

MINUTES OF THE MEETING
OF THE
ARKANSAS LEGISLATIVE COUNCIL

July 23, 2021

The Arkansas Legislative Council met at 9:00 a.m., Friday, June 18, 2021, in Committee Room A of the Big Mac Building, Little Rock, Arkansas. Co-Chair Terry Rice 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 Previous Meeting

Co-Chair Rice referred the members to the minutes of the last Legislative Council meeting on May 21, 2021 (Exhibit C), and asked if there were any questions. There were no questions.

Representative DeAnn Vaught moved that the minutes of the May 21, 2021 meeting of the Legislative Council be adopted. The motion was seconded and passed by voice vote.

Point of Personal Privilege

Co-Chair Rice recognized Co-Chair Jeff Wardlaw and Representative DeAnn Vaught to present Interim Resolution 2021-001, which congratulates and commends the Redbug Rocketeers of Fordyce High School on qualifying to compete in the national finals of the American Rocketry Challenge.

Report of the Executive Subcommittee

Co-Chair Rice recognized Co-Chair Wardlaw to present the report of the Executive Subcommittee (Exhibit E). Co-Chair Wardlaw reported that the Executive Subcommittee met Thursday, June 17, 2021, and heard a request from Senator Kim Hammer for approval of expenditures related to a study for employer participation in retirement benefits. It was recommended to hold the request until the July 2021 Executive Subcommittee meeting. The subcommittee also heard from Segal Group, Inc., regarding an update on its employee health benefit study. As part of the study, it was recommended that the ALC subcommittees meet on a different day, with a different schedule. The Tuesday and Wednesday ALC subcommittee meetings will be moved to Monday and Tuesday, and the Executive Subcommittee will meet on Wednesday and Thursday mornings before Legislative Council on Friday. The subcommittee also authorized the Bureau of Legislative Research (BLR) to proceed with an RFP process for a state budgeting and revenue forecast consultant. Lastly, the subcommittee recommended the attached schedule for presentations from the state's department secretaries, through October 2021, pursuant to Act 413 of 2021 (*Attachment 1 of the report*). This concluded the report of the Executive Subcommittee, and there were no questions.

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

Revenue Report

Co-Chair Rice recognized Ms. Ellie Stinnett, Legislative Economist, Bureau of Legislative Research, to present the May 2021 General Revenue Report (Exhibit D). Ms. Stinnett reported, being eleven (11) months into Fiscal Year 2021-2022, the cumulative gross revenues are up 15.8% or \$991 million from the same period of last year. The net general revenue for distribution is up 18.2%. On the graph, the net general revenues available is \$980 million above the forecast. The gross receipt taxes are up 13.2% and the total income taxes are up 18.2%, both as of the same period from last year.

Co-Chair Rice recognized Senator Kim Hammer and Representative Stephen Meeks for questions. Senator Hammer asked for an explanation of the information on page 3 of the report, under Alcohol Beverage taxes, ABC permit violations, which shows to be down 52.3%. Ms. Stinnett stated she would gather and provide that information. With no further questions, that concluded the General Revenue report.

Report of the Standing Subcommittees

Administrative Rules Subcommittee

Co-Chair Rice recognized Senator Kim Hammer to present the report of the Administrative Rules Subcommittee (Exhibit F.1). Senator Hammer reported that the Administrative Rules Subcommittee met on Wednesday, June 16, 2021, and heard an update from BLR staff about the status of the Code of Arkansas Rules. The subcommittee also received an agency update on delinquent rule-making under Act 517 of 2019. All other rules were reviewed and approved. This concluded the report for the Administrative Rules Subcommittee, and there were no questions.

Senator Kim Hammer moved that the report of the Administrative Rules Subcommittee be adopted. The motion was seconded and passed by voice vote.

Uniform Personnel Classification and Compensation Plan Subcommittee

Co-Chair Rice recognized Senator David Wallace to present the report of the Uniform Personnel Classification and Compensation Plan Subcommittee (Exhibit F.11). Senator Wallace reported the Uniform Personnel Classification and Compensation Plan Subcommittee met on Wednesday, June 16, 2021, and reviewed and approved items listed as 1 - 20 on the report. This includes new requests, continuations and previously reviewed requests, reports, and one supplemental agenda item. This concluded the report of the Uniform Personnel Classification and Compensation Plan Subcommittee, and there were no questions.

