

MINUTES OF THE MEETING
OF THE
ARKANSAS LEGISLATIVE COUNCIL

Friday, April 20, 2012

The Arkansas Legislative Council met at 9:00 a.m., Friday, April 20, 2012 in Committee Room A of the Big Mac Building, Little Rock, Arkansas. Co-Chair Mary Anne Salmon called the meeting to order and dispensed with the calling of the roll. The members who attended are listed on the sign-in sheets.

Minutes of the Last Meeting

Co-Chair Salmon referred the members to the minutes of the March 16, 2012 meeting of the Legislative Council and asked if there were any questions. There were no questions.

Representative Garry Smith moved that the minutes of the March 16, 2012 meeting of the Legislative Council be approved. The motion received a second and the motion passed by voice vote.

Co-Chair Salmon recognized Representative Les Carnine who requested that the Co-Chairs allow a change in the order of business to allow discussion of two items on the Review Subcommittee agenda that are a part of the health care exchange. Representative Carnine stated that he understood that Insurance Commissioner Jay Bradford was not given an opportunity to testify on these two items in the Review Subcommittee and he asked that Mr. Bradford be given an opportunity to explain these two contracts today.

Representative Carnine moved that the two items in the Review Subcommittee Report (Exhibit F.10) listed as item 9 on page 13 and item 10 on page 14, which are contracts between the Arkansas Insurance Department and Public Consulting Group, be referred back to the Review Subcommittee. The motion received a second from Representative Bradford.

Representative Carnine stated that it is his understanding that Co-Chair Salmon may move things back if it is verified that Commissioner Bradford was not given an opportunity to testify because of the length of the day. Representative Carnine wanted to be able to assure his constituency that the committee had an opportunity to review the contracts before the state enters the contracts.

Co-Chair Salmon asked Representative Cowling, the Co-Chair of the Review Subcommittee, whether the Insurance Commissioner testified during the Review Subcommittee meeting. Representative Cowling stated that according to the minutes of that subcommittee meeting, Representative Barnett was recognized and made a motion that out-of-state contracts stand as reviewed. Representative Cowling stated that a question was asked and clarified that all contracts were included in the motion and a non-member of the subcommittee objected.

Representative Cowling stated that the motion received a second and the motion passed. The subcommittee instructed the staff to move on with the agenda for out-of-state contracts, but were stopped when the co-chair recognized a member who made a motion to reconsider these two contracts. A second was received and a vote was taken, but the motion failed to pass.

Co-Chair Salmon stated there was a motion to refer item 9 and item 10 back to the Review Subcommittee and second on the floor. Co-Chair Salmon asked for a voice vote on the motion and ruled that the motion failed to pass.

Representative Carnine asked for a roll call vote on the motion because it can be verified that Insurance Commissioner Bradford was in attendance at the Review Subcommittee meeting, but because of an error he did not testify on the contracts and technically those contracts were not reviewed. Representative Carnine commented that this was a very important issue regardless of what side of the issue a member is on and that the public deserves to know that this legislature and this body did review those contracts.

Senator Salmon stated that she needed a show of three hands from Legislative Council members for a roll call vote. Senator Salmon asked for a roll call vote upon seeing three hands. After the roll call vote, the motion failed to pass.

Co-Chair Salmon recognized Senator Kim Hendren who referred to page six of the minutes of the last meeting and asked whether a response was received from the Office of the Secretary of State to the motion concerning opening of the bronze doors on the second floor of the State Capitol Building. Co-Chair Salmon recognized David Ferguson, Executive Secretary of the Legislative Council, who informed the members that the Secretary of State had responded by letter and that because of Homeland Security provisions the entrance could not be opened because it would provide access directly to constitutional officers.

March 2012 Revenue Report

Co-Chair Salmon recognized Richard Wilson, Assistant Director for Research Services with the Bureau of Legislative Research, to present the monthly revenue report for March 2012. Mr. Wilson reported that the March 2012 revenue report reflects that gross collections are \$ 166.4 million ahead of the same period last year for a growth rate of four point one percent (4.1%). The adjusted net available for distribution is \$ 94.7 million ahead of the same nine-month period of last year for a growth rate of two point nine percent (2.9%). The graph page indicates that revenue collections are approximately \$63 million above the official revenue forecast after nine months. The spreadsheet reflects a growth rate for gross receipts of one point eight percent (1.8%) and a growth rate for income taxes at six point three percent (6.3%). Mr. Wilson responded to questions.

Following the monthly revenue report, Co-Chair Salmon recognized Representative Rice who asked for a point of clarification concerning what the count is on the recognized majority for the full body of the Legislative Council, as well as the number for the recognized majority for the Legislative Council subcommittees. Representative Rice noted that as seen in this morning's roll call vote the staff, with the exception of voice tone, cannot keep the count and also look to see who is speaking when an alternate votes and does not identify themselves.

Co-Chair Salmon stated that a copy of the roll call vote form would be provided to Representative Rice following the meeting. Representative Rice asked that the point of order be clarified at this time in order that members may be informed of what is a majority vote in the full Legislative Council, what is a majority vote in subcommittees before any more votes are taken by the Legislative Council or Legislative Council subcommittees.

Co-Chair Salmon recognized David Ferguson, Executive Secretary to the Legislative Council and Director of the Bureau of Legislative Research, to answer the question. Mr. Ferguson responded that the amount to pass an action in the Legislative Council is a majority of the members present and, in the subcommittees, the rules states that it is a majority of the full membership of the subcommittee to pass an action. Mr. Ferguson further clarified that there is a separate provision for the ALC-Joint Budget Committee during the fall budget hearings, which states that the ex-officio members of a subcommittee do not count against the majority, but the votes of ex-officio members count in a vote if they are in attendance at the meeting. Representative Rice asked for clarification of whether the votes of ex officio members are counted in votes taken in the Legislative Council and Legislative Council subcommittees and Mr. Ferguson responded that their votes are counted. Mr. Ferguson noted that he is not the parliamentarian and that ultimately it is up to the Legislative Council to interpret its rules.

Report of the Executive Subcommittee

Co-Chair Salmon recognized Co-Chair Tommy Lee Baker to present the report of the Executive Subcommittee of the Legislative Council. Co-Chair Baker reported that the Executive Subcommittee met on Thursday, April 12, 2012 and discussed the hiring process for the position of the director of the Bureau of Legislative Research. Upon the motion of Senator Luker, the subcommittee met in executive session to discuss the interview process and the preference for applicants to be interviewed. Following the executive session, the subcommittee announced they would interview five applicants beginning on Tuesday, April 17, 2012. The subcommittee also discussed at the April 12, 2012 meeting, the reimbursement to members who live within fifty miles of a meeting held outside the state capitol. Upon the motion of Senator Luker, the subcommittee directed the staff of the Bureau of Legislative Research to work with the staff of the House of Representatives and the Senate on a method of reimbursing members who live within fifty miles of a meeting held outside the state capitol.

Co-Chair Baker reported that the Executive Subcommittee also met on Tuesday, April 17, 2012 for the purpose of interviewing applicants selected at the last meeting. Upon the motion of Senator Salmon, the subcommittee met in executive session for the purpose of conducting interviews. Following the executive session, the subcommittee passed a motion by Representative Webb to recommend Marty Garrity as the next director of the Bureau of Legislative Research and the Executive Secretary of the Legislative Council.

Co-Chair Baker moved that the report of the April 12, 2012 and April 17, 2012 meetings of the Executive Subcommittee be adopted. The motion was seconded and passed by voice vote.

Co-Chair Salmon asked for another motion to accept Marty Garrity as the new director of the Bureau of Legislative Research. Senator Randy Laverty moved that the Legislative Council accept the Executive Subcommittee's recommendation to accept Marty Garrity as

the new director of the Bureau of Legislative Research beginning July 1, 2012. The motion received a second and was passed by voice vote.

Co-Chair Salmon recognized Ms. Garrity and asked the members to welcome her. The members stood and applauded.

Reports of Standing Subcommittees

Administrative Rules and Regulations Subcommittee

Co-Chair Salmon recognized Representative James Word to present the report of the Administrative Rules and Regulations Subcommittee (Exhibit F.1). Representative Word reported that the Administrative Rules and Regulations Subcommittee met on April 18, 2012 and, with a quorum in attendance, the subcommittee reviewed a total of twenty-four rules. At the request of Representative Roebuck, two rules submitted by the Department of Education were referred to the House and Senate Interim Committees on Education. Those rules will be sent back to the Administrative Rules and Regulations Subcommittee after review by the Education Committees. Representative Word reported that upon the advice of Senator Jimmy Jeffress, one rule concerning the electronic monitoring by the Department of Correction was held and referred to the Office of the Attorney General for an opinion. There were no questions regarding the report.

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

Higher Education Subcommittee

Co-Chair Salmon recognized Senator Sue Madison to present the report of the Higher Education Subcommittee. Senator Madison reported that the subcommittee met on April 12, 2012 and heard from Don McDaniel, with the Department of Information Systems, about recent interruptions in service for distance learning programs across the state. The subcommittee also heard from officials from the Northwest Arkansas Community College regarding salary and tuition increases. Mr. Danny James, Director of the Arkansas State Employees Association (ASEA), answered questions and listened to concerns from the subcommittee regarding the association's partnership with the University of Phoenix. The subcommittee urged Mr. James to promote to the ASEA members the comparable rates of tuition at the public colleges in the State of Arkansas.

Senator Madison moved adoption of the report of the Higher Education Subcommittee. The motion was seconded and passed by a voice vote.

Performance Evaluation and Expenditure Review (PEER) Subcommittee

Co-Chair Salmon recognized Senator Johnny Key to present the report of the Performance Evaluation and Expenditure Review (PEER) Subcommittee. Senator Key reported that the Performance Evaluation and Expenditure Review (PEER) Subcommittee met on April 5, 2012 and approved two items: an appropriation transfer request from the Department of Education; and the 2013-2015 Biennial Budget Forms that are Attachment 1 to the report. The

subcommittee did not review item E.2, which is the miscellaneous federal grant request from the Insurance Department for the Level One Cooperative Agreement. The subcommittee also adopted a motion to refer to the Legislative Council a discussion and determination of how votes are determined in Legislative Council subcommittees. Senator Key reported that all other items were reviewed and none were held.

Senator Key moved that the report of the Performance Evaluation and Expenditure Review (PEER) Subcommittee be adopted.

Co-Chair Salmon recognized Senator Jim Luker who made a substitute motion that the review of the PEER Subcommittee report include, in addition to all other items, the review of item E.2 which is the miscellaneous federal grant request from the Insurance Department for the Level One Cooperative Agreement, and which was identified as item G.2 on the Review Subcommittee agenda. Senator Jimmy Jeffress seconded the motion.

Co-Chair Salmon recognized Representative Terry Rice who stated he wished to make a substitute motion to the substitute motion. Co-Chair Salmon asked staff to determine whether or not a substitute motion to a substitute motion was allowed under the rules.

Co-Chair Salmon recognized Senator Luker who stated that his substitute motion also included a review of the positions and titles contained in item E.2.

Co-Chair Salmon stated that the staff understood that a substitute motion to a substitute motion was not allowed. Co-Chair Salmon recognized Representative Rice who requested a point of clarification because the Legislative Council is being asked to vote on an important issue that has not been discussed. Co-Chair Salmon recognized Senator Luker who stated that he had no objection to allowing the Insurance Commissioner, Jay Bradford, to come forward and respond to questions on the issue before the vote is taken on his substitute motion. Co-Chair Salmon informed the members that a clarification from Buddy Johnson, the Assistant Parliamentarian of the House of Representatives, on the question of whether a substitute motion to a substitute motion is allowed has been requested. Co-Chair Salmon asked if there were questions on Senator Luker's motion.

Co-Chair Salmon recognized Senator Key who stated that he has questions on legal issues that came up after the PEER Subcommittee meeting and he asked if Blake Rutherford with the Attorney General's Office could be recognized to respond to questions. Co-Chair Salmon recognized Mr. Rutherford, who identified himself as the Chief of Staff for Attorney General Dustin McDaniel. Mr. Rutherford responded to several questions concerning the status and impact of the litigation currently before the Supreme Court on the Affordable Care Act.

Co-Chair Salmon also recognized Jay Bradford, the Arkansas Insurance Commissioner, and Cynthia Crone, the Planning Director for the Arkansas Health Benefits Exchange Planning. Mr. Bradford and Ms. Crone answered several questions from the members of the Legislative Council.

At one point during the discussion, Co-Chair Salmon asked the members to take a moment to recognize a group of students and their parents from Euper Lane Elementary School in Fort

Smith, Arkansas, who are guests of Representative Stephanie Malone. The Legislative Council members applauded the group. There followed several more questions from members.

After allowing several more questions from members, Co-Chair Salmon recognized Representative Randy Stewart. **Representative Stewart moved that the debate be limited to five more minutes and then return to the motion and substitute motion on the floor. The motion received a second and passed by voice vote. Upon the request of three members, Co-Chair Salmon asked for a roll call vote on the motion. The motion passed by roll call vote.**

Co-Chair Salmon recognized Representative Hobbs for questions. At the end of the five minutes of debate, Co-Chair Salmon stated that a determination had been made that one substitute motion to a substitute motion is allowed. Co-Chair Salmon asked Representative Rice if he wished to make his substitute motion to the substitute motion. Representative Rice stated that he appreciated the discussion, transparency, and that Mr. Bradford has had an opportunity to speak. Representative Rice stated that were numerous times when a substitute motion to a substitute motion had been used. Representative Rice stated he would withdraw his substitute to the substitute motion at this time. Co-Chair Salmon recognized Senator Luker who closed for his substitute motion.

Co-Chair Salmon recognized Senator Key who requested a separate vote of the House and Senate members. Co-Chair Salmon stated that a separate vote would be taken and she then asked Senator Luker to state his substitute motion again.

Senator Luker stated that his substitute motion is that the Legislative Council has reviewed the Review Subcommittee report and that the review includes in addition to all other items the review of item E.2 that was not reviewed in the subcommittee action, also identified as item G.2 on the Review Subcommittee agenda, and that the review includes the titles and grades for positions for administering the federal grant for the Level One Cooperative Agreement for the Insurance Department.

Co-Chair Salmon stated that a yes vote is to include the item and a no vote is to exclude the item and then asked staff to begin the separate roll call vote beginning with House members and then Senate members. **The motion passed by roll call vote.**

Policy-Making Subcommittee

Co-Chair Salmon recognized Representative Kelley Linck to present the Report of the Policy-Making Subcommittee. Representative Linck reported that the Policy-Making Subcommittee met on April 10, 2012 and reviewed interim committee balances and requests for additional allocation of funds for in-state per diem, mileage, and expenses. The Policy-Making subcommittee passed a motion to transfer funds from the Bureau's unallocated interim committee funds as follows: \$30,000 to the House Interim Committee on Education; \$34,000 to the Joint Advanced Communications and Information Technology Committee; and \$15,000 to the Lottery Commission Legislative Oversight Committee.

Representative Linck moved that the report of the Policy-Making Subcommittee be adopted. The motion received a second and was passed by a voice vote.

Co-Chair Salmon recognized Representative John Burris. **Representative Burris moved that the Legislative Council request that the Arkansas Insurance Department provide a list of the vendors the department is working with to implement the grant, including running totals of expenditures and the tasks the vendors have been asked to perform. The motion received a second and was passed by voice vote.**

Review Subcommittee

Co-Chair Salmon recognized Senator Randy Lavery to present the report of the Review Subcommittee. Senator Lavery reported that the Review Subcommittee met on April 4, 2012 and reviewed a contract for the Arkansas State Police that was reviewed by emergency action, as well as, various methods of finance, construction projects exceeding \$5 million dollars, discretionary grants, professional or consultant services contracts, and a technical services contract. Senator Lavery reported that the subcommittee held one discretionary grant for the Department of Health until the May subcommittee meeting, and approved a motor vehicle lease for the Arkansas Disability Determination for Social Security Administration. Senator Lavery reported that all other items were reviewed.

Senator Lavery moved that the report of the Review Subcommittee be adopted. The motion received a second and the motion received several yes votes.

Co-Chair Salmon recognized Representative Westerman who asked if this report included the two smaller grants for the health care grant from the Insurance Department. Senator Lavery responded that the report did include those grants. Representative Westerman asked if Commissioner Bradford could be recognized to answer questions regarding these grants. Co-Chair Salmon responded that the first motion passed in committee was to refer those items back to the Review Subcommittee, but the motion failed.

Co-Chair Salmon asked Commissioner Bradford to come forward to respond to a few more questions. Senator Chesterfield was recognized for a point of order. Senator Chesterfield commented that if a motion had been made and voted upon, then it would require the passage by a two-thirds vote of a motion to reconsider for the matter to be discussed further. Senator Chesterfield stated this motion has already been passed.

Co-Chair Salmon asked Representative Westerman to work with Representative Burris to include his questions in the report from the Insurance Department. Co-Chair Salmon recognized Representative Burris who stated that the first motion to refer the grants back to the Review Subcommittee failed and he asked if there was a subsequent motion to review the report. Representative Burris commented that if we had not reviewed the report, then it would be the proper order and time for review or debate.

Co-Chair Salmon recognized Senator Lavery who commented that the grants are items nine and ten in the Review Subcommittee report, which were the source of controversy in the Review Subcommittee meeting. Senator Lavery stated there had been some confusion in the subcommittee meeting and that the member who made the motion to review unintentionally included items nine and ten in the review and he then made a motion to reconsider these two items, but the motion failed. Senator Lavery stated that this closed the door on the discussion of

those two contracts. Senator Lavery commented that he agreed with Representative Burris regarding the discussion of the report.

Co-Chair Salmon stated that there is a motion and second to accept the report of the Review Subcommittee on the floor and the debate is on the motion. Representative Westerman asked whether Commissioner Bradford could be recognized to answer a question. Co-Chair Salmon responded no because the debate is on the motion.

Senator Barnett moved for immediate consideration of the motion and the motion passed by voice vote.

Co-Chair Salmon called for a voice vote on the motion to accept the report of the Review Subcommittee and the motion passed by voice vote.

Uniform Personnel Classification and Compensation Plan Subcommittee

Co-Chair Salmon recognized Senator Randy Lavery to present the report of the Uniform Personnel Classification and Compensation Plan Subcommittee. Senator Lavery reported that the Uniform Personnel Classification and Compensation Plan Subcommittee met on April 17, 2012 to review the following reports: the monthly report pertaining to grid movements at multiple agencies based on approved salary administration grids; and the provisional position reports from the two and four year institutions showing new provisional positions and it was noted that the provisional positions are paid with "other monies" such as donations, grants, and other anticipated funds and that the positions will end when the funding runs out. The subcommittee also approved a report from the Chief Fiscal Officer detailing approved EWQs and labor market rates approved by the Department of Finance and Administration. The subcommittee heard a request for one exceptionally well-qualified applicant from the Public Service Commission. The subcommittee heard requests for growth pool positions from the Nursing Board and Massage Therapy Board and chose to hold the Nursing Board request for further review. The subcommittee also reviewed two DFA Swap Pool requests from the Board of Accountancy and the Student Loan Authority. The subcommittee approved the establishment of thirteen positions for the Department of Higher Education central growth pool for institutions of higher education. The subcommittee approved the title "epidemiologist" for the Health Department for multiple miscellaneous federal grants. There were no questions.

Senator Lavery moved the adoption of the report of the Uniform Personnel Classification and Compensation Plan Subcommittee. The motion received a second and was passed by voice vote.

Reports of Interim or Special Committees

Arkansas Lottery Commission Legislative Oversight Committee

Co-Chair Salmon referred the members to the report of the Arkansas Lottery Commission Legislative Oversight Committee and recognized Senator Johnny Key to present the report. Senator Key reported that the Arkansas Lottery Commission Legislative Oversight Committee met on April 9, 2012 and again on April 10, 2012 for two days of public hearings in accordance with Act 1222 of 2011 for a discussion of the fairness of scholarship distribution. The

committee heard presentations from a panel that included: Representative Tracy Steele who is the author of Act 1222 of 2011; Mr. Shane Broadway, the Interim Director of the Department of Higher Education; and Dr. Neal Gibson, Director of the Arkansas Research Center at the Department of Higher Education. The panelists answered questions from the committee on the geographic distribution of lottery-funded scholarships and variations in scholarship retention across two-year and four-year institutions, which are issues that the committee chairs anticipate will be discussed further in the 2013 Regular Session.

Senator Key moved adoption of the report of the Arkansas Lottery Commission Legislative Oversight Committee. The motion received a second and the motion passed by voice vote.

Co-Chair Salmon recognized Senator Malone who informed the members that the Administrative Rules and Regulations Subcommittee will begin working to determine whether there is support for revisions the Administrative Procedures Act to tighten the procedures for review of the rules and regulations from agencies, boards, and commission. Senator Malone invited anyone to who wished to participate in this discussion to contact Matthew Miller, the Administrator of the Administrative Rules Review Section.

Co-Chair Salmon recognized Representative Lori Benedict who stated she had a point of order question concerning Senator Laverty's statement about questions allowed from people who were not members of this committee and she noted that she was not allowed to ask a question although she is a member. Representative Benedict asked if it would not be in order to take questions from committee members before those who are not on the committee. Co-Chair Salmon responded that she had only recognized members of the committee for questions, and that Senator Laverty's statement pertained to the discussion in the Review Subcommittee.

Review of Communications

Co-Chair Salmon recognized Senator Jim Luker who stated the remaining items on the agenda, with the exception of the new interim study proposal are submitted for information only and he asked that the chair invite members to identify any item under communications that they wish to discuss and that all other communications be considered to be reviewed. Co-Chair Salmon stated that there are three communications that require action by the Legislative Council, which are Exhibit H.2b from the Arkansas Building Authority, Exhibit H.12 from the Department of Rural Services, and Exhibit H.16a through H.16d from the Arkansas Teacher Retirement System. Co-Chair Salmon stated these items would be discussed as well as any other items under communications (Exhibits H.1 through H.17) members wished to discuss.

Arkansas Building Authority

Co-Chair Salmon asked Ann Laidlaw to come forward to explain Exhibit H.2b, the request for the Legislative Council's review and approval of the lease agreement between Representative Jonathan Barnett and the Revenue Division, submitted by the Arkansas Building Authority pursuant to A.C.A. § 21-1-403. Ms. Laidlaw identified herself as the Director of the Arkansas Building Authority and explained that this is a lease agreement with Representative Jonathan Barnett to continue as lessor for the Revenue Division office in Siloam Springs. This property has been leased to the Revenue Department since 2000 and this is a renewal for four years and there is no request for an increase, but is submitted for disclosure purposes. Ms. Laidlaw

responded to questions from Representative Linda Tyler concerning whether the lease was competitively bid.

Senator Lavery moved that the lease agreement between Representative Jonathan Barnett and the Revenue Division be filed as reviewed and approved. The motion received a second and was passed by voice vote.

Department of Rural Services

Co-Chair Salmon asked Butch Calhoun, Director of the Department of Rural Services, to come forward to explain Exhibit H.12, which is a request for Legislative Council's approval of funding for rural community development grants and funding for rural community fire protection grant programs, submitted pursuant to Section 12 of Act 641 of 2011. Mr. Calhoun explained this request is for approval of the grants that are issued three times a year that include disbursement for the RCGP (Rural Community Grant Program) that are the fifty-fifty matching grants. Mr. Calhoun stated that about \$160,000 was available for disbursement and the department had received \$280,000 in requests. Mr. Calhoun was able to work with the Department of Finance and Administration and moved about \$10,000.00 from the department's operating funds to add to the funds available for disbursements, which allowed grants to be funded in the amount of \$170,000.00. Mr. Calhoun stated that grants funded this cycle included people who had never received grant funding. Mr. Calhoun asked for the committee's approval and review. There were no questions.

Representative Stewart moved that the Legislative Council approve the distribution of the grant disbursements. The motion received a second and was passed by voice vote.

Arkansas Teacher Retirement System

Co-Chair Salmon referred members to the request by the Arkansas Teacher Retirement System for the Legislative Council's review of the investments submitted pursuant to A.C.A § 19-11-1302 (Exhibits H.16a through H.16d). Co-Chair Salmon recognized Wayne Greathouse, Associate Director of Investments, and Ron Graves, Public Markets Manager, for the Arkansas Teacher Retirement System. Mr. Greathouse stated the investments were limited partnerships with a usual investment period of ten years and presented a brief summary of each investment as follows:

- 1) Exhibit H.16a, Rockwood Capital Real Estate Partners Fund IX is an investment recommended to the board by the general investment consultant Hewitt EnnisKnupp and approved by the board, which is an investment in the amount of \$35 million and is a limited partnership.
- 2) Exhibit H.16b, Riverside Fund, the Teacher Retirement System is a limited partner in a ten-year private equity fund that was recommended to the Board by the private equity consultant, Franklin Park, and is an investment of \$35 million. Riverside will be doing buy outs and focusing primarily in the health care market.
- 3) Exhibit H.16c, Court Square Partners is another private equity recommended by the private equity consultants for \$35 million for a ten-year investment. Court Square will be acquiring upper and middle income market U.S. business services, industrial, healthcare, and telecommunications technology.

- 4) Exhibit H.16d, TPG Credit Strategies Fund II is another limited partnership in the private equity market that is a ten-year investment in the market of telecommunications and U.S. business services.

Mr. Greathouse and Mr. Graves answered several questions from the committee members. During the discussion, Senator Joyce Elliott asked that Mr. Greathouse relay to the director of the Arkansas Teacher Retirement Systems that she would really like the system to examine how it is operating and determine if things could be done differently and still operate in a responsible way that would allow people to participate who have been excluded from participating on institutional level in Arkansas. Mr. Greathouse agreed to relay the message to the director.

Senator Johnny Key moved that Legislative Council file as reviewed the investments by the Arkansas Teacher Retirement System with Rockwood Capital Real Estate Partners Fund IX, Riverside Fund, Court Square Partners, and TPG Credit Strategies Fund II. The motion received a second and was passed by voice vote.

UAMS Annual Report on the Arkansas Rural Medical Practice Student Loan and Scholarship Program

Co-Chair Salmon stated there is a request to discuss the UAMS Annual Report on the Arkansas Rural Medical Practice Student Loan and Scholarship Program (Exhibit H.17) and recognized Tom South, Assistant Dean for Admissions for the College of Medicine, and Tammy Hinson, the new Administrator of the Arkansas Rural Medical Practice Program, to respond to questions from the members. Mr. South responded to questions from Senator Bledsoe concerning the cancellations of student loans that were noted in the report and provided an explanation of how a student's loan may be cancelled by fulfilling their obligation to practice in the community and the success rate of the program. There were no other questions concerning the report.

Rate Case Report from the Public Service Commission

Co-Chair Salmon stated there is a request to discuss the Rate Case Report (Exhibit H.15) from Arkansas Public Service Commission. There was not a representative of the Public Service Commission in attendance to respond to questions and Co-Chair Salmon asked Senator Burnett if he wanted to add this to the agenda for the next Legislative Council meeting. Senator Burnett asked that the staff request a report on the issue of net metering that came before the Public Service Commission about two weeks ago and to request information on what the decision by the Public Service Commission was in regard to the issue of net metering. Co-Chair Salmon asked the staff to contact the Public Service Commission regarding this request and to have this for discussion at the next meeting.

There were no requests to review the other communications and these were filed without objection. The communication from the Arkansas State Highway Commission listed on the Supplemental Agenda was also filed as reviewed without objection.

New Proposals and Resolutions

Co-Chair Salmon stated there were no requests to bring new business before the Legislative Council and referred the members Interim Study Proposal 2011-204 (Exhibit J.1), the new interim study proposal in their packets.

Representative Webb moved that Interim Study Proposal 2011-204 be referred to the House Committee on Public Health, Welfare and Labor. The motion received a second and was passed by a voice vote.

Co-Chair Salmon recognized Representative Rice. Representative Rice commented that out of respect and courtesy for the author of Interim Study Proposal 2011-204, he wished to bring to the attention of the members that there are some anti-business concerns about the proposal and he asked members to review it. Co-Chair Salmon pointed out that the Legislative Council is just referring Interim Study Proposal 2011-204 to the House Committee on Public Health, Welfare and Labor and it is the decision of that committee on whether to adopt it for study.

Adjournment

The meeting adjourned at 12:05 p.m. as there were no further questions and no further business to come before the Legislative Council.

Respectfully submitted,

ATTEST:

Senator Mary Anne Salmon
Co-Chair, Senate

David Ferguson
Executive Secretary