EXHIBIT B

MINUTES

HOUSE AND SENATE INTERIM COMMITTEES ON JUDICIARY
HOUSE AND SENATE INTERIM COMMITTEES ON STATE AGENCIES
MEETING JOINTLY

July 17, 2014

The House and Senate Interim Committees on Judiciary and the House and Senate Interim Committees on State Agencies, met jointly at 1:30 p.m., Thursday, July 17, 2014, in Room A-MAC, Little Rock, Arkansas.

Committee members present: Senators Jeremy Hutchinson, Chair; Jane English, and Jimmy Hickey; Representatives Marshall Wright, Chair; Andrea Lea, Chair; John Vines, Vice Chair; John Baine, Bob Ballinger, Charlene Fite, Kim Hammer, Prissy Hickerson, Debra Hobbs, John Hutchison, Patti Julian, Josh Miller, Jim Nickels, Betty Overbey, John Payton, Sue Scott, and Mary Lou Slinkard.

Other members in attendance: Senators Jonathan Dismang and Stephanie Flowers; Representatives Scott Baltz, David Branscum, John Burris, Andy Davis, Gary Deffenbaugh, Charlotte Vining Douglas, David Fielding, Douglas House, Joe Jett, Stephanie Malone, Walls McCrary, James McLean, Jeff Wardlaw, and James Word.

Senator Hutchinson called the meeting to order and stated that without objection, Item D will be taken out of order.

Consideration to Approve Minutes from the April 17, 2014, Meeting (Exhibit B)
Without objection, the Minutes from the April 17, 2014, Judiciary committee meeting were approved.

Discussion of Prison Overcrowding in Arkansas (Exhibit D) (Handouts1 &2) Attachment 1)
Mr. Ray Hobbs, Director, Arkansas Department of Correction (ADC), reported that 604 additional beds were opened with the $6.3 million allocated during the 2014 Second Extraordinary Session. Mr. Hobbs stated the mandatory sentencing law where inmates must serve 70% of their sentences is the driving force behind prison population growth and overcrowding. New crime commitments increased by 712 admissions between 2012 and 2013 and the average sentence for admissions is 79.6 months. Currently, there are 2,980 inmates serving 70% sentences; 5% (767) serving life with parole; 4% (590) serving life without parole; 32 on death row; 607 serving 50 + years.

Mr. Hobbs said 30% of the prison population, or nearly 5,000 inmates, will not be paroled, or leave for any other reason, resulting in a loss of turn-over beds for incoming prisoners. The current recidivism rate is 43.2% for inmates released during calendar year 2010. ADC is working with Arkansas Community Correction (ACC) to focus on reentry programs and is also working with community organizations to ensure that everything is being done to prevent inmates from returning to prison. Mr. Hobbs spoke on the need to build a new 1000-bed facility that would cost an estimated $75-$100 million, depending on the design. He stated ADC will request funding for the new facility during the 2015 legislative session.

Upon questioning by Representative Fite regarding the number of inmates serving time for drug offenses, Benny Magness, Chairman, Arkansas Board of Corrections, reported that 225 inmates are currently serving for various drug offenses. He also spoke on the need for a new facility and said the design, either barracks, or two-man cells, would take in to consideration the increasing number of violent offenders who refuse to abide by the rules and need to be segregated from others. Mr. Magness said corrections officials will send out a request for information within the next 60 days to see which communities would be interested in having the new facility.

Ms. Sheila Sharp, Director, ACC, presented a report on ACC's prison population, parole and probation. In 2013, Arkansas had a 17.7% jump in the number of inmates – the highest single year increase in its history. She said over the next ten years the total parole population is projected to remain unchanged, with a possible slight decrease of 500 offenders by 2014. The active probation population is expected to grow 2.9% per year with a total of 24,542 by 2024. ACC will request additional funding of $9.5 million in fiscal year 2016, and $13 million in fiscal year 2017, to hire 201 probation and parole officers over the next four years, starting with 45 new officers in the 2015-16 fiscal year. Currently, probation and parole officers average over 100 cases each. She will also request additional funding for reentry programs to help prevent recidivism and promote job training and placement programs. The Act 1190 of 2013 Reentry Committee will present a comprehensive Reentry Plan to the Judiciary committees in October 2014.

Anna Cox, Citizen, Founder; and Jane Browning, Executive Director; Compassion Works for All, said Arkansas's proposed policy position should not be based on short term economic advantage for those who benefit from building new prisons but should be based on long-term, broad based justice for all people, and an economic advantage for the state. Both spoke in support of ACC's operating system by which prisoners can receive drug treatment for a minimum of 90 days, develop work skills, get a job, experience family reunification, and return to society with a good chance of success.