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

Performance Evaluation and Expenditure Review (PEER) Subcommittee

Co-Chair Rice recognized Senator Jonathan Dismang to present the report of the Performance Evaluation and Expenditure Review (PEER) Subcommittee (Exhibit F.8). Senator Dismang reported the Performance Evaluation and Expenditure Review (PEER) Subcommittee met on Tuesday, June 15, 2021. The subcommittee approved several requests, reviewed a number of other requests, and received reports. The subcommittee took no action on the two American Rescue Plan requests from the Department of Health (*Items B.1(d) and B.2(i)*); referred to Legislative Council an AEDC request for RFP appropriation to be approved at the lesser amount of \$30 million, contingent upon submission of a new approval letter from the CEO, with direction for the commission to resubmit its request for \$120 million with a detailed plan (*Item B.2(i) and Attachment 6*); and approved the Restricted Reserve Fund Transfer request with a contingency to transfer requests for \$35 million to personnel for Department of Education be changed from fiscal year 2021 to fiscal year 2022. The subcommittee held two items, a restricted reserve fund transfer for the Division of Higher Education rural scholarships (*Item H.6*), and a cash appropriation increase for Administrative Office of the Courts (AOC) for the Judicial Voter Guide (*Item K.2(a) and Attachment 5*).

Co-Chair Rice recognized Senators Missy Irvin, Kim Hammer, Joyce Elliott, and Jim Hendren, and Representative Jim Dotson for questions on the Division of Higher Education rural scholarships. Senator Irvin made a verbal request to Department of Finance & Administration to fully fund other rural scholarships that exist and to present those requests before ALC - PEER at its next meeting.

Co-Chair Rice recognized Senator Dismang for a motion.

Senator Jonathan Dismang moved that the report of the Performance Evaluation and Expenditure Review (PEER) Subcommittee be adopted, including the approval of Item H.6 - Department of Education – Division of Higher Education – Osteopathic Rural Scholarships - \$483,000; and move to pull Items B.2(l) - Department of Commerce – Arkansas Economic Development Commission - Broadband Infrastructure - \$150,000,000, and Items G - Administrative Office of the Courts – Support Judicial Voter Guide - \$200,000, and K.2(a) - Administrative Office of the Courts - \$200,000 for ALC, which will be discussed as separate items. The motion was seconded, and passed by voice vote.

Co-Chair Rice stated as part of the PEER report, Senator Ingram requested a representative from the Administrative Office of the Courts (AOC) be present to discuss the \$200,000 request for voter pamphlets. There is a letter from Chief Justice John Dan Kemp stating that the AOC does not get involved in judicial elections, therefore there is no AOC representative that can come forth to take questions.

Co-Chair Rice recognized Senator Dismang to move forward with a motion.

Senator Jonathan Dismang moved that Item G - Administrative Office of the Courts – Support Judicial Voter Guide - \$200,000, and Item K.2(a) - Administrative Office of the Courts - \$200,000 be referred back to the PEER Subcommittee.

Co-Chair Rice recognized Senator Scott Flipppo for a substitute motion.

Senator Scott Flippo moved that request for Item G - Administrative Office of the Courts – Support Judicial Voter Guide - \$200,000, and Item K.2(a) - Administrative Office of the Courts - \$200,000, not be approved. The motion was seconded and passed by voice vote.

Co-Chair Rice recognized Senator Dismang to continue with a new motion.

Senator Jonathan Dismang moved that Item B.2(l) - Department of Commerce – Arkansas Economic Development Commission - Broadband Infrastructure - \$150,000,000 request be referred back to the PEER subcommittee with final approval by the full ALC. This will serve as notice of the waiver of the six (6) day notice of the meeting for ALC.

Co-Chair Rice recognized Representatives Stephen Meeks, Jim Dotson, House Speaker Matthew Shepherd, Co-Chair Wardlaw, and Senators Jim Hendren, Kim Hammer, and Bill Sample for questions or comments.

Representative Stephen Meeks requested to make a substitute motion at the proper time.

Co-Chair Rice then recognized Senator Hendren, who requested a representative with the Department of Commerce, Arkansas Economic Development Commission (AEDC), to come forward to respond to questions. Mr. Mike Preston, Secretary, AEDC, and Mr. Steven Porch, Chief Legal Counsel, AEDC came forward to respond. Mr. Larry Walther, Secretary, Department of Finance & Administration (DF&A), also came forward to present an American Rescue Plan Act request letter from AEDC for a Broadband Infrastructure in the amount of \$30,703,422.

