

SUMMARY SCHEDULE OF STATE AGENCY CONTRACTS
FOR ARKANSAS LEGISLATIVE COUNCIL REVIEW
AS REQUIRED BY ARKANSAS CODE 19-11-1006

C

Out-of-State Contracts

1. Agency: DFA-Management Services	Contractor: FOX & FOX CONSULTING LLC	State: AZ
	Location: SCOTTSDALE	
Total Authorized: \$0.00	Org. Term: 01/15/2019 - 06/15/2020	Procurement: SP
Total After Review: \$75,000.00	Funding: State - 100%	
Total Projected: \$75,000.00	MOF:	Contract Number: 4600043915
Org/Amt:	Amount	Next Exp Date
Original:	75,000.00	
The objective of this special procurement is to provide professional consulting services and to assist the Racing commission in creation and implementation of gaming rules and the ongoing State operations involving casino rules and procedures.		

2. Agency: DFA-Racing	Contractor: FOX & FOX CONSULTING LLC	State: AZ
	Location: SCOTTSDALE	
Total Authorized: \$0.00	Org. Term: 01/15/2019 - 06/15/2020	Procurement: SP
Total After Review: \$75,000.00	Funding: State - 100%	
Total Projected: \$75,000.00	MOF:	Contract Number: 4600043914
Org/Amt:	Amount	Next Exp Date
Original:	75,000.00	
The objective of this special procurement is to provide professional consulting services and to assist the Racing Commission in creation and implementation of gaming rules and the ongoing State operations involving casino rules and procedures.		



STATE OF ARKANSAS
**Department of Finance
and Administration**

OFFICE OF THE DIRECTOR
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January 16, 2019

Senator Gary Stubblefield, Co-Chairperson
Representative Monte Hodges, Co-Chairperson
Joint Budget Committee, Performance Evaluation and Expenditure Review
("JBC – PEER Review")
State Capitol Building, Room 315
Little Rock, AR 72201

Dear Co-Chairs,

On November 14, 2018, the citizens of the great State of Arkansas passed an amendment to the Arkansas constitution that created state casinos. The amendment requires the Arkansas Racing Commission ("ARC") to adopt casino rules no later than 120 days after passage, which is March 14, 2019. During this brief time frame there are a multiplicity of time-intensive tasks that need to be performed: the drafting of rules, review of the rules by the Governor, a 30-day public comment period, and submission of the rules to the Rules and Regulations Sub-Committee.

Casino gambling is something with which the ARC does not have prior experience. Due to its inexperience and the limited time remaining in which to finalize the tasks before it, the ARC wants to contract for the services of a consultant with experience to help it finalize its work. The consultant selected for the contract is Mr. James Fox, co-author of a book titled "Casino Operations Management." His resume is attached along with the request from ARC for special procurement authority. As can be seen from his resume, he has extensive knowledge of and experience in the casino industry, including internal auditing, fraud investigations, forensic accounting, and cost recovery. Because ARC needs to make the most of the dwindling time before it, the Department of Finance and Administration ("DFA") respectfully requests that you grant the proposed contract an expedited review.

Should you have any questions, please do not hesitate to ask.

Respectfully,

A handwritten signature in cursive script that reads "Larry W. Walther".

Larry W. Walther
Director, DFA

cc: Edward Armstrong, Office of State Procurement



STATE OF ARKANSAS
**Department of Finance
and Administration**

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SPECIAL PROCUREMENT DETERMINATION

From: Edward R. Armstrong,
Director, Office of State Procurement

Date: January 14, 2019

Subject: Special Procurement for the Department of Finance and Administration on behalf
of the Arkansas Racing Commission

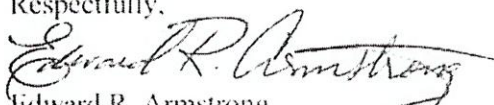
Pursuant to Ark. Code Ann. § 19-11-263, the Director of the Office of State Procurement ("OSP") may initiate a special procurement when he or she determines that an unusual or unique situation exists that makes applying the requirements of competitive bidding, competitive sealed bidding, or competitive sealed proposals contrary to the public interest. Ark. Code Ann. § 19-11-263(a). This determination must be in writing and explain the basis for the special procurement and for the selection of the particular contractor.

On November 14, 2018, the citizens of the State of Arkansas passed an amendment to the Arkansas constitution that created state casinos. This amendment requires that the Arkansas Racing Commission ("ARC") adopt rules to regulate the casinos no later than 120 days after passage, which is March 14, 2019. Included in this 120-day time frame are a requirement for a review of the rules by the Governor, a 30-day public comment period, and submission and subsequent approval by the Rules and Regulations Sub-Committee. Due to the very limited time frame, the amount of time needed to use the request for proposal process would make it nearly impossible for the timely development and adoption of the rules, which would frustrate the intent of the citizens of the State of Arkansas in passing this constitutional amendment.

In order to fulfill its constitutional mandate, the ARC, through the Department of Finance and Administration ("DFA"), has requested special procurement of a consultant to assist in the creation and implementation of gaming rules and procedures to govern casinos. The consultant selected for the contract is Mr. James Fox, whose resume is attached along with the request from ARC for special procurement authority. As can be seen from his resume, Mr. Fox has extensive knowledge of and experience in the casino business including internal auditing, fraud investigations, litigation support, forensic accounting, expert witness and cost recovery. He also co-authored a book titled "Casino Operations Management." Based on the breadth and depth of his experience, the ARC has determined Mr. Fox's experience and knowledge make him the best candidate to help the ARC meet its immediate needs. If a special procurement is not permitted, ARC does not believe that it will be able to timely fulfill its constitutional mandate.

