

**MINUTES OF THE MEETING**  
**OF THE**  
**ARKANSAS LEGISLATIVE COUNCIL**

**Tuesday, June 21, 2013**

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The Arkansas Legislative Council met at 9:00 a.m., Tuesday, June 21, 2013 in Committee Room A of the Big Mac Building, Little Rock, Arkansas.

**Minutes of the Last Meeting**

Vice Co-Chair Bill Sample called the meeting to order and stated the first order of business was the approval of the minutes of the May 28, 2013 meeting (Exhibit C) of the Legislative Council. Vice Co-Chair Bill Sample informed the committee that it had been called to his attention that in the testimony by George Hopkins on page six, the figure of \$600 million should be \$600 thousand.

**Senator Johnny Key moved that the minutes of the May 28, 2013 Legislative Council meeting be approved with this revision. The motion was seconded by Senator Jim Hendren and carried by voice vote.**

**Presentation of Revenue Report**

Vice Co-Chair Sample recognized Richard Wilson, Assistant Director for Research Services with the Bureau of Legislative Research, to present the monthly revenue report for May 2013. Mr. Wilson reported that the Monthly Revenue Report for May 2013 (Exhibit D), reflects that after eleven months of the current fiscal year, collections for gross receipts are \$ 248 million ahead of the same period last year for a growth rate of four point six percent (4.6%) and the net revenue available is \$238.2 million ahead of the same period last year for a growth rate of five point six (5.6%). Mr. Wilson referred to the graph and reported that it shows that after eleven months the net general revenue available for distribution is \$172 million ahead of the official revenue forecast. The spreadsheet reflects that gross receipts for sales and use tax collections are only point seven of one percent (0.7%) for the year, and the growth rate for income tax collections is currently seven point five percent (7.5%). There were no questions.

**Report of the Executive Subcommittee**

Vice Co-Chair Sample recognized Vice Co-Chair Terry Rice to present the report for the Executive Subcommittee (Exhibit E). Vice Co-Chair Rice reported that the Executive Subcommittee met at 12:00 noon on June 20, 2013 and discussed proposed revisions to the Legislative Council Rules. The subcommittee passed a motion to recommend to the full Legislative Council that the proposed revisions be adopted. The subcommittee directed the staff

to send copies of the proposed changes to the members and alternates of the Legislative Council for their review prior to the vote on the changes at the Legislative Council meeting scheduled for July 2013.

The subcommittee also discussed the filing of an amicus curiae brief in the Legislative Audit subpoena case of State v. James Valley, which is currently on appeal to the Arkansas Supreme Court. The subcommittee passed a motion to authorize the Bureau of Legislative Research to participate in the preparation of the amicus brief in order to represent the Legislative Council's interest in protecting its subpoena power.

The subcommittee also heard a report from the Director, Marty Garrity, to which was attached a schedule of Legislative Council and Legislative Council subcommittee meetings. There were no questions.

**Senator Larry Teague moved that the report of the Executive Subcommittee be adopted. Senator Jane English seconded the motion and the motion was passed by voice vote.**

### **Standing Subcommittees**

Vice Co-Chair Sample referred members to the reports of the standing subcommittees and stated that reports from the subcommittees meeting during this month would be heard.

#### Administrative Rules and Regulations Subcommittee

Vice Co-Chair Sample recognized Representative Kelley Linck to present the report of the Administrative Rules and Regulations Subcommittee (Exhibit F.1). Representative Linck reported that the Administrative Rules and Regulations Subcommittee met on June 12 and June 13, 2013 to review a backlog of business due to the 2013 Regular Session. The subcommittee heard from many agency representatives and chose to defer only two rules: one from the Plant Board concerning the Arkansas Pest Control Law that was deferred for more information; and one from the Arkansas Dental Examiners Board that was deferred until a representative of the agency could be present to respond to questions.