Representative Jim Dotson requested AEDC to provide a copy of the current Broadband Infrastructure rules to ALC members.

Representative Meeks withdrew his request to make a substitute motion.

Co-Chair Rice recognized Senator Dismang to restate his motion. Senator Dismang requested that AEDC send a list of the current shovel-ready projects to members. Senator Dismang then stated he would like to withdraw his previous motion and restate a new one.

Senator Jonathan Dismang moved that the American Rescue Plan Act request from AEDC for a Broadband Infrastructure in the amount of \$30,703,422 be approved. Additionally, Senator Dismang moved to waive the six (6) day rule for ALC to allow the Legislative Council and ALC - PEER Subcommittee to meet as necessary.

Co-Chair Rice recognized Senators Jim Hendren, Missy Irvin, Jane English and Kim Hammer, and House Speaker Matthew Shepherd for questions on the motion.

After questions, Senator Dismang revised his motion.

Senator Jonathan Dismang moved that the ALC Chairs be allowed to approve the American Rescue Plan Act request from AEDC for a Broadband Infrastructure in an amount not to exceed \$31,000,000. The motion was seconded and passed by voice vote.

Co-Chair Rice recognized Representative Meeks for further questions. After questions, Co-Chair Rice recognized Senator Dismang for a motion.

Senator Jonathan Dismang moved to suspend the rules and take up the supplemental agenda. The motion was seconded and passed by voice vote.

Co-Chair Rice recognized Senator Dismang to present the items on the supplemental agenda, which included a FY2021 Cash Appropriation Increase Request for Arkansas State University - Newport and a FY2020 Carry Forward Unexpected Balance of Funding request for the Department of Transformation and Shared Services, Arkansas Geographical Information Systems. After the presentation, there were no questions.

Co-Chair Rice moved that the items of the supplemental agenda be filed as reviewed and approved. The motion was seconded and passed by voice vote.

This concluded the report for the Performance Evaluation and Expenditure Review (PEER) Subcommittee.

Review Subcommittee

Co-Chair Rice recognized Senator Scott Flippo to present the report of the Review Subcommittee (Exhibit F.10). Senator Flippo reported the Review Subcommittee met on Tuesday, June 15, 2021, and reviewed various methods of finance, discretionary grants, and services contracts. Approval was given for a lease agreement disclosure for Division of Building Authority. There were several University of Arkansas and their various campus items held for additional information by Representative Jeff Wardlaw. Co-Chair Wardlaw requested Dr. Donald Bobbit, President, University of Arkansas System, and Ms. JoAnn Maxey, General Counsel, University of Arkansas System, to come forward to respond to questions. Co-Chair Wardlaw stated he was satisfied with the letter he received from Ms. Melissa Rust earlier in the week. He further stated that the Pine Tree public property is no longer for sale and the state is moving forward with the legislation and legislative intent from session. Dr. Bobbit confirmed that the statement made by Co-Chair Wardlaw was true. After discussion, this concluded the report of the Review Subcommittee, and there were no further questions.

Co-Chair Rice recognized Senator Flippo to make a motion.

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

Highway Commission Review and Advisory Subcommittee

Co-Chair Rice recognized Representative Ron McNair to present the report of the Highway Commission Review and Advisory Subcommittee (Exhibit F.13). Representative McNair reported that the Highway Commission Review and Advisory Subcommittee met on Thursday, June 17, 2021. The subcommittee heard testimony and discussed the following items: Arkansas Department of Transportation (ArDOT) reported on the progress of each highway construction project of \$10 million or more; an update on the Hernando De Soto bridge on Interstate 40 over the Mississippi River; and a report from the Little Rock Port Authority regarding Arkansas waterways.

This concluded the report of the Highway Commission Review and Advisory Subcommittee.

Representative Ron McNair moved that the report of the Highway Commission Review and Advisory Subcommittee be adopted. The motion was seconded and passed by voice vote.

Review of Communications

Co-Chair Rice recognized Mr. Jim Hudson, Deputy Director of Operations & General Counsel, AEDC, Mr. Mark Conine, President, Arkansas Development Finance Authority, and Mr. Robert "Ro" Arrington, Director of Homeownership and Public Finance, Arkansas Development Finance Authority, to present the outline of the plan for the Homeownership Assistance Fund. The website will be setup as www.arkansashaf.com. Citizens will be able to apply online and call the call center at 888-698-0964 to speak to a live Arkansas agent.

Co-Chair Rice recognized Representative Stephen Meeks and Senators Linda Chesterfield, Joyce Elliott, and Cecile Bledsoe for questions. That completed the presentation.