Dina Nash, Citizen, presented a proposal by attorney Larry R. Froelich to reduce prison costs and population. The proposal would authorize the parole board to use the reduced punishments of Act 570 of 2011 to calculate parole eligibility for drug offenders sentenced under the old law, and to make Act 570 retroactive in order to save the state enough money to avoid building a new prison.

Adoption and Discussion of Interim Study Proposal 2013-133 by Senator Hutchinson, "Concerning Parent and Child Representation in Juvenile Court Proceedings" (Exhibit C) *Discussion only—not adopted* (Handout 3)

Senator Hutchinson provided a brief summary of Interim Study Proposal 2013-133. He stated he has been contacted by various people expressing concern about the ad litem and parent counsel programs and decided a study should be conducted to address the issue. He said both programs are under the same umbrella at the Administrative Office of the Courts (AOC) and the appearance of a conflict does exist.

Ms. Connie Hickman Tanner, Director of Juvenile Division Courts, AOC, reported that in 1994, AOC contracted with Arkansas Advocates for Children and Families to determine how courts were handing child abuse and neglect cases. The report found that children were not adequately (sometimes poorly) represented. The report also found that parents were the least likely to be represented and when they were, it wasn't consistent. The Arkansas Supreme Court appointed an ad hoc committee that recommended statewide programs for ad litem and parent counsel be established. The court was charged with developing standards of practice and qualifications for service for all attorneys who seek employment or contracts to provide legal representation to children in dependency-neglect cases. The legislature established the Division of Dependency-Neglect Representation within the AOC in 1997, and by January 2000, the state entered into contracts with attorneys to represent every child in abuse and neglect cases. Ms. Tanner said the court would not have placed the ad litem and parent counsel programs under the AOC if there was any thought of attorney conflict; the court is over the Office of Professional Rules and Responsibilities which govern attorney conflicts. Ms. Tanner stated the programs are funded, staffed, and managed separately, and the AOC, as well as the courts, does not see any conflict in overseeing both programs.

Mr. Brian Welch, Parent Counsel Program Director, Juvenile Division Courts, Administrative Office of the Courts, provided an overview of the program. Act 1267 of 2001 established authority for the appointment and payment of attorneys to represent indigent parents in dependency-neglect cases. Currently, there are 59 attorneys on contract representing an average of 2,259 parents or custodians. Attorneys must represent the clients in accordance with the Arkansas Model Rules of Conduct and meet all requirements and qualifications for parent counsel in Administrative Order Number 15.

Senator Hutchinson asked if AOC would include any changes in the programs when presenting their 2015 legislative package. Ms. Tanner said the program directors may include some changes, but she is not aware of any at this time. She noted that in the past, the legislature has funded the ad litem program far more than the parent counsel program. Senator Hutchinson advised Ms. Tanner to submit a request for additional funding.

Senator Hutchinson also asked if there was a conflict with either of the programs since the standards approved by the American Bar Center on Children and the Law state that ad litem programs should not be under the auspices of a judicial counsel or judge. Ms. Tanner said the programs are not under the courts' jurisdiction since the state changed from a court appointed system to a contract system. She stated that AOC works closely with the Center and does not see any conflict.

Senator Hutchinson raised the possibility of moving one of the programs to a different agency and asked Ms. Tanner what location would be the best, other than creating a new agency. Ms. Tanner responded that she doesn't think there is a good location, absent the program being its own separate agency. Senator Hutchinson said this issue will be studied further and hopes it can be resolved without introducing new legislation.

The Honorable Gary Arnold, Circuit Judge, Twenty-Second Judicial Circuit, thanked Senator Hutchinson for inviting him to participate in the discussion. He said in his twenty-four years on the bench, he has learned that the government cannot fix families, but he does think things have greatly improved, mostly due to three programs: CASA, Ad Litem and Parent Counsel. Judge Arnold said both parents and children need representation because taking children from their biological parents is a really big deal; he feels it is the same as taking away someone's liberty and putting them in prison.

Representative Hammer requested committee staff work with DOC to pull a sampling of inmates with drug charges to determine how many are imprisoned on the basis of drugs with unrelated charges. He feels this will provide an unbiased view for the committees.

With no further business, the meeting adjourned at 4:15 p.m.

MINUTES

HOUSE AND SENATE INTERIM COMMITTEES ON JUDICIARY
HOUSE AND SENATE INTERIM COMMITTEES ON EDUCATION
MEETING JOINTLY

July 22, 2014

The House and Senate Interim Committees on Judiciary and the House and Senate Interim Committees on Education, met jointly at 8:30 a.m., Tuesday, July 22, 2014, in the Wyndham Riverfront Hotel, 2 Riverfront Place, North Little Rock, Arkansas.

Committee members present: Senators Jeremy Hutchinson, Chair; Johnny Key, Chair; Jim Hendren, Bruce Holland, Keith Ingram, and Bryan King; Representatives Charles Armstrong, Bob Ballinger, John Catlett, Bruce Cozart, Gary Deffenbaugh, Charlotte Vining Douglas, Charlene Fite, Debra Hobbs, Patti Julian, Sheilla Lampkin, Homer Lenderman, Mark McElroy, Jim Nickels, Sue Scott, Mary Lou Slinkard, and Brent Talley.

Other members present: Senators Jonathan Dismang, Linda Chesterfield, and Michael Lamoureux; Representatives Scott Baltz, Andrea Lea, Stephen Meeks, and Betty Overbey.

Senator Hutchinson called the meeting to order and introduced the following keynote speakers:

Dr. Nancy Blackwelder, gave a presentation titled "It CAN Happen Here." Dr. Nancy Blackwelder believes there are two kinds of school administrators...those who have experienced a crisis and those who will. The past couple of decades have taught educators some hard lessons about the safety of our schools. Dr. Blackwelder stressed that in order for schools to be safe havens, educators must face the reality of planning for and preventing violence or planning to react quickly and efficiently to violence should it occur. The lessons she learned from her own tragic school shooting experience are ones she hopes no school ever needs but are lessons they cannot afford to be without. Schools can no longer live in denial that "it won't happen here." Dr. Blackwelder noted that her school, where the shooting occurred in 1988, was located in an affluent area of the city where no one thought this type of tragedy would ever happen. She said that today she still often encounters that same attitude of "it won't happen here" from other schools. The message Dr. Blackwelder wanted the audience to hear was, "Yes, it can happen here" and that schools should do everything they can to be prepared.

Ms. Alissa Parker, Co-founder of Safe & Sound: A Sandy Hook Initiative, shared her personal story as the parent of a child lost in the Sandy Hook school shooting. Ms. Parker hopes to engage parents in securing the safety of their children in schools and has chosen to help school communities improve safety in honor of her daughter, Emilie, and the other 19 children and 6 teachers lost on December 14, 2012. She also spoke on becoming an active member of the Newtown Public Schools' Safety Committee.

With no further business, the meeting adjourned at 11:30 a.m.

MINUTES

HOUSE AND SENATE INTERIM COMMITTEES ON JUDICIARY
HOUSE PARKS AND TOURISM SUBCOMMITTEE
MEETING JOINTLY

September 4, 2014

The House and Senate Interim Committees on Judiciary and the House Parks and Tourism Subcommittee met jointly at 1:00 p.m., September 4, 2014, at Carroll Electric, 5056 Highway 412-B, in Huntsville, Arkansas.

Committee members present: Senators Bryan King, Eddie Joe Williams, and Jon Woods; Representatives Kelley Linck, Chair, House Parks and Tourism Subcommittee; Bob Ballinger, Charlene Fite, David Hillman, Stephen Meeks, Micah Neal, and Mary Lou Slinkard.

Other members in attendance: Senator Michael Lamoureux; Representatives Nate Bell, David Branscum, Jim Dotson, and Debra Hobbs.

Senator King called the meeting to order.

Welcoming Remarks
The Honorable Kevin Hatfield, Mayor of Huntsville and the Honorable Faron Ledbetter, Madison County Clerk, welcomed members and guests and gave a brief overview of Huntsville's government, highway improvements, and the downtown revitalization projects.

Discussion on the Impact of new Environmental Protection Agency (EPA) Regulations (Handout 1)
Mr. Kirkley Thomas, Arkansas Electric Cooperatives (AECC), presented a report on the EPA's CO2 Rule. A summary of the report is listed below:

EPA Rule

- 1,600 Pages
- Goal: Cut CO2 Emissions by 30% by 2030
- States Have Until 2016 to Comply
- States Are Directed to Formulate Own Plans
- EPA Will Formulate Plans for States Out of Compliance

Conclusions & Recommendations
AECC recommends that Arkansas comment to EPA that:

- The 910 lbs CO2/MWh target set for Arkansas is excessive - and inequitable. A higher target is justified and needed to avoid unnecessary adverse impacts to Arkansas.
- The proposed "glide path" requires almost all reductions be made by 2020, too quickly, and needs to be phased in.
- States and RTO's need more time to develop the mechanisms and agreements required to move away from least cost dispatching to environmental dispatching.
- Reliability of natural gas supply must be considered as well as the time necessary to permit and construct additional pipeline capacity. FERC must be involved to determine overall reliability impacts to the electric and natural gas systems.

When asked about the penalty for non-compliance, Ms. Teresa Marks, Director, Arkansas Department of Environmental Quality, stated the federal government gave states the option to implement their own plan and if they choose not to, the federal government could take away state permits and issue federal permits. After the EPA finalizes its proposed rule change in 2015, states will have one year to design their implementation plans.

Mr. Thomas also spoke briefly on the historic Dyess Colony and the home of Johnny Cash. He invited legislators to visit the home, which is listed as an Arkansas Heritage Site under the direction of Arkansas State University.

Opportunities for Enhancement of Rural Infrastructure

Mr. Keith Gibson, President, Pinnacle Communications, said rural telephone companies are very often the largest taxpayers in the community; funding schools, and many times are the largest employers. Rural telephone companies are vital to the economic growth of rural companies. Millions of dollars have been spent to build state of the art fiber home networks in rural areas in order to service cities, schools, businesses, etc. Mr. Gibson said the Federal Communications Commission (FCC) is not a friend to rural America and there are things state legislators can do to help with policy changes and to stop the FCC from enacting policies that could harm or destroy rural telephone companies and rural companies. He said there is a great infrastructure in place and it would be inefficient to build an additional network with taxpayer funds that would compete with the one already built by Universal Service funds. Mr. Gibson asked that the legislature enhance the rural infrastructure by supporting the companies that continue to lead the way in economic development in rural Arkansas.

Mr. William Vogt, General Field Representative, USDA Rural Utilities Services, gave an overview of the programs offered by USDA. The programs include:

- Distance Learning and Telemedicine (DLT) Program provides educational and healthcare opportunities in rural communities through grants that finance advanced communications technologies. DLT began in 1993 and has funded more than 1400 projects totaling $512 million. Awards can range from $50,000 to $500,000.
- Community Oriented Connectivity Broadband Grant Program provides grants to eligible applicants to establish service at the broadband grant speed in rural areas where none exist. The grants provide broadband service that fosters economic growth and delivers enhanced educational , healthcare and public safety benefits.
- The Rural Broadband Loan Program funds the cost of construction, improvements, and acquisition of facilities and equipment to provide broadband service to eligible rural areas on a technology-neutral basis. The funds are administered by the USDA Rural Broadband Loan Program.
- The Telecommunications Infrastructure Loan Program provides loans for the deployment of rural telecommunications infrastructure. The program makes long-term loans to qualified organizations for the purpose of financing the improvement, expansion, construction, acquisition, and operation of telephone lines, facilities, or systems to furnish and improve telecommunications service in rural areas.

Mr. Tom Fite, Citizen, said he was in the telecommunications business for thirty years, but is now retired. He spoke on the need for broadband in schools and said the schools with a majority of students eligible for the National School Lunch Program could receive up to a 90% discount from the federal E-rate program. He noted the majority of schools he worked with over the years were able to get as much broadband as they needed.

With no further business, the meeting adjourned at 3:05 p.m.

MINUTES

**HOUSE AND SENATE INTERIM COMMITTEES ON JUDICIARY
HOUSE PARKS AND TOURISM SUBCOMMITTEE
MEETING JOINTLY**

September 5, 2014

The House and Senate Interim Committees on Judiciary and the House Parks and Tourism Subcommittee met jointly at 9:00 a.m., September 5, 2014, at the Best Western Inn of the Ozarks, 207 W. Van Buren, Eureka Springs, Arkansas.

Committee members present: Senator Bryan King, Eddie Joe Williams, and Jon Woods; Representatives Kelley Linck, Chair, House Parks and Tourism Subcommittee; Bob Ballinger, Charlene Fite, David Hillman, Debra Hobbs, Stephen Meeks, Micah Neal, and Mary Lou Slinkard.

Other members in attendance: Representatives Nate Bell and Debra Hobbs.

Representative Ballinger called the meeting to order.

Report on the Size, Scale and Impact of Tourism for Northwest Arkansas (Handout 1)
Robert J. Harrington, PhD, MBA, CEC, Editor-In-Chief, Journal of Culinary Science & Technology, Professor and 21st Century Endowed Chair in Hospitality, University of Arkansas, presented a report titled the *Impact of Tourism and Hospitality on Arkansas* and provided the following information:

The Tourism Industry by the Numbers (2013)

Traveler revenues	**US**	**Arkansas**	**Northwest Arkansas**
(direct)	$900.1 Billion	$6 Billion	$783 Million (13.1%)
Traveler revenues (indirect)	$614.7 Billion	$2.42 Billion	$316.3 Million
Total Economic Impact	**$1.51 trillion**	**$8.42 Billion**	**$1.1 Billion**

State Tourism Tax revenues for the first half of 2014
- 2% State tourism tax is accessed to lodging, camping, attractions entry, and some marine rentals
- 92-93% is from lodging tax and is a good indicator of visitor patterns and growth from outside the region or state

Statewide $6.8 Million change: (6.71%)
- NWA $1.41 Million (1.76%)
- Benton $756,256 (8.33%)
- Carroll $274,764 (4.44%)
- Madison $2,255 (93.89%)
- Washington $375,735 (11.02%)

NWA Hospitality Tax Revenue for the first half of 2014
- Up 7% compared to the same time period in 2013
- Combines local city taxes on hotels, meeting space and prepared foods
- Bentonville = up 9.28% to $505,905
- Fayetteville = up 5.15% to $710,905
- Springdale = up 7.98% to $96,794
- Rogers = up 8% to $210,410
- STR report shows hotel occupancy rates in the region are increasing
- June 2014 = 72.1% vs. 67% in June 2013
- First half of 2014 = 56.3% vs. 53.5% during the same period in 2013
- Expectations are for a strong remainder of 2014 with seasonal events and attractions in the region

A Concept for Legislative Recommendations to Re-stimulate Investment in Seasoned Tourism Based Communities (Handout 2)

Mike Bishop, President of the Greater Eureka Springs Chamber of Commerce and Jack Moyer, Vice President and General Manager 1886 Crescent Hotel & Spa, presented a report on investment in tourism based communities. Mr. Moyer submitted a proposal that included recommendations to the committee to enhance and promote tourism. Excerpts from the report are below:

Seasoned Arkansas tourism-based communities such as Eureka Springs, while working to re-invent themselves and remain relevant in an ever competitive tourism market, often fall behind competitors, partially due to the availability of crucial funding to aid in economic development and infrastructure support leaning more towards new build than reinvestment. This gap leaves established communities shrinking and "new pursuits" appearing more attractive.

A proposal for evaluation is for AEDC to restart components of the ACE program and have the state reallocate resources to provide organization support for locally based Community Development Corporations (CDC) especially for communities not ideal for superfund projects or that currently do not qualify for Community Development Block Grant (CDBG) funding due to census wealth or limited size (under 50,000). This re-evaluation, opportunity development and implementation strategy may find a path to stimulus and re-development of those who have made Arkansas a premier destination.

Eureka Springs/Carroll County is a seasoned community which is maintaining tax collections but is shrinking in visitation, losing 122,967 travelers since 2006:

- 5th largest county for travel generated state tax $11,178,411 year
- 24th largest county in population with 745,077 additional visitors
- Collecting 4.2% of collected travel generated revenue 2% tax
- 2013 collections $12,882,140
- 2012 collections $12,470,609

Restart a program that had great success and empower it with organizational funding held accountable by AEDC and controlled/re-authorized through measurement of implementation steps. The goal for communities that do not qualify for CDBG funding, is to repurpose existing sites while improving/updating existing infrastructure. We recommend restarting the ACE program and/or partnering to expand Breakthrough Solutions. The report also included:

Organizational Support

As discussed, the solutions to economic opportunity are local. With that said, most small towns, even those with good plans and implementation strategies, still struggle to maintain qualified staff to lead their community-based organizations (CBOs). Subsequently, the most common outcome is that these organizations shut down after a initial period of great work and when grant money stops.

Recommendation: From the state's economic development fund, provide matching grant money for administration of CDCs (not to exceed 50% of one's director salary) and a grant pool for economic incentives for communities who do not qualify for CDBG. Funds would be only be distributed to programs that have been certified by AEDC. All organizations would require completion of a bi-annual recertification that would include but not be limited to an updated asset evaluation and opportunity analysis.

<u>CONCLUSION</u>: Should such a re-invent/re-develop strategy take hold, seasoned communities and specifically seasoned tourism communities would have a path to re-positioning and development, infrastructure support, an organizational mechanism to support programs, shared expense and grant making by the state and a support team who provide technical assistance but also accountability.

With no further business, the meeting adjourned at 10:30 a.m.