Based on information DFA has provided in support of ARC's request, it appears that a unique situation exists that would make it impracticable for ARC to finalize the task before it within the timeframe set by law without the benefit of expertise from a knowledgeable professional. Taking as axiomatic that thwarting the will of a voting public is contrary to the public interest in a democratic society, it would be contrary to the public interest¹ to prevent the ARC from timely completing its task within the time mandated by law by requiring the usual procurement process and its corresponding delay. Accordingly, I authorize DFA to initiate special procurement of a contract on behalf of ARC with Mr. James Fox for professional consultant services. Because the total projected cost of the proposed contract exceeds \$50,000.00, the contract will need to be submitted for legislative review pursuant to Ark. Code Ann. § 19-11-1006(a)(1).

Respectfully,


Edward R. Armstrong
Director, Office of State Procurement

¹ This determination is made without consideration or opinion as to the impact of casinos on the general welfare of the public, since that was issue was left to, and resolved by, the determination of the voters.



STATE OF ARKANSAS
**Department of Finance
and Administration**

ARKANSAS RACING COMMISSION
1515 West Seventh Street, Suite 505
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January 9, 2019

Department of Finance and Administration
Office of State Procurement
Mr. Edward Armstrong
1509 W 7th Street, Ste 300
Little Rock, AR 72201

Mr. Armstrong,

Purchase Requisition Number: 1000848949 (payable from Administrative Services – BA0610)
1000848904 (payable from Racing Commission – BA0631)

The Department of Finance and Administration is requesting a special procurement in the hiring of a consultant to assist in the creation and implementation of gaming rules and the ongoing State operations involving casino rules and procedures. The projected cost of this procurement is \$150,000 and the proposed time frame of this contract is 01/15/2019 through 06/15/2020.

On November 14, 2018, the citizens of the State of Arkansas passed an amendment to the Arkansas constitution that created state casinos. This amendment requires that the Arkansas Racing Commission adopt casino rules no later than 120 days after passage, which is March 14, 2019. Included in this 120-day time frame are a requirement for a review of the rules by the Governor, a 30-day public comment period, and submission and subsequent approval by the Rules and Regulations Sub-Committee. Due to the limited time frame, the amount of time needed to use the request for proposal process would make it nearly impossible for the timely development and adoption of the rules, which would frustrate the intent of the citizens of the State of Arkansas in passing this constitutional amendment.

This unusual and unique situation is expected to last until the rules are in place and casinos are established. The scope of work would last through the next eighteen (18) months at which time a decision would be made to either issue a competitive solicitation or request permission from the Office of State Procurement Director to proceed with a Request for Qualifications.

The consultant selected for this contract is Mr. James Fox. Mr. Fox has extensive knowledge of and experience in the casino business including internal auditing, fraud investigations, litigation support, forensic accounting, expert witness and cost recovery. Mr. Fox co-authored a book titled "Casino Operations Management". (See attached resume). The Arkansas Racing Commission has determined that with Mr. Fox's experience and knowledge he is the best candidate to meet their needs.

Your consideration for this special procurement request is appreciated.

Sincerely,

A handwritten signature in black ink, appearing to read "Smokey Campbell".

Smokey Campbell
Director, Arkansas Racing Commission

James Fox
PO Box 15365
Scottsdale, AZ, 85267
702-245-7056 jimfox01@gmail.com

Experience

Fox & Fox Consulting LLC - Co-Owner

2015 - Current.

- Consulting and leadership services to the gaming, hospitality, construction, entertainment, and other industries.

Engagement Manager - Risk Advisory Services

2010-2018 Experis (Formerly known as Jefferson Wells), Phoenix, AZ

- Lead the cost recovery and contract compliance efforts for engagements that were successful in identifying over \$17 million in client recoveries during a six year period.
- Managed projects in a wide range of industries including entertainment, manufacturing, gaming, hospitality, education and insurance.
- Solutions Champion Leader for Data Analytics.

Director of Internal Audit and Controls

2003-2010 Jefferson Wells, Phoenix, AZ

- Lead the Internal Audit and Finance Operations service lines for the Desert Southwest.
- Directed projects including Sarbanes-Oxley engagements, gaming compliance, co-source and outsource internal audit, quality assessment reviews, cost recovery and contract compliance, litigation support, forensic, and Enterprise Risk Assessments for domestic and international clients in a wide range of industries.

Vice President of Internal Audit - MGM MIRAGE, Las Vegas, NV

- Established an operational focus to the internal audit department providing for monetary recoveries and increased operational effectiveness.
- Improved communication with the Audit Committee and management.
- Expanded the Internal Audit department from a staff of four to twenty-eight professionals providing coverage of fourteen domestic and international properties.

Manager - Arthur Andersen, LLP, Las Vegas, NV

- Provided consulting and internal audit services to domestic and international gaming and hospitality industry clients. International client locations included Aruba and Puerto Rico.
- Conducted compliance training for client personnel.