

MINUTES OF THE MEETING
OF THE
ARKANSAS LEGISLATIVE COUNCIL

Friday, June 16, 2017

The Arkansas Legislative Council met at 9:00 a.m., Friday, June 16, 2017 in Committee Room A of the Big Mac Building, Little Rock, Arkansas. Co-Chair Bill Sample called the meeting to order and recognized a quorum of members present. The members present are listed on the sign-in sheets.

Prior to the Legislative Council meeting on Friday, June 16, 2017, Senator Jeremy Hutchinson delivered a letter to the Bureau of Legislative Research giving notice that he will recuse himself from voting on any medical marijuana rules submitted to the Legislative Council for review and approval by the Department of Health, the Medical Marijuana Commission, or the Alcoholic Beverage Control Board because he has a client who is pursuing a license to distribute medical marijuana. The letter is attached as an addendum to these minutes.

Minutes of the Last Meeting

Co-Chair Sample referred the members to the minutes of the previous Legislative Council meeting on May 19, 2017 (Exhibit C) and asked if there was a motion to approve the minutes.

Representative Greg Leding moved that the minutes of the May 19, 2017 meeting of the Legislative Council be adopted. The motion was seconded and passed by voice vote.

Presentation of the Revenue Report

Co-Chair Sample recognized Richard Wilson, Assistant Director for Research Services with the Bureau of Legislative Research, to present the May 2017 revenue report (Exhibit D) prepared by the Bureau of Legislative Research. Mr. Wilson reported that the revenue report for May 2017 reflects that after eleven (11) months of this fiscal year, gross revenue collections are up at \$58 million over last year's gross collections for a growth rate of one percent (1%), but that net general revenue available for distribution is \$49 million below the same period last year for a growth rate of negative one percent (-1%). Mr. Wilson reported that the graph reflects the revision of the official forecast on May 2, 2017 and after one (1) month, net general revenues available for distribution are \$58 million ahead of the official forecast. Mr. Wilson reported that the spreadsheet reflects that after eleven (11) months, collections of gross receipts are growing at two percent (2%) and the weighted individual corporate income tax receipts are growing at one percent (1%). This concluded the report and there were no questions.

Report of the Executive Subcommittee

Co-Chair Sample recognized Co-Chair David L. Branscum to present the report of the Executive Subcommittee (Exhibit E). Co-Chair Branscum reported that since the last report, the Executive Subcommittee met on June 6, 2017 and June 15, 2017. Co-Chair Branscum reported that the

Executive Subcommittee met June 6, 2017, and heard from Senator Joyce Elliott regarding the possibility of amending the Legislative Council Rules to create a new subcommittee to study ways to improve race relations in the state. The consideration of the recommendation was postponed until the August Executive Subcommittee meeting in order to allow time to gather more information on the issue.

Co-Chair Branscum reported that the Executive Subcommittee met on June 15, 2017, and reviewed and approved emergency rules for the Arkansas Energy Office, the Arkansas Department of Education, and the Arkansas Department of Human Services. The review and approval of the five (5) agency rules will be final upon adjournment of the Legislative Council meeting today, June 16, 2017.

Co-Chair Branscum reported that also during this meeting, the Executive Subcommittee made the recommendation to cancel the July 2017 Legislative Council meeting due to summer conference schedules, and that the actions of Legislative Council subcommittees that would normally be submitted for adoption at the July 2017 meeting of the Legislative Council will be considered final and reported to the Legislative Council during the meeting scheduled for August 18, 2017. It was also noted that the subcommittee chairs should use their discretion when deciding whether to exercise final authority and may hold controversial items over for final review or approval at the Legislative Council meeting in August.

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

Reports of the Standing Subcommittees

Administrative Rules and Regulations Subcommittee

Co-Chair Sample recognized Representative Kim Hammer to present the report of the Administrative Rules and Regulations Subcommittee (Exhibit F.1). Representative Hammer reported that the Administrative Rules and Regulations Subcommittee met on June 13, 2017, and adopted the reports from the Executive Subcommittee concerning approval of emergency rules.

Representative Hammer reported that the subcommittee reviewed and filed the quarterly reports submitted by the Arkansas Department of Correction and the Arkansas Parole Board in accordance with Act 1258 of 2015 and that the subcommittee reviewed and approved all rules on the agenda.