**Representative Kelley Linck moved that the report of the Administrative Rules and Regulations Subcommittee be adopted, which was seconded by Representative Andrea Lea. The motion passed by voice vote.**

#### Litigation Reports Oversight Subcommittee

Vice Co-Chair Sample recognized Senator David Johnson to present the report of the Litigation Reports Oversight Subcommittee. Senator Johnson reported that the Litigation Reports Oversight Subcommittee met on June 19, 2013 and reviewed several cases of litigation. The subcommittee heard an overview of litigation from Dennis Hansen, Deputy Attorney General, and an overview of other cases from Martha Hunt, Chief Counsel for the Department of Finance and Administration. There were no questions.

**Senator Larry Teague moved that the report of the Litigation Reports Oversight Subcommittee be adopted, which was seconded by Senator Bruce Maloch. The motion passed by voice vote.**

Performance Evaluation and Expenditure Review (PEER) Subcommittee

Vice Co-Chair Sample recognized Representative Stephen Meeks to present the report of the Performance Evaluation and Expenditure Review (PEER) Subcommittee. Representative Meeks reported that the Performance Evaluation and Expenditure Review (PEER) Subcommittee met on June 13, 2013 and the subcommittee approved four items for fiscal year 2014, including: (1) an appropriation transfer for the Minority Health Commission, (2) a contingency appropriation transfer for the Securities Department; (3) a request from the Department of Finance and Administration for an increase of point three percent (.3%) to two point three percent (2.3%) in the deduction on state general and special revenues for State Central Services; and (4) a reallocation of resources request from the Department of Human Services.

Representative Meeks reported that the subcommittee also reviewed miscellaneous fund grant requests for fiscal year 2014, which are items listed under G on page three of the report. He noted a point of clarification is needed on item G.4, which is that the request from the Health Department for nine positions that include seven full-time positions and two position titles for three hundred extra help positions.

Representative Meeks reported the subcommittee also reviewed several miscellaneous federal grant requests to continue for fiscal year 2014, which are the items listed as H.1 through H.14. Representative Meeks noted that on item H.12, that there were two positions inadvertently left off in the information presented to the subcommittee from the Department of Arkansas Heritage, Mosaic Templar's Cultural Center, which were reviewed in fiscal year 2013 and are requested to continue in fiscal year 2014. Representative Meeks asked to make a motion that these two items be reviewed following the adoption of the report. Representative Meeks concluded his report by stating that all other items on the agenda were reviewed and no items were held. Representative Meeks responded to questions regarding the extra help positions for the Department of Health listed in item G.4 on page three of the report.

Vice Co-Chair Sample recognized Ann Purvis, Deputy Director for Administration for the Arkansas Department of Health, who stated in response to questions that these extra help positions were one hundred percent federally-funded and there was no state funding for these positions.

Vice Co-Chair Sample recognized Senator Linda Chesterfield for a motion. **Senator Chesterfield moved that the report of the Performance Evaluation and Expenditure Review (PEER) Subcommittee be adopted. The motion was seconded and passed by voice vote.**

Vice Co-Chair Sample recognized Representative Stephen Meeks for a motion. **Representative Stephen Meeks moved that the two positions for the Department of Arkansas Heritage, Mosaic Templar's Cultural Center, which were reviewed in fiscal year 2013 and are**

**requested to continue in fiscal year 2014 and which were inadvertently left off in the information presented to the subcommittee, be filed as reviewed. Senator Chesterfield seconded the motion and the motion passed by voice vote.**

#### Policy-Making Subcommittee

Vice Co-Chair Sample recognized Senator Linda Chesterfield to present the report of the Policy-Making Subcommittee (Exhibit F.9). Senator Chesterfield reported that the Policy-Making Subcommittee met on Friday, June 14, 2013 for the purpose of considering the request from Representative Jim Dotson to re-refer Interim Study Proposal 2013-126. The subcommittee passed a motion to re-refer Interim Study Proposal 2013-126 to the House Committee on Education. There were no questions regarding the report.

**Senator Linda Chesterfield moved that the report of the Policy-Making Subcommittee be adopted. Representative Betty Overbey seconded the motion and the motion was passed by voice vote.**

#### Review Subcommittee

Vice Co-Chair Sample recognized Representative Jeff Wardlaw to present the report of the Review Subcommittee. Representative Wardlaw reported that the Review Subcommittee met on June 18, 2013 and reviewed several items. Representative Wardlaw reported that several items were held and recommended to be referred to a subcommittee, but the issues on all items held have been resolved.

**Representative Jeff Wardlaw moved that all items be reviewed and the report of the Review Subcommittee be adopted. Senator Linda Chesterfield seconded the motion and the motion was passed by voice vote.**

#### Personnel Subcommittee

Vice Co-Chair Sample recognized Representative Andrea Lea to present the report of the Uniform Personnel Classification and Compensation Plan Subcommittee. Representative Lea reported that the Personnel Subcommittee met on June 19, 2013 and reviewed the following: reports of grid movements and usage by multiple agencies from March, April, and May; provisional position reports from the two-year and four-year institutions of higher education showing provisional positions for fiscal year 2013; a report from the Chief Fiscal Officer detailing the approval of the exceptionally well-qualified; a request from the Arkansas Economic Development Commission for a swap pool position; requests to continue previously established pool positions from the Arkansas Science and Technology Authority, the Department of Community Correction, the Northwest Technical Institute, and the Southeast Arkansas College; new grid requests adjustments from the Arkansas Department of Health and from the Schools for the Blind and the Deaf; requests to establish labor market rates for the deputy director of the Arkansas Development Finance Authority and two institutional assistants at North Arkansas College; the request for a \$75,000.00 salary for the new executive director of the Arkansas Board of Examiners in Counseling; requests for continuation of grids, differentials, and special rates of

pay from multiple agencies that were previously reviewed by the Personnel Subcommittee and the Legislative Council and that were in effect for a number of years; four titles for one new MFG request for the Arkansas Department of Health in support of the Health Benefits Exchange; two titles for two new MFG requests from the Administrative Office of the Courts; requests for continuation of titles for existing MFGs that were reviewed earlier in 2013 for the Arkansas Insurance Department and the Department of Arkansas Heritage's Mosaic Templar's Cultural Center; and a request from the Department of Agriculture, Division of Forestry to establish thresholds for forest ranger classifications as employees are promoted as well as a request for the immediate adjustment of salary for all rangers due to compression between long-term and newer employees. Following her report, Representative Lea answered questions from the committee members.

**Representative Lea moved that the report of the Uniform Personnel Classification and Compensation Plan Subcommittee be adopted.**

**Vice Co-Chair Sample recognized Representative Lane Jean who moved that item 9 on page two of the report be referred back to the Uniform Personnel Classification and Compensation Plan Subcommittee. The motion was seconded and passed by voice vote.**

In response to a question, Representative Lea stated that the Personnel Subcommittee approves the requests for titles, which is different from what the PEER Subcommittee does.

Representative Lea noted that the positions for the Health Department were approved by the PEER Subcommittee and then the Personnel Subcommittee reviewed the requests to determine that the positions requested fit into the grid and approved the titles.

Vice Co-Chair Sample recognized Ann Purvis, Deputy Director for Administration for the Arkansas Department of Health, who provided the following information in response to questions:

- Three hundred of the five hundred thirty-five positions requested by the Arkansas Insurance Department, are for the Arkansas Department of Health.
- The three hundred positions for the Department of Health are one hundred percent federally funded through the Arkansas Insurance Department and are for the in-person assistants program.
- Currently, the grant award is for approximately one year, but the open-enrollment is from October 1 through March 31, and most of the activity and most of the spending is expected in this six-month period.
- The Health Department will only charge back to the federal program as allowed for what is actually spent.
- The one-year spending authority is the reason the Department of Health has requested the temporary extra help positions.
- The Health Department is looking at approximately 25 to 30 hours per week for the extra help and plans to spread them out during this time period to meet the peak need for help.
- The federal regulation requires the Health Department to use federal funds to pay unemployment for the extra help positions, but whether or not an extra help employee

would qualify for unemployment would depend on how many hours the employee works during this time period.

- All the required, mandatory benefits are federally-funded.
- The Health Department will use federal funds to provide computers, mileage and daily expenses and all of these expenditures are tracked by the Health Department.

Vice Co-Chair Sample recognized Joni Jones, Director of the County Operations Division of the Department of Human Services, who provided the following information in response to questions:

- There were two groups of positions. There was an original group of over five hundred positions that would be part of the Affordable Care Act to serve as in-person assisters that were one hundred percent federally-funded.
- The Department of Human Services requested one hundred positions for county operations that would have been funded as a fifty-fifty match of state and federal funds.
- As of yesterday, the department has decided to withdraw the request for those one hundred positions and the Division of County Operations will look for existing resources and tools that can be used to help the new population to enroll in the program.
- The one hundred positions are very much needed, but much of the new population may be known to the department through SNAP (Supplemental Nutrition Assistance Program).
- The original request by the Arkansas Insurance Department is for approximately 535 federally-funded positions, but the one hundred positions that would have been used by the Department of Human Services in the local offices is not currently a part of these positions.
- The department was advised by CMS that the one hundred positions would be considered traditional Medicaid administrative costs that would have a fifty-percent matching requirement, which would have required state funds if the request for those positions had not been withdrawn.
- The Department of Human Services will not receive any of the remaining 235 positions requested by the Arkansas Insurance Department.
- The item that went before the PEER Subcommittee was a cash appropriation request in the amount of \$4 million that could move from the Department of Human Services to the Insurance Department to pay for the one hundred positions. However, because the Department of Human Services has withdrawn the request for one hundred in-person assister positions, it will not be necessary for the department to have the cash appropriation.
- The one hundred positions requested by DHS and then withdrawn were for the private-option, but the balance of the positions are for the Affordable Care Act.

Vice Co-Chair Sample recognized Senator Johnny Key who asked Representative Lea to provide a further explanation of the reason for referring back to the Personnel Subcommittee item 9 on page 2 of the Personnel Subcommittee Report, which is the request from the Arkansas Board of Examiners in Counseling for a special entry rate for an exceptionally well-qualified applicant. Representative Lea responded that the staff had recommended a \$70,000.00 salary for this position and the agency had requested \$80,000.00 for the position. The subcommittee discussed

the request at length in the Personnel Subcommittee meeting and a comprise of \$75,000.00 was reached and was passed by the subcommittee with one dissenting vote. Representative Lea stated she found out this morning that someone wanted this item referred back to the subcommittee for further discussion and the reason she was given was that the person disagreed with the final result by the subcommittee. Representative Lea stated that the next Personnel Subcommittee meeting will be on the third Wednesday in July.

**Vice Co-Chair Sample stated that the motion by Representative Lea is that the Personnel Subcommittee report be adopted without item 9 on page two of the report, which is the request from the Arkansas Board of Examiners in Counseling for a special entry rate for an exceptionally well-qualified applicant. Senator David Sanders seconded the motion and the motion was passed by voice vote.**

### **Review of Communications**

Vice Co-Chair Sample referred members to the communications listed on the agenda as items H.1 through H.15, and stated that only items requiring action by the Legislative Council were in the meeting packets. There were no requests to review the other communications that did not require action by the Legislative Council.

#### Arkansas Natural Resources Commission

Vice Co-Chair Sample stated the first item requiring action is the request from the Arkansas Natural Resources Commission for the Legislative Council's advice concerning the following: (1) 2014-2015 Biennium Plan of Work for the Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bond Program, submitted pursuant to Act 607 of 1997 (Exhibit H.5a); and (2) the 2014-2015 Biennium Plan of Work for the Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bond Program, submitted pursuant to A.C.A. § 15-20-1303(c)(2)(B)(ii) (Exhibit H.5b).

Vice Co-Chair Sample recognized Randy Young, Executive Director of the Arkansas Natural Resources Commission and asked that he explain the request. Mr. Young introduced himself and introduced Mark Bennett, Chief of the Water Development Division. Mr. Young explained that the law that created general obligation bond financing program requires the commission to submit, prior to the issuance of bonds, a plan of work to the Governor and that the Governor seek the review of the plan of work by the Legislative Council before the Governor issues a proclamation authorizing the issuance of the bonds.

The plan of work before the Legislative Council now is submitted pursuant to Act 607 of 1997 (Exhibit H.5a). This plan calls for using this funding mechanism to provide the local match in cooperation with the Grand Prairie Irrigation District and the Bayou Meto Irrigation District who are partnering with the U.S. Army Corps of Engineers to build two irrigation projects that are both under construction. For fiscal year 2013, the Corps has the \$10.4 million that requires a match from the state, from which contracts will be awarded. In the President's fiscal year 2014 budget, there is \$22 million allocated for these two projects. This plan of work will enable the

Arkansas Natural Resources Commissions to work with the two districts to provide the thirty-five percent matching funds.

Mr. Young explained that the second plan of work that is submitted pursuant to Act 631 of 2007, which is codified at Arkansas Code Annotated 15-20-1301, et seq., will enable the commission to accomplish two things: (1) to finance approximately \$22 million in water and sewer projects; and (2) to provide the twenty percent in matching state funds for two revolving fund programs, authorized through the EPA and administered by the Arkansas Natural Resources Commission, that provide loans to public entities. Mr. Young asked for the Legislative Council's favorable review and then answered questions from the committee.

**Vice Co-Chair Bill Sample moved that the Legislative Council give favorable advice for the 2014-2015 Biennium Plan of Work for the Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bond Program, submitted pursuant to Act 607 of 1997 (Exhibit H.5a). Representative Tommy Thompson seconded the motion and the motion passed by voice vote.**

**Vice Co-Chair Bill Sample moved that the Legislative Council give favorable advice for the 2014-2015 Biennium Plan of Work for the Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bond Program, submitted pursuant to Act 631 of 2007 (Exhibit H.5b). Representative Tommy Thompson seconded the motion and the motion passed by voice vote.**

#### Arkansas Teacher Retirement System

Vice Co-Chair Sample stated the next item requiring action is the request for the Legislative Council's review of four partial equity ownership investments, submitted pursuant to A.C.A. § 19-11-1302, which are as follow: (1) Lime Rock Resources III, L.P.; (2) Brevar Howard Master Fund Class L; (3) Torchlight Debt Opportunity Fund IV, LLC (DOF IV); and (4) American Timberland, LLC (Exhibit H.7).

Vice Co-Chair Sample recognized George Hopkins, Executive Director of the Arkansas Teacher Retirement System to explain the investments. Mr. Hopkins stated he was here to ask the Legislative Council to favorably review four investments by the Arkansas Teacher Retirement System. Mr. Hopkins explained that the ATRS wants to invest up to \$25 million with Lime Rock Resources III, L.P., which is a large, Houston-based, private equity firm that invests in mature petroleum plays throughout the United States. Lime Rock is also a producer of the product at the wellhead, and will go to a proven reserve and buy from others and then produce the product very efficiently. The historic return through their various funds has been eighteen point six percent (18.6%) annual return. The Lime Rock profile is less risky than other private equity plays in the energy area, but they also have a slightly lower return. The fees for this fund is a one point five percent (1.5%) of commitments during the investment period and then drops to one point twenty-five percent (1.25%) which is a very favorable fee. After the fund is up and running, the investors will get their contributions back plus an eight percent (8%) return before there is a twenty percent (20%) carry, which means that Lime Rock gets twenty percent (20%) of



profits after the investor gets their contributions back and an eight percent (8%) preferred return. This investment is a twelve-year commitment with an opportunity for extensions.

Mr. Hopkins explained the second investment is a hedge fund called Brevan Howard. Brevan Howard is a strategy that the ATRS uses in the hedge fund arena where returns are not pegged to the market. Brevan Howard is a fund that can loan or short stocks, bonds or almost any kind of commodity or tradable future. Brevan Howard is very good at what they do and they have a long-time history of being very strong. The ATRS has a lock-down period of six (6) years on this fund, but by doing that, the ATRS pays a management fee of one percent (1%) instead of the standard two point five percent (2.5%) standard management fee during the six-year lock-down period. After this period, the ATRS will pay a two percent (2%) management and has a twenty percent (20%) carry. Brevan Howard invests all over the world in all asset classes and they have had an historic return in the range of about fifteen to twenty percent.

Mr. Hopkins explained the third investment is with Torchlight Debt Opportunity Fund, which is a real estate fund. Mr. Hopkins explained that the ATRS is investing up to \$30 million in this fund, which has a one point five percent (1.5%) fee and a twenty percent (20%) carry after the ATRS gets a nine percent (9%) return. Mr. Hopkins stated that this fund is an opportunistic, more risky type kind of investment that the ATRS strives for an eight percent (8%) return, which is why the ATRS typically makes smaller investments in this arena versus investments in core. In their first fund, Torchlight had a twenty-four point seven percent (24.7%) return and in their latest fund they are currently at a nine point four percent (9.4%) annual return. The ATRS anticipates this fund to be in place for about eight (8) years, and they are targeting about a fifteen percent (15%) annual return on this fund. Torchlight is focused on being a one-stop shop for real estate groups that need debt assistance and typically in various circumstances they may get interest plus a part of the profits or the equity.

Mr. Hopkins explained the fourth investment is with American Timberland and the partnership consists of one partner, the ATRS. The ATRS currently has a three hundred fifty million dollar investment in timber across ten states and has over one hundred square miles of south Arkansas timberland. The ATRS has been with the same management since 1998, which started out as Wachovia Bank which was sold to Regions and then Regions notified the ATRS that they were selling to BTG Pactual. After the sale, the ATRS management team will be totally unchanged, the contract will be totally unchanged except for the entity standing behind it. The ATRS did significant due diligence along with the consultant and found that this management group had the resources, skill and integrity to support the group and they will continue to be based in Atlanta. Mr. Hopkins stated that BTG Pactual is a very large bank and resources firm with offices in Brazil and New York. The ATRS contract provides the ATRS an out after thirty days' notice, if ATRS wishes to exit. Mr. Hopkins stated the historic fee with this group has been sixty-nine basis points, less than seven tenths of one percent (.7%). The fund gets a seven point five percent (7.5%) carry after an eight percent (8%) return. The performance rate of timber in the last fifteen years has been right at the assumed rate of return, seven point six percent (7.6%). The ATRS has timberland as a stabilizer and a steady return group. Mr. Hopkins answered questions from members regarding these investments.

**Senator Johnny Key moved that partial equity ownership investments, submitted pursuant to A.C.A § 19-11-1302, with (1) Lime Rock Resources III, L.P.; (2) Brevan Howard Master Fund Class L; (3) Torchlight Debt Opportunity Fund IV, LLC (DOF IV); and (4) American Timberland, LLC be filed as reviewed. Senator Jason Rapert seconded the motion and the motion passed by voice vote.**

#### Division of State Parks

Vice Co-Chair Sample stated the next item requiring action is the annual report of general revenue comparison of disbursements to state parks for FY 2014 compared with anticipated expenditures for FY 2013 and actual expenditures for FY 2012, submitted pursuant to Section 22 of Act 116 of the 2012 Fiscal Session (Exhibit H.14). Vice Co-Chair Sample recognized Mr. Kevin Carr, the Administrative Manager for the Division of State Parks. Mr. Carr explained the report before the Legislative Council reflects the state park expenditures for fiscal year 2012 and fiscal year 2013 and the projected expenditures for fiscal year 2014. Mr. Carr stated in response to a question that these expenditures do not include marketing and are strictly salaries for employees. Mr. Carr stated that only employee salaries come from general revenues and all other expenditures are paid from revenues from a one-eighth percent (0.125%) tax and revenues generated by the state parks.

**Representative Leding moved that the annual report of general revenue comparison of disbursements to state parks for FY 2014 compared with anticipated expenditures for FY 2013 and actual expenditures for FY 2012, submitted by the Division of State Parks be filed as reviewed. Senator Rapert seconded the motion and the motion was passed by voice vote.**

#### **New Proposals and Resolutions**

At this point, Vice Co-Chair Sample asked the members to briefly review the items under new interim study proposals that are included in the meeting packet as Exhibits K.1 through K.3. Vice Co-Chair Sample stated that without objection, he would entertain a motion to refer these interim study proposals to the appropriate committee rather than hearing a presentation on each one.

**Representative Andrea Lea moved that the interim study proposals now before the Legislative Council be referred to the appropriate committee. Representative McCrary seconded the motion and the motion was passed by voice vote.**

The Legislative Council referred the interim study proposals as follows:

1. Interim Study Proposal 2013-157, by Representative Denny Altes, referred to the House Committee on Aging, Children and Youth, Legislative and Military Affairs;
2. Interim Study Proposal 2013-160, by Representative John K. Hutchison, referred to the House Committee on Education; and
3. Interim Study Proposal 2013-162, by Senator Uvalde Lindsey and Representative Andrea Lea, referred to the Uniform Personnel Classification and

Compensation Plan Subcommittee of the Legislative Council.

### **Supplemental Agenda**

Vice Co-Chair Sample referred members to the Supplemental Agenda and noted that a motion to suspend the rules would be necessary before the item on the Supplemental Agenda could be considered.

**Senator Jane English moved that the rules be suspended for the purpose of considering the Supplemental Agenda. Representative McCrary seconded the motion and the motion was passed by voice vote.**

Vice Co-Chair Sample recognized Richard Weiss, Director of the Department of Finance and Administration. Vice Co-Chair Sample commented that he understood the urgency of considering this item and then asked if Mr. Weiss understood that this will not be a continuing process where the subcommittee process is bypassed. Mr. Weiss responded that he understood that to be correct.

Mr. Weiss explained that the request on the Supplemental Agenda, which is a request from the Department of Finance and Administration to review the professional services contract between the Board of Finance and Hewitt Ennis Knupp, is the result of the Legislative Audit recommendation from the fall of 2012. Mr. Weiss stated that because of the 2013 Regular Session and the various other things involved, it has taken a much longer time to get to the point of submitting the request to the Legislative Council and he felt it was urgent that it be considered. Mr. Weiss stated this contract is the result of a formal bid process that went out in the late winter and the submissions were screened by a team consisting of George Hopkins with the Arkansas Teacher Retirement System, Gail Stone with the Public Employees Retirement System, and Ms. Burnett from the Arkansas Finance Development Authority. The recommendation from this team, that was worked out within the last several weeks, was to hire Hewitt Ennis Knupp firm. In response to a question, Mr. Weiss stated this was the same consultant firm used by the Arkansas Teacher Retirement System, but a different set of consultants would be advising the Board of Finance.

**Senator Johnny Key moved that the professional services contract between the Board of Finance and Hewitt Ennis Knupp be filed as reviewed. Senator Linda Chesterfield seconded the motion and the motion was passed by voice vote.**

**Adjournment**

Vice Co-Chair Sample stated that this concluded the business on the agenda and the meeting adjourned at 10:20 a.m. as there was no other business to come before the Legislative Council.

Respectfully submitted,

ATTEST:

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Senator Bill Sample  
Vice Co-Chair, Senate

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Marty Garrity  
Executive Secretary