Co-Chair Rice momentarily stepped away from the chair.

Co-Chair Wardlaw referred members to the communications listed on the agenda as Items H.3, H.4, H.10(b), and H.10(c), H.12(b), and H.13, and noted that action by the Legislative Council is needed for those items.

Co-Chair Wardlaw referred members to the communication listed as Item H.3 –

3. **Arkansas Public Employees Retirement System**, Request for the Legislative Council's review of the partial equity ownership investments with the following, submitted pursuant to A.C.A § 19-11-1302:
 - a. Harrison Street Real Estate Partners Fund VIII, L.P. ; and
 - b. Starwood Distressed Opportunity Fund XII, L.P.

Co-Chair Wardlaw made a motion to file Item H.3 for Arkansas Public Employees Retirement System as reviewed. The motion was seconded and passed by voice vote.

Co-Chair Wardlaw referred members to the communication listed as Item H.4 -

4. **Arkansas Teacher Retirement System**, request, submitted pursuant to A.C.A § 19-11-1303, for the Legislative Council's retrospective review of the partial equity ownership investments;
 - a. KKR Diversified Core Infrastructure Fund, L.P.;
 - b. Carlyle Realty Partners IX, L.P.; and
 - c. GLP Capital Partners IV, L.P.

Co-Chair Wardlaw made a motion to file Item H.4 for the Arkansas Teacher Retirement System as reviewed. The motion was seconded and passed by voice vote.

Co-Chair Wardlaw referred members to the communication listed as Item H.10(b) and H.10(c) -

10. Department of Parks, Heritage, and Tourism:

- b. **Division of State Parks**, Report of special maintenance projects for FY22, submitted pursuant to Act 486 of 2021, Section 21.
- c. **Division of State Parks**, Request for favorable advice to complete property acquisitions by land donations, submitted pursuant to A.C.A. §22-4-106.

Co-Chair Wardlaw made a motion to file Item H.10(b) report for the Department of Parks, Heritage, and Tourism, Division of State Parks as approved. The motion was seconded and passed by voice vote.

Co-Chair Wardlaw made a motion to give favorable advice on Item H.10(c) for the Department of Parks, Heritage, and Tourism, Division of State Parks. The motion was seconded and passed by voice vote.

Co-Chair Wardlaw referred members to the communication listed as Item H.12(b) -

12. Department of Transformation and Shared Services,

- b. **Division of Information Services**, Request to review proposed new rates of services that will become effective July 1, 2021, submitted pursuant to A.C.A. §25-4-119(b)(3)(B).

Co-Chair Wardlaw made a motion to approve Item H.12(b) for the Department of Transformation and Shared Services, Division of Information Services as reviewed. The motion was seconded and passed by voice vote.

Co-Chair Wardlaw referred members to the communication listed as Item H.13 -

- 13. **UAMS Institute for Digital Health & Innovation**, Request for the Legislative Council's approval of the following Rural Broadband I.D. grant awards, submitted pursuant to Section 29 of Act 139 of 2020.
 - a. City of Little Rock/Little Rock Port Authority - Award Amount \$18,630; and
 - b. Phillips County - Award Amount \$74,426.46

Co-Chair Wardlaw recognized Representative Lanny Fite for questions. Co-Chair Wardlaw recognized Mr. Maurice Rigsby, Vice Chancellor, UAMS, and Dr. Joseph Sandford, Director of the Institute for Digital Health & Innovation, UAMS, to respond.

Co-Chair Wardlaw recognized Senator Linda Chesterfield for questions on the motion.

After discussion, Representative Lanny Fite made a motion to approve Item H.13(a) - City of Little Rock/Little Rock Port Authority - Award Amount \$18,630 for the UAMS Institute for Digital Health & Innovation and allow UAMS to bring their request for Item H.13(b) - Phillips County - Award Amount \$74,426.46 back to ALC in July 2021. The motion was seconded and passed by voice vote.

New Interim Study Proposals and Interim Resolutions

Co-Chair Wardlaw made a motion to batch all Interim Study Proposals and refer them to their respective committees. With no questions on the Interim Study Proposals, the motion was seconded and passed by voice vote.

Adjournment

At 10:45 a.m., the meeting was adjourned as there was no further business to come before the Legislative Council.

Respectfully submitted,

ATTEST:

Senator Terry Rice
Co-Chair, Senate

Marty Garrity
Executive Secretary