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

Claims Review Subcommittee

Co-Chair Sample recognized Representative Jeff Wardlaw to present the report of the Claims Review Subcommittee (Exhibit F.3). Representative Wardlaw reported that the Claims Review Subcommittee met on June 12, 2017, and all claims were reviewed with exception of one claim that was remanded back to the Arkansas Claims Commission. The remanded claim was between Springdale Auto Finance and the Arkansas Department of Finance and Administration Motor Vehicle Commission. This concluded the report and there were no questions.

Representative Jeff Wardlaw moved that the report of the Claims Review Subcommittee be adopted. The motion was seconded and passed by voice vote.

Performance Evaluation and Expenditure Review (PEER) Subcommittee

Co-Chair Sample 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 Performance Evaluation and Expenditure Review (PEER) Subcommittee met on June 14, 2017, and approved the following items: nine (9) requests for set-aside releases; a request for reallocation of resources from the Department of Human Services (see Attachment 1 to the report); an appropriation transfer request for the Arkansas Human Services Department, Division of Youth Services; and a percentage reduction for the State Central Services Fund. Representative Meeks reported the subcommittee reviewed all other items on the agenda. 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.

Review Subcommittee

Co-Chair Sample recognized Senator Scott Flippo to present the report of the Review Subcommittee (Exhibit F.10). Senator Flippo reported that the Review Subcommittee met on June 14, 2017, and reviewed methods of finance, grants, and alternative delivery construction projects and contracts.

Senator Flippo reported that the subcommittee has been tasked to study the state procurement process and make recommendations for any changes to state procurement laws, regulations, or processes to the Legislative Council by the December 2018 meeting. Senator Flippo reported that the subcommittee passed a motion to begin the process of developing a Request for Proposals (RFP) in order to hire a consultant to assist with the study.

Senator Flippo reported that all agenda items were reviewed with the exception of the following: (1) the contract between the Arkansas Department of Correction and MQRS, Inc. (listed as item 99 on page 75 of the report); (2) the contract between the Arkansas Department of Health and National Jewish Health for the Arkansas Tobacco Cessation Quit Line (listed as item 7 on page 17 of the report); and (3) the method of finance for the Northwest Arkansas Community College in the amount of \$5.5 million (listed as item 1(e) on page 1 of the report).

Senator Flippo reported that there will be a one-month extension on the contract between the Arkansas Department of Health and National Jewish Health for the Arkansas Tobacco Cessation Quit Line to allow time for the agency to respond to questions from the subcommittee. Senator Flippo reported that the method of finance for the Northwest Arkansas Community College in the amount of \$5.5 million was held for further discussion by the full Legislative Council. Senator Flippo reported that since the subcommittee meeting, all holds on agenda items were removed, with the exception of the three items previously noted. This concluded the report.

Senator Scott Flippo moved that the report of the Review Subcommittee be adopted including all items that were previously held. Co-Chair Sample stated that the motion would not be considered at this time in order to allow discussion of the items excepted from the report.

Co-Chair Sample recognized Senator Joyce Elliott who referred to the contract between the Arkansas Department of Education and Solution Tree, Inc. listed as item 22 on page 145 of the report and asked that agency officials be recognized to respond to questions. The following Department of Education officials came forward, were recognized by Co-Chair Sample, and responded to questions: Greg Rogers, Tina Smith, and Jennifer Davis. In response to questions, Ms. Smith agreed to provide Senator Elliott with a map and a list of all the school districts who are participating in the professional development training program. There were no other questions on this item.

Co-Chair Sample asked Senator Flippo to re-state his motion. **Senator Scott Flippo moved that the report of the Review Subcommittee be adopted with the following exceptions: (1) the method of finance for the Northwest Arkansas Community College in the amount of \$5.5 million for the Integrated Design Lab (listed as item 1(e) on page 1 of the report); (2) the contract between the Arkansas Department of Correction and MQRS, Inc. (listed as item 99 on page 75 of the report); and (3) the contract between the Arkansas Department of Health and National Jewish Health for the Arkansas Tobacco Cessation Quit Line (listed as item 7 on page 17 of the report).** The motion was seconded and passed by voice vote.

Co-Chair Sample recognized Representative Kim Hammer who asked if representatives for the Northwest Arkansas Community College would come forward to respond to questions. Co-Chair Sample asked that the Northwest Arkansas Community College representatives come forward, but there was no one in attendance from the community college.

Representative Kim Hammer moved that the method of finance for the Northwest Arkansas Community College in the amount of \$5.5 million for the Integrated Design Lab, listed as item 1(e) on page 1 of the Review Subcommittee report, be referred to the Legislative Council for discussion at the Legislative Council meeting scheduled for August 18, 2017. The motion was seconded by Senator Bart Hester and passed by voice vote.

Co-Chair Sample recognized Senator Flippo. **Senator Scott Flippo moved that the contract between the Arkansas Department of Health and National Jewish Health for the Arkansas Tobacco Cessation Quit Line, listed as item 7 on page 17 of the Review Subcommittee report, be referred back to the Review Subcommittee for discussion at the subcommittee meeting in July 2017.**

Co-Chair Sample asked if there were any questions regarding the contract between the Arkansas Department of Correction and MQRS, Inc., listed as item 99 on page 75 of the Review Subcommittee report. Co-Chair Sample recognized Representative Jim Dotson who asked if officials with the Arkansas Department of Correction were in attendance to answer questions regarding the contract. Co-Chair Sample recognized the following officials with the Arkansas Department of Correction who came forward and responded to questions from Representative Dotson: Rory Griffen, Deputy Director, Lamont Wiley, and Teresa Funderburg. Following the discussion of this contract, Representative Dotson stated he would release his hold on this contract. There were no questions from other members.

Co-Chair Sample asked Senator Flippo to re-state his motion. **Senator Scott Flippo moved that the report of the Review Subcommittee be adopted including review of the previously-held contract between the Arkansas Department of Correction and MQRS, Inc. (listed as item 99 on page 75 of the report), and with the following exceptions:**

- (1) the method of finance for the Northwest Arkansas Community College in the amount of \$5.5 million for the Integrated Design Lab (listed as item 1(e) on page 1 of the report) that will be referred to the Legislative Council for consideration at the August 2017 meeting; and**
- (2) the contract between the Arkansas Department of Health and National Jewish Health for the Arkansas Tobacco Cessation Quit Line (listed as item 7 on page 17 of the report) that will be referred to the Review Subcommittee for consideration at the July 2017 meeting.**

The motion was seconded and passed by voice vote.

Uniform Personnel Classification and Compensation Plan Subcommittee

Co-Chair Sample recognized Representative Lane Jean to present the report of the Uniform Personnel Classification and Compensation Plan Subcommittee (Exhibit F.11). Representative Jean reported that the Uniform Personnel Classification and Compensation Plan Subcommittee met on June 13, 2017, and reviewed the following: a notification from the Secretary of State of the reduction in force of nine (9) positions; and a request from the Department of Higher Education to obtain pool positions from the central pool for two (2) new positions at Northwest Arkansas Community College for an Assistant Librarian and an Administrative Analyst.

Representative Jean reported that the subcommittee discussed and approved the following items on the supplemental agenda: a request from the Arkansas Governor's Office to pay salaries above the maximum of the assigned grade for the agency directors for the Arkansas Department of Human Services and the Arkansas Department of Education; and a request to hire an exceptionally well-qualified applicant for the DHS Deputy Chief Financial Officer for the Division of Medical Services at grade SEO2 that has maximum salary of \$157,000.00. This concluded the report and there were no questions.

Representative Lane Jean moved that the Uniform Personnel Classification and Compensation Plan Subcommittee report be adopted. The motion was seconded and passed by voice vote.

Lottery Oversight Subcommittee

Co-Chair Sample recognized Representative Chris Richey to present the report of the Lottery Oversight Subcommittee (Exhibit F.12). Representative Richey reported that the subcommittee met on June 15, 2017 and heard testimony from the Arkansas Department of Higher Education regarding the Arkansas Academic Challenge Scholarship Program. This concluded the report and there were no questions.

Representative Chris Richey moved adoption of the report of the Lottery Oversight Subcommittee. The motion was seconded and passed by voice vote.

Highway Commission Review and Advisory Subcommittee

Co-Chair Sample recognized Senator Lance Eads to present the report of the Highway Commission Review and Advisory Subcommittee (Exhibit F.13). Senator Eads reported that the Highway Commission Review and Advisory Subcommittee met June 15, 2017 and heard testimony from Scott Bennett, Director of the Arkansas State Highway and Transportation Department, regarding public road construction projects of \$10 million or more pursuant to the Arkansas Highway Improvement Plan of 2016; a report comparing the use of panel walls as opposed to the use of segment-block walls during construction; a report on actions taken by the Arkansas Highway Commission to pursue a ballot measure for the November 2018 election on a highway program; and an overview of the IDrive Arkansas mobile app and website. This concluded the report and there were no questions.

