

MINUTES OF THE MEETING
OF THE
ARKANSAS LEGISLATIVE COUNCIL

Friday, August 19, 2016

The Arkansas Legislative Council met at 9:00 a.m., Friday, August 19, 2016 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.

Minutes of the Last Meeting

Co-Chair Sample referred the members to the minutes of the June 17, 2016, meeting (Exhibit C) of the Legislative Council and asked if there was a motion to approve the minutes.

Representative David L. Branscum moved that the minutes of the June 17, 2016 meeting of the Legislative Council meeting be adopted. The motion was seconded and passed by voice vote.

Presentation of Revenue Reports

Co-Chair Sample recognized Richard Wilson, Assistant Director for Research Services with the Bureau of Legislative Research, to present the June 2016 revenue report (Exhibit D.1) and the July 2016 revenue report (Exhibit D.2) prepared by the Bureau of Legislative Research. Mr. Wilson reported that since the Legislative Council did not meet during July, he would be presenting two reports.

June 2016 Revenue Report

Mr. Wilson reported that the revenue report for June 2016 (Exhibit D.1) reflects year-end numbers for fiscal year 2016. Mr. Wilson reported that the gross revenue collections are \$52 million ahead of the same period last year while the net general revenue available for distribution is \$117.3 million dollars for a growth rate of two point two percent (2.2%). Mr. Wilson referred to the graph page and reminded the members that the official revenue forecast was revised on February 1, 2016 with an estimated \$36 million surplus, but the graph shows that the end of year surplus was \$141 million above that estimate for a total surplus of \$177 million.

July 2016 Revenue Report

Mr. Wilson reported that the revenue report for July 2016 (Exhibit D.2) reflects that after the first month of fiscal year 2017, the gross revenue collections are \$1.2 million ahead of the same period last year while the net general revenue available for distribution is \$1.4 million dollars for a growth rate of four-tenths of one percent (0.4%). Mr. Wilson referred to the graph page and reported

collections were down approximately \$7 million compared to the forecast. 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 the Executive Subcommittee met on July 14, 2016 and heard a presentation by the Arkansas Department of Health regarding the sale of in-home services by the department. Co-Chair Branscum reported that the subcommittee also met on August 18, 2016 and reviewed and approved two (2) emergency rules from the Department of Human Services; one regarding Medicaid billing codes, and the other renewing the Living Choices Assisted Living waiver. Co-Chair Branscum stated that the emergency rules will be final upon the adjournment of today's Legislative Council meeting. During the August meeting, the subcommittee heard a report from the director that included notice that the next meeting was scheduled for September 23, 2016, which is one week later than usual. This concluded the report.

Co-Chair David L. Branscum moved that report of the Executive Subcommittee meeting on August 18, 2016 be adopted. The motion was seconded and passed by voice.

Co-Chair Sample recognized Senator Joyce Elliott who asked how many state agency rules had been reviewed under the emergency procedures as opposed to the rules that were reviewed normally through the subcommittee. Co-Chair Sample responded that the Executive Subcommittee had received approximately seventeen (17) requests, of which nine (9) were from the Department of Education that had met the criteria. Senator Elliott commented that the committee and state agencies should be very thoughtful when using the emergency review procedure. Co-Chair Sample stated the Executive Subcommittee had denied requests and that Senator Elliott's comments echo his sentiments also.

Recognition of Estella Smith

Co-Chair Sample stated they would break from the normal proceedings and he then asked that Estella Smith, Administrator of the Committee Services Section with the Bureau of Legislative Research, come forward. Co-Chair Sample stated the chairmen wanted recognize Estella Smith who is a dedicated and outstanding employee who has served the General Assembly for over forty (40) years. Co-Chair Sample and Co-Chair Branscum presented her with a citation from the House of Representatives and a citation from the Senate. The members responded with applause.

Report of the Standing Subcommittees

Administrative Rules and Regulations Subcommittee

Co-Chair Sample recognized Representative Andy Davis to present the report of the Administrative Rules and Regulations Subcommittee (Exhibit F.1). Representative Davis reported that the Administrative Rules and Regulations Subcommittee met on July 12, 2016 and all actions of the subcommittee for this meeting were final subject to the motion passed by the Legislative Council during the June 2016 meeting. The subcommittee reviewed all agenda items that day with the exception of two (2) Medical Board rules pertaining to telemedicine that were referred to the Public Health, Welfare, and Labor Committees.

