legislative implementation;
  - Provide consultation and advisory services to legislative committees or task forces for actuarial projects, as approved by the legislative committee or task force;
  - Develop and provide various tables and factors as needed by legislative committees;
  - Keep committees advised on developments in federal legislation and regulations regarding financing, benefits, vesting, fiduciary responsibility, disclosure, etc.;
  - Be readily accessible to committee members and staff; and
  - Be available for periodic educational discussions with committees and staff.
2. **Deliverables.** Osborn will prepare reports and analyses based on requests of the Committee or other committees of the General Assembly (the "Deliverables") to be provided to the BLR for use by the Committee and other committees of the Arkansas General Assembly. Except for the following, the BLR will own the Deliverables: (a) working papers of Osborn; (b) pre-existing Osborn materials or studies used in the provision of the Services and the Deliverables; (c) Osborn know-how and processes used in the provision of the Services and Deliverables as well as any and all intellectual property owned by Osborn that may be employed in providing the Services and Deliverables. Osborn is providing the Services and Deliverables for the use and benefit of the Committee and the Arkansas General Assembly. The Services and Deliverables are not for a third party's use, benefit or reliance, other than members of the General Assembly. Except as described in Section 8 of this Agreement, Osborn shall not discuss the Services or disclose the Deliverables until such time that the BLR provides Osborn notice that the BLR has disclosed the Services and Deliverables to third parties.

3. **Term and Termination.** The term of this Agreement will commence on July 1, 2017 and terminate on June 30, 2019, with an option to renew for an additional six (6) month period upon mutual agreement of the parties if the need of the Committee or the Arkansas General Assembly merits an extension.

Either party may terminate the Agreement by giving ten (10) days prior written notice.

4. **Fees and Expenses.** The Fees and Expenses related to this Agreement are outlined in the Fee Schedule that is incorporated in this Agreement by reference as Attachment A. The maximum amount BLR will pay to Osborn for the provision of the Services is One Hundred and Sixty Thousand Dollars (\$160,000). This total contract amount includes the time spent in the completion of the Services, as well as other administrative costs including without limitation secretarial, bookkeeping, budget preparation, monitoring, and auditing services. The total maximum contract amount will cover any and all expenses for travel related to performing the Services under this Agreement. With the exception of the months during a regular legislative session, Osborn shall submit itemized invoices to the BLR on a monthly basis, based upon the per hour pricing set forth in the Fee Schedule. For work performed during a regular legislative session, Osborn shall submit an itemized invoice no later than thirty (30) days after sine die adjournment of the Arkansas General Assembly.
5. **Governing Law.** This Agreement shall be governed by the laws of the State of Arkansas, without regard to Arkansas's conflict of law principles. Osborn agrees that any claims against the BLR whether arising in tort or in contract, shall be brought before the Arkansas Claims Commission as provided by Arkansas law, and shall be governed accordingly. Nothing in this Agreement shall be construed as a waiver of sovereign immunity of the BLR, the Committee, or the Arkansas General Assembly.
6. **Assignment.** This Agreement may not be assigned without the prior written consent of both parties, which either party may withhold for any reason. This Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns.
7. **Amendment.** This Agreement may be amended upon agreement of both parties to the Agreement and the approval of the Legislative Council. Any amendment to this Agreement must be in writing and signed by both parties.
8. **Confidentiality.** "Confidential Information" under this Agreement means non-public information that a party marks as "confidential" or "proprietary" or that otherwise should be understood by a reasonable person to be confidential in nature. Confidential information does not include any information which is (a) rightfully known to the recipient prior to its disclosure; (b) released to any other person or entity (including governmental agencies) without restriction; (c) independently developed by the recipient without use of or reliance on Confidential Information; or (d) or later becomes publicly available without violation of this Agreement or may be lawfully obtained by a party from a non-party.

Each party will protect the confidentiality of Confidential Information that it receives under the Agreement except as required by applicable law, rule, regulation, or professional standard, without the other party's prior written consent. Due to the BLR being a public entity within the State of Arkansas, all terms of this

Agreement, including but not limited to fee and expense structure, are subject to disclosure under the Freedom of Information Act of 1967, Ark. Code Ann. § 25-19-101, *et seq.*

If disclosure of Osborn's Confidential Information is required by law, rule, regulation, or professional standard, (including any subpoena or other similar form of process), the BLR shall provide Osborn with prior prompt written notice thereof.

In consideration of Osborn's and BLR's agreement to provide one another with access to their respective Confidential Information, Osborn and BLR each agrees to maintain in confidence all Confidential Information of the other. Except as provided in this Agreement, neither Osborn nor BLR shall in any manner disclose any Confidential Information of the other to any person, entity, firm or company whatsoever, without the express written consent of the other. Osborn and BLR shall each take all steps necessary to ensure that their respective affiliates, officers, employees, independent contractors, agents and other representatives (collectively "Representatives") maintain the Confidential Information in confidence.

[SIGNATURES APPEAR ON FOLLOWING PAGE]

IN WITNESS WHEREOF, Osborn and BLR have executed this Agreement this \_\_\_\_ day of May, 2017.

Osborn, Carreiro & Associates, Inc.:

\_\_\_\_\_

Steve Osborn, President

\_\_\_\_\_

Date

BUREAU OF LEGISLATIVE

RESEARCH:

\_\_\_\_\_

Marty Garrity, Director

\_\_\_\_\_

Date

**ATTACHMENT A – FEE SCHEDULE**



# Osborn, Carreiro & Associates, Inc.

ACTUARIES • CONSULTANTS • ANALYSTS

One Union National Plaza, Suite 1690  
124 West Capitol Avenue  
Little Rock, Arkansas 72201  
(501)376-8043 fax (501)376-7847

March 20, 2017

Bureau of Legislative Research  
Director's Office  
500 Woodlane Street  
State Capitol Building, Room 315  
Little Rock, AR 72201

RE: Actuarial Consultant Services Agreement  
Attachment A

Ladies and Gentlemen:

This letter provides an update of our actuarial fees involved with the continuance of our contract with the Joint Committee on Public Retirement and Social Security Programs (Committee) for the period beginning July 1, 2017 and ending June 30, 2019. The hourly rates by position described in the proposal is as follows:

	Price per Hour	No. Positions
Lead Actuary, Primary Contact	\$200	1
Supervising Actuary	\$250	1
Support Actuary	\$150	2
Support Staff	\$90	1

The maximum price per project (where a project is a cost impact study for a legislative proposal) during each legislative session is shown below. The maximum price per month based on the amount of work requested by the Committee or other legislative committees as directed by BLR is also shown in the table below:

<u>Description</u>	<u>Price per Project (during Sessions)</u>	<u>Price per Month (during Interims)</u>
Professional Hourly Rates	\$1,600	\$4,000
Subcontractors	0	0
Travel	0	0
Additional Goods & Services	0	0
Total Price per Project/Month	\$1,600	\$4,000

The work completed during Interims may be on one proposal or multiple proposals and may span several months as services are requested during these periods. The maximum contract amount for the services during the biennium covered by this contract would be \$160,000.

Osborn, Carreiro and Associates also certifies that:

1. Any cost not identified on this schedule but subsequently incurred will be the responsibility of the Vendor.
2. This pricing quotation is good for a 180-day acceptance period.
3. We certify the following:
  - a. Prices in this proposal have been arrived at independently, without consultation, communication, or agreement for the purpose of restricting competition;
  - b. No attempt has been made nor will be to induce any other person or firm to submit a proposal for the purpose of restricting competition;
  - c. The person signing this proposal is authorized to represent the company and is legally responsible for the decision as to the price and supporting documentation provided as a result of this RFP; and
  - d. The prices in this proposal have not been knowingly disclosed by the proposer and will not be prior to award to any other proposer.

Please let us know if you need any additional information. We are looking forward to continuing to work with the committee.

Sincerely,



Jody Carreiro, ASA, MAAA, EA, FCA  
Vice President & Actuary