Senator Lance Eads 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 Sample referred members to the communications listed as Exhibit H.1 through Exhibit H.12 on the agenda and noted that action by the Legislative Council was needed for the following: the Annual Report on the Arkansas Infant and Child Death Review Program, dated December 2016 (Exhibit H.2); the request from the Arkansas Development Finance Authority, for the Legislative Council's review of the Program Fact Sheet, submitted pursuant to A.C.A. § 15-5-212(b) (Exhibit H.3); the Arkansas Teacher Retirement System request for the Legislative Council's review of partial equity ownership investments, submitted pursuant to A.C.A. § 19-11-1302 (Exhibit H.6); and the Department of Higher Education request for the Legislative Council's advice on the distribution from the Research Development Fund to the University of Arkansas at Fayetteville for expenses associated with the Arkansas Research and Education Optical Network (ARE-ON), submitted pursuant to A.C.A. § 6-61-808 (Exhibit H.11).

Arkansas Child Death Review Panel Annual Report

Co-Chair Sample asked if there were any questions regarding the Annual Report on the Arkansas Infant and Child Death Review Program, dated December 2016 (Exhibit H.2), submitted by the Arkansas Child Death Review Panel pursuant to A.C.A. § 20-27-1707. Seeing no questions, Co-Chair Sample asked if there was a motion.

Representative Bruce Cozart moved that the Legislative Council refer the Annual Report on the Arkansas Infant and Child Death Review Program, dated December 2016, to the Senate Interim Committee on Children and Youth and the House Interim Committee on Aging, Children and Youth, Legislative and Military Affairs. The motion was seconded and passed by voice vote.

Arkansas Development Finance Authority

Co-Chair Sample asked if there were any questions regarding the request for the Legislative Council's review of the Program Fact Sheet - Drivers' License Revenue Bonds Series 2017 (State

Police Projects) in the amount of \$ 31,675,000, submitted by the Arkansas Development Finance Authority, pursuant to A.C.A. § 15-5-212(b) (Exhibit H.3). Seeing no questions, Co-Chair Sample asked if there was a motion.

Co-Chair David L. Branscum moved that the Legislative Council file as reviewed the Program Fact Sheet - Drivers' License Revenue Bonds Series 2017 (State Police Projects) in the amount of \$ 31,675,000. The motion was seconded and passed by voice vote.

Arkansas Teacher Retirement System

Co-Chair Sample recognized George Hopkins, Executive Director of the Arkansas Teacher Retirement System, who provided a summary of the following partial equity ownership investments that were submitted pursuant to A.C.A § 19-11-1302 (Exhibit H.6): NGP Natural Resources XII, L.P.; Altaris Health Partners IV, L.P.; Landmark Real Estate Partners VIII, L.P.; and IFM Global Infrastructure (US) L.P. Class A Interest. Seeing no questions, Co-Chair Sample asked if there was a motion.

Co-Chair David L. Branscum moved that the Legislative Council file as reviewed the following Arkansas Teacher Retirement System partial equity ownership investments in NGP Natural Resources XII, L.P.; Altaris Health Partners IV, L.P.; Landmark Real Estate Partners VIII, L.P.; and IFM Global Infrastructure (US) L.P. Class A Interest. The motion was passed without objection.

Department of Higher Education

Co-Chair Sample asked if there were any questions regarding the request from the Department of Higher Education for the Legislative Council's advice on the distribution from the Research Development Fund to the University of Arkansas at Fayetteville for expenses associated with the Arkansas Research and Education Optical Network (ARE-0N), submitted pursuant to A.C.A. § 6-61-808 (Exhibit H.11). Seeing no questions, Co-Chair Sample asked if there was a motion.

Co-Chair David L. Branscum moved that the Legislative Council give favorable advice to the distribution from the Research Development Fund to the University of Arkansas at Fayetteville for expenses associated with the Arkansas Research and Education Optical Network (ARE-0N), which was submitted pursuant to A.C.A. § 6-61-808. The motion was passed without objection.

New Interim Study Proposals and Interim Resolutions

Co-Chair Sample referred the members to the new interim study proposal, Interim Study Proposal 2017-081, in their packets and asked if there were any questions or discussion. Seeing no questions, Co-Chair Sample asked if there was a motion.

Representative Greg Leding moved that Interim Study Proposal 2017-081 be referred to the House Committee on Public Health, Welfare, and Labor. The motion was passed without objection.

Adjournment

At 9:40 a.m., the meeting was adjourned as there was no further business to come before the Legislative Council.

Respectfully submitted,

ATTEST:

Senator Bill Sample
Co-Chair, Senate

Marty Garrity
Executive Secretary