Representative Davis reported that the Administrative Rules and Regulations Subcommittee met again on August 16, 2016 and reviewed and filed the quarterly report submitted by the Department of Correction in accordance with Act 1258 of 2015. Representative Davis reported that all rules on the agenda for this meeting were reviewed and approved with the exception of the Medical Board Rule 38, which was held and will come before the subcommittee on a later date because another public hearing on this rule was scheduled for October 2016.

Representative Andy Davis moved that the report of the Subcommittee on Administrative Rules and Regulations be adopted. The motion was seconded and passed without objection.

Claims Review Subcommittee

Co-Chair Sample recognized Representative Bob Ballinger to present the report of the Claims Review Subcommittee (Exhibit F.3). Representative Ballinger reported that the subcommittee met on August 18, 2016 and affirmed the ruling of the Claims Commission in one (1) negotiated settlement agreement, and denied and dismissed nine (9) claims filed by inmates of the Arkansas Department of Correction. Representative Ballinger reported that the subcommittee also amended the Claims Commission ruling in one claim filed by the claimant and amended the Claims Commission ruling in another claim filed by the respondent.

Representative Ballinger reported that the subcommittee reversed the ruling of the Claims Commission and awarded \$850.00 to the claimant in *Troy Veasey vs. Arkansas Department of Correction*. Representative Ballinger stated during the subcommittee discussion, it was indicated that if the Department of Correction could provide proof that the items had been shipped, then a motion may be made to amend the award in this case. Representative Ballinger stated that since the subcommittee meeting, the Department of Correction has provided the paperwork showing that materials have been shipped via UPS to a friend of the inmate. Co-Chair Sample asked if the subcommittee ruling also provided that there would be no monetary award if the Department of Correction could provide the necessary information. Representative Ballinger responded that the subcommittee ruling was just to award \$850.00 to the claimant, and it was his understanding that another motion is necessary to amend the ruling to what the Claims Commission originally awarded in this case.

Co-Chair Sample recognized Senator Bart Hester who stated that there are three (3) claims he wished to discuss and that *Troy Veasey vs. Arkansas Department of Correction* was one of the three. Senator Hester stated he believes the Department of Correction has provided the proof and that no monetary award should be made in this case. Co-Chair Sample stated that a motion would be needed to make this change and he recognized Senator Hester for a motion.

Senator Bart Hester moved that the ruling in *Troy Veasey vs. Arkansas Department of Correction* be amended to award zero dollars (\$0.00) because the Department of Correction has proven that they have delivered the items. The motion was seconded and passed by voice vote.

Co-Chair Sample recognized Senator Hester who referred to *Kenneth Davis vs. Arkansas Department of Correction*, listed as item D.5 in the subcommittee report, where an inmate was asking for an award of \$1,500.00 for a radio that was lost. Senator Hester explained that the

subcommittee denied the claim as the amount was excessive, but that information provided for the claim indicates that the Department of Correction does not deny that the radio was lost.

Senator Bart Hester moved that the ruling in *Kenneth Davis vs. Arkansas Department of Correction* be amended to require the Arkansas Department of Correction replace the radio consistent with the Department of Correction policy and that there not be a monetary award. The motion was seconded and passed by voice vote.

Co-Chair Sample recognized Senator Bart Hester who referred to *Lanelle Kendrick/Estate of Kenny Kendrick vs. Department of Human Services, Behavioral Health*, listed as item C.1 in the subcommittee report. Senator Hester explained he is bringing this claim up for discussion because a motion was made in the subcommittee to award the full monetary amount, which received nine (9) affirmative votes, but the subcommittee was advised that passage would require ten (10) affirmative votes. During the discussion of a substitute motion that followed, a determination was made that only nine (9) affirmative votes were needed to pass a motion, and therefore, the subcommittee determined that the first motion had passed. Senator Hester commented that this claim involved a death at the Department of Human Services and he would like make a motion to amend the subcommittee's ruling.

Senator Bart Hester moved that the ruling in *Lanelle Kendrick/Estate of Kenny Kendrick vs. Department of Human Services, Behavioral Health* be amended to award monetary damages in the amount of \$160,000.00. The motion was seconded by Representative Baltz.

Co-Chair Sample asked if there was any discussion of the motion and then recognized Senator Linda Chesterfield. **Senator Linda Chesterfield made a substitute motion to amend the ruling in *Lanelle Kendrick/Estate of Kenny Kendrick vs. Department of Human Services, Behavioral Health* to grant \$250,000.00 to the estate. The motion was seconded by Senator Elliott.**

Senator Chesterfield explained her reasons for her substitute motion. Co-Chair Sample recognized Senator Jeremy Hutchinson who commented that it is correct that there was confusion in the subcommittee meeting yesterday, but he feels it is frustrating to sit on the subcommittee because when there is a significant or controversial case that comes before the subcommittee, there are attempts made to reverse the decisions of the Claims Review Subcommittee and the Claims Commission. Senator Hutchinson reminded the committee that the Claims Commission voted unanimously to award \$320,000.00 after hearing testimony, reviewing evidence and depositions, and the Claims Review Subcommittee also voted to award the full amount after hearing more testimony. Senator Hutchinson commented that he proposes doing away with the entire claims review process and setting up an ALJ to handle these claims because continuing to bring claims to the full Council defeats the purpose of having a Claims Review Subcommittee.

Senator Chesterfield stated she will withdraw her motion and Co-Chair Sample stated that he would come back to Senator Chesterfield. There followed further discussion during which Representative Whitaker asked Senator Hester how he came to the figure of \$160,000 for his motion. Senator Hester was recognized and stated that he would withdraw his motion and support Senator Chesterfield's motion. After further discussion, Co-Chair Sample recognized Senator Chesterfield who moved for immediate consideration. Co-Chair Sample did not recognize the motion and further discussion followed.

Co-Chair Sample called for an end to the discussion and asked Senator Chesterfield to restate her motion. **Senator Chesterfield stated her motion is to amend the ruling in *Lanelle Kendrick/Estate of Kenny Kendrick vs. Department of Human Services, Behavioral Health* to grant \$250,000.00 to the estate. Co-Chair Sample stated there is second to the motion and called for a voice vote whereby the motion passed.**

Co-Chair Sample recognized Representative Bob Ballinger to continue with his report of the Claims Review Subcommittee. **Representative Ballinger moved that the report of the Claims Review Subcommittee be adopted as amended today. The motion was seconded and passed by a voice vote.**

Game and Fish/State Police Subcommittee

Co-Chair Sample recognized Representative Scott Baltz to present the report of the Game and Fish/State Police Subcommittee (Exhibit F.4). Representative Baltz reported that the Game and Fish/State Police Subcommittee met jointly with the Senate and House Committees on State Agencies and Governmental Affairs and the Senate and House Committees on Agriculture, Forestry, and Economic Development on June 20, 2016.

Representative Baltz reported that the members heard testimony on chronic wasting disease from Jeff Crow, Director, Brad Carner, Chief of Wildlife Management, and Cory Gray, Deer Program Coordinator, with the Arkansas Game and Fish Commission. Representative Baltz reported that the members also heard testimony from David Maxwell, Director of the Department of Emergency Management, concerning protocols for an active shooter event.

Representative Scott Baltz moved the report of the Game and Fish/State Police Subcommittee be adopted. The motion was seconded and passed by voice vote.

Higher Education Subcommittee

Co-Chair Sample recognized Representative Greg Leding to present the report of the Higher Education Subcommittee (Exhibit F.5). Representative Leding reported that the Higher Education Subcommittee met on August 16, 2016, and were introduced to the new Director of the Department of Higher Education, Dr. Maria Markham, who led a discussion of proposed changes to the higher education funding formula. Representative Leding reported the subcommittee heard an update on Interim Study Proposal 2015-139, which included national and state statistics on student debt, the consequences of student debt, and the potential for a no-loan policy in the state flagship campuses as a means of freeing future generations from student debt. This concluded the report and there were no questions.

Representative Greg Leding moved that the report of the Higher Education Subcommittee be adopted. The motion was seconded and passed by voice vote.

Performance Evaluation and Expenditure Review (PEER) Subcommittee

Co-Chair Sample recognized Senator Bruce Maloch to present the report of the Performance Evaluation and Expenditure Review (PEER) Subcommittee (Exhibit F.8). Senator Maloch reported that the PEER Subcommittee met on August 16, 2016, and approved several items including

three (3) appropriation and fund transfer requests of which one was the \$41.5 million fund transfer for the Highway and Transportation Department, and the subcommittee also approved five (5) set-aside funding release requests that were \$13.1 million in total. Senator Maloch noted there are questions concerning three (3) items in the report relating to a settlement agreement between the Department of Veterans Affairs and their employees that may require further discussion.

Senator Bruce Maloch moved that the three items in the report relating to a settlement agreement between the Department of Veterans Affairs and their employees, listed as item A.5, A.6, and B.2e, be pulled from the Performance Evaluation and Expenditure Review (PEER) Subcommittee report for separate discussion and vote, and that the report be adopted with the remaining items as reviewed. The motion was seconded.

Co-Chair Sample recognized Senator Bart Hester who asked to hear from representatives of the War Memorial Stadium Commission before a vote is taken. Co-Chair Sample asked if representatives of the War Memorial Stadium Commission would come forward, but no representatives were in attendance. Senator Hester asked that this item be held and Senator Maloch noted that the request from the War Memorial Stadium Commission was reviewed under emergency-review procedures and it was not reviewed by the subcommittee. Co-Chair Sample stated that this item cannot be held, but that the representatives of the War Memorial Stadium Commission would be invited to attend the next Legislative Council meeting. Senator Hester responded that would be good.

Co-Chair Sample recognized Representative Nate Bell who stated he has questions regarding the request from the Professional Bail Bondsman Licensing Board, listed as item C.1 in the report, and asked that Senator Maloch amend his motion to pull this item also. **Senator Maloch agreed to amend his motion to also pull item C.1 for separate discussion and vote.**

Co-Chair Sample asked for a motion to adopt the amended report. **Senator Bruce Maloch moved that the Performance Evaluation and Expenditure Review (PEER) Subcommittee report be adopted with the exception of items A.5, A.6, B.2e, and C.1, which are removed from the report for separate discussion and vote. The motion was seconded and passed by voice vote.**

Co-Chair Sample recognized Representative Nate Bell who asked for more information on the reason for the transfer of funds from professional fees to operating expenses (item C.1) and asked that representatives of the Professional Bail Bondsman Licensing Board come forward to answer questions. Senator Maloch explained that the transfer of \$33,000 from professional fees to operating expense was for the purpose of complying with new standards for reporting miscellaneous technical services and he believes this was more of a technical change than a substantive change. Representative Bell stated that the subcommittee staff has addressed his questions and he is satisfied with this item at this point.

Co-Chair Sample recognized Senator Maloch who referred to the three items in the report relating to a settlement agreement between the Department of Veterans Affairs and their employees (items A.5, A.6, and B.2e) and explained the settlement agreement concerned payment to employees who were required to work during their lunch breaks. Senator Maloch stated representatives from the Department of Veterans Affairs and the Office of the Attorney General were in attendance and asked that they come forward to answer questions.

Co-Chair Sample recognized Amber Schubert with the Office of the Attorney General, Cory Cox, Legislative Director for the Office of the Attorney General, and Lt. Col. Matt Snead, Director of the Arkansas Department of Veterans Affairs. Ms. Schubert provided background information on the lawsuit filed against the Department of Veterans Affairs and then responded to questions.

Senator Maloch asked if the Office of the Attorney General is aware of the Memorandum of Understanding (MOU) that provides that a settlement agreement in excess of \$50,000 would be brought before the Litigation Reports Oversight Subcommittee of the Legislative Council before the state enters into the agreement. Mr. Cox responded that the Office of the Attorney General is aware of the MOU, and in this particular case, the Speaker of the House and the President Pro Tempore of the Senate were notified. Mr. Cox stated that they were trying to determine the procedure in regard to this case since it is not a claim and the immunity of the state had been waived. Mr. Cox stated they had contacted BLR to determine the procedure and that is why this case was before the committee now. Senator Maloch stated that he believes this was not consistent with the MOU when it states that a case should be presented to the Litigation Reports Oversight Subcommittee before a settlement agreement is entered into. He commented further that the committee does not have an option in this case since an agreement has been reached among the parties and approved by the court, but that the committee does have options for future cases of litigation. Mr. Cox responded that once they realized what was going on, they contacted the leadership of both houses and BLR and he offered to provide emails and contacts if the committee wished to see them.

Co-Chair Sample stated he would like to see the copies of the correspondence offered by Mr. Cox and Mr. Cox stated he would provide it to him this afternoon. Ms. Shubert responded to additional questions. Representative Bell was recognized and he asked that he be provided a specific timeline for the contacts mentioned by Mr. Cox, specifically the date when the Office of the Attorney General began discussion of a final settlement, the date the Office of the Attorney General finally approved the settlement agreement, and the date of the contacts that were made with the Speaker of the House and the President Pro Tempore. Mr. Cox agreed to provide this and stated that they were trying to determine how BLR wanted to proceed with this case.

Ms. Schubert and Mr. Cox responded to further questions and Lt. Col. Snead responded to questions regarding the policies within the Department of Veterans Affairs and regarding why the issue was not addressed internally before litigation was filed.

Co-Chair Sample recognized Senator Terry Rice who asked if this settlement agreement could have been reviewed under changes to the Legislative Council Rules that were implemented in 2014. Co-Chair Sample recognized Marty Garrity, Executive Secretary of the Legislative Council, who responded that the change in the Legislative Council Rules applies only to administrative rules rather than other agency actions and it would not be applicable in this instance. There followed further discussion among the members.

Co-Chair Sample recognized Senator Bruce Maloch who moved that the items removed from the Performance Evaluation and Expenditure Review (PEER) Subcommittee report, which are the three items relating to a settlement agreement between the Department of Veterans Affairs and their employees, listed as item A.5, A.6, and B.2e, and the item from the Professional Bail Bondsman Licensing Board, listed as item C.1, be filed as reviewed. The motion was seconded and passed by voice vote.

Policy-Making Subcommittee

Co-Chair Sample recognized Senator Alan Clark to present the report of the Policy-Making Subcommittee (Exhibit F.9). Senator Clark reported that the Policy-Making Subcommittee met on July 6, 2016, and stated that the report of the discussion of the allocation of funds to the committees is accurate. This concluded the report and there were no questions.

Senator Alan Clark moved that the report of the Policy-Making Subcommittee be adopted. Co-Chair Sample stated that the motion is accepted and that no action by the Legislative Council is needed because the subcommittee's action is final pursuant to the motion passed during the last Legislative Council meeting.

Review Subcommittee

Co-Chair Sample recognized Senator Bart Hester to present the report of the Review Subcommittee (Exhibit F.10) for the subcommittee meetings on July 14, 2016 and August 16, 2016. Senator Hester asked if Edward Armstrong could be recognized to inform the committee members about a protest concerning one of the contracts in the August 16, 2016 Review Subcommittee report. Co-Chair Sample recognized Edward Armstrong who introduced himself as the State Procurement Director of the Office of State Procurement.

Mr. Armstrong referred to the report of the August 16, 2016 meeting of the Review Subcommittee and stated that item 12 on page 12 is a contract for the Arkansas Department of Education regarding the duty of the Department of Education to administer an assessment of students in the first and second grades in reading and mathematics to be conducted three (3) times per year. Mr. Armstrong explained that the Department of Education conducted an Invitation for Bids (IFB) for an entity to do the assessments and had named an entity to whom the department would award the contract. Mr. Armstrong stated another bidder has protested the decision, and under Arkansas Code Annotated 19-11-244(f), the contract cannot be awarded if a substantial interest of the state is at stake.

Mr. Armstrong stated that the substantial interest in this case is the ability of the Department of Education to administer a timely assessment and that the department contends that a contract needs to be in place to allow training of the staff in the use of the assessment tool in a timely manner. Mr. Armstrong stated that he determined that the department could proceed with the contract, but he wanted the committee members to be aware of the protest and this is why they are before the committee today. Mr. Armstrong stated that he is awaiting material from the protestor and if he makes a determination that the contract was improperly awarded, it can be rescinded, or if he determines the contract was awarded properly, the department can proceed.

Mr. Armstrong stated that under Arkansas Code Annotated 19-11-247, he has the option of finding a remedy for the protester other than the rescinding of the contract and moving forward with the current contract. Mr. Armstrong concluded his remarks by stating he wanted to bring this before the committee and that representatives of the Department of Education are in attendance to answer questions.

Co-Chair Sample opened the meeting to discussion and Mr. Armstrong responded to questions from the committee members. At the request of Senator Hester, Co-Chair Sample recognized Hope

Allen and Greg Rogers, from the Department of Education. Ms. Allen, Mr. Rogers, and Mr. Armstrong responded to additional questions from the committee members.

Co-Chair Sample recognized Representative Nate Bell who asked to make a motion at the proper time. Co-Chair Sample asked him to state his motion and Representative Bell moved that the contract be approved subject to the determination made by Mr. Armstrong. Co-Chair Sample stated he would hold that for now and he then recognized Senator Jim Hendren who made a substitute motion to delay review of the contract until the protest is resolved. Co-Chair Sample asked that Marty Garrity provide a clarification of an option available to the Legislative Council. Ms. Garrity stated the Legislative Council has in the past addressed a timeliness issue by giving a subcommittee authority for final action on an item and the issue would not need to come before the Legislative Council another time.

Co-Chair Sample recognized Senator Jim Hendren who moved that no action be taken on the contract until the protest is resolved and that it be placed on the agenda for the next Legislative Council meeting.

Senator Hendren asked what the impact would be if the contract was delayed, and Ms. Allen responded that the department would not be able to meet the first assessment deadline and that would also delay schools in making decisions to help students by re-directing their learning.

Co-Chair Sample asked for a second to Senator Hendren's motion and the motion was seconded by Senator Hester. Co-Chair Sample asked if there were questions on the motion, and seeing none, called for a voice vote by which the motion passed.

Co-Chair Sample recognized Senator Hester to present the report of the Review Subcommittee. Senator Hester stated that Senator Elliott has questions concerning the contract for the Arkansas Crime Information Center and which the subcommittee held review (see item 9 on page 11 of the report of the Review Subcommittee meeting on August 16, 2016). Senator Hester asked that representatives of the Arkansas Crime Information Center be recognized to respond to questions.

Co-Chair Sample recognized Jay Winters, who introduced himself as the Director of the Crime Information Center. Co-Chair Sample recognized Senator Elliott who asked for an explanation of the contract. Mr. Winters explained that several years ago the Crime Information Center received a grant to provide a records-management system for all agencies in the State of Arkansas for the purpose of providing information to the Crime Information Center in accordance with Arkansas Code Annotated § 12-12-207. The grant allowed the Crime Information Center to create an electronic system for maintaining and compiling crime data and statistics and the contract under discussion is for the purpose of maintaining those systems throughout the State of Arkansas. Mr. Winters stated the Crime Information Center provides the crime information to the legislature on a yearly basis and various state agencies to use this information when applying for different grants for criminal justice purposes. After Mr. Winters responded to additional questions, Senator Elliott stated that Mr. Winters had addressed her questions and she favors moving forward with this item.

Co-Chair Sample recognized Senator Hester to present the report of the Review Subcommittee. Senator Hester reported that the Review Subcommittee met on August 16, 2016 and reviewed methods of finance, grants, and contracts.

Senator Bart Hester moved adoption of the report of the Review Subcommittee meeting on August 16, 2016, including the Arkansas Crime Information Center contract that was previously held. The motion was seconded and passed by a voice vote.

Uniform Personnel Classification and Compensation Plan Subcommittee

Co-Chair Sample recognized Senator Uvalde Lindsey to present the report of the Uniform Personnel Classification and Compensation Plan Subcommittee (Exhibit F.11). Senator Lindsey reported that the Uniform Personnel Classification and Compensation Plan Subcommittee met on August 17, 2016, and reviewed the following reports and requests: fourth quarter employment reports for all agencies and institutions; three reports from the Department of Finance and Administration concerning special-entry rates, labor-market rates, and grid movements; a report on continuing and new provisional positions for the Department of Higher Education for two-year and four-year institutions; and a report on the utilization of temporary positions by the Arkansas Public Employees' Retirement System.

Senator Lindsey reported the subcommittee also took the following actions: the emergency review of the request from the Department of Human Services in accordance with the Legislative Council Rules; review of a request for an exceptionally well-qualified special entry rate for the Liquefied Petroleum Gas Board, as well as a labor-market rate for the Department of Finance and Administration for the State Procurement Administrator; reviewed central pool positions for Southern Arkansas University (SAU), Arkansas State University-Jonesboro, and Southeast Arkansas; reviewed a continuation of central pool positions for University of Central Arkansas (UCA), Arkansas State University-Mountain Home, Black River Technical College, and University of Arkansas-Morrilton; reviewed all swap-pool, growth pool, and transitional pool positions requested by the Department of Education, the Insurance Department, the Department of Human Services, and the Waterways Commission; and reviewed the establishment of a salary administrative grid for specific attorney titles available to all state agencies with the appropriate classification. This concluded the report and there were no questions.

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

Lottery Oversight Subcommittee

Co-Chair Sample recognized Senator Jimmy Hickey, Jr. to present the report of the Lottery Oversight Subcommittee (Exhibit F.12). Senator Hickey reported that the Lottery Oversight Subcommittee met on August 18, 2016, and reports the following: the subcommittee heard testimony on the activities and operations of the Office of Arkansas Lottery from Bishop Woosley, Director; the subcommittee heard an update on the Business Plan and Consulting Services from Bishop Woosley, Director, and John Skrimshire, Vice President of Operations with Camelot Global; and the subcommittee reviewed reports from the Arkansas Department of Higher Education on:

- 1) expenditures, deposits, and balances in the Higher Education Grants Fund and the Net Proceeds Trust Fund that supported financial aid programs for Fiscal Year 2016,
- 2) expenses for Fiscal Year 2016 for the reimbursable administrative costs associated with the scholarship award funds, and
- 3) the status of Academic Challenge students.

This concluded the report and there were no questions.

Senator Jimmy Hickey, Jr. moved that the report of the Lottery Oversight 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.24 on the agenda and noted that three items require action by the Legislative Council.

Arkansas Development Finance Authority

Co-Chair Sample referred members to the request from the Arkansas Development Finance Authority (Exhibit H.3) for the Legislative Council's review of the following Program Fact Sheets, submitted pursuant to A.C.A. § 15-5-212(b): Program Fact Sheet - Correctional Facilities Construction Refunding Bonds Series 2016; and Program Fact Sheet - Educational Facilities Revenue Refunding Bonds (Pulaski Academy Project).

Co-Chair Sample recognized Aaron Burkes, President, and Ro Arrington, Public Finance Officer, with the Arkansas Development Finance Authority. Mr. Arrington explained that they are reporting on two (2) bond issues that passed through the Arkansas Development Finance Authority in the last quarter. He stated one is a conduit issue for Pulaski Academy for their benefit and one is for the Arkansas Department of Correction. This concluded the explanation and there were no questions.

Co-Chair Sample stated that without objection, the Program Fact Sheet for Correctional Facilities Construction Refunding Bonds Series 2016 and the Program Fact Sheet - Educational Facilities Revenue Refunding Bonds (Pulaski Academy Project) would be filed as reviewed. There were no objections.

Arkansas Teacher Retirement System

Co-Chair Sample referred the members to the request from Arkansas Teacher Retirement System (Exhibit H.9), for the Legislative Council's retrospective review of the following imminent need partial equity ownership investments, submitted pursuant to A.C.A. § 19-11-1303: Arkansas Opportunity Fund, L.P.; CBRE Strategic Partners U.S. Value 8, L.P.; Arlington Capital Partners IV, L.P.; and Highland, L.L.C. and recognized Rod Graves, with the Arkansas Teacher Retirement System, to explain the request.

Mr. Graves introduced himself and explained that before the committee today are four (4) investments approved by the board of trustees at their meeting on July 19, 2016. Mr. Graves explained the first investment with Arkansas Opportunity Fund, L.P. is a fund managed by Stephens of Little Rock and Neuberger Berman in New York, which is designed to provide the system with investments across various asset classes of various sizes. Mr. Graves explained that the second investment is with CBRE Strategic Partners U.S. Value 8, which is a real estate fund. Mr. Graves explained that the third investment is with Arlington Capital Partners IV, which is a private equity fund. Mr. Graves explained the fourth and final investment is with Highland, which is an equity

investment in a wood-pellet production facility being constructed in the Pine Bluff-White Hall area. This concluded the explanation and there were no questions.

Co-Chair Sample stated that without objection, the Arkansas Teacher Retirement System imminent need partial equity ownership investments with Arkansas Opportunity Fund, L.P.; CBRE Strategic Partners U.S. Value 8, L.P.; Arlington Capital Partners IV, L.P.; and Highland, L.L.C. would be filed as reviewed. There were no objections.

Department of Finance and Administration

Co-Chair Sample referred the members to the request from the Department of Finance and Administration for the Legislative Council's review of the employment status changes (Exhibit H.14f) for the following employees who are the spouses of a member of the General Assembly: Promotion of Ms. Carissa Gillam to the position of Higher Education Institution (HEI) Program Coordinator with Arkansas State University - Beebe; Promotion of Ms. Phyllis Bell to the position of Governor's Office Executive Assistant I in the Office of the Governor; and Promotion of Ms. ShaRhonda Love to the position of Compliance Officer with the University of Arkansas for Medical Sciences. Co-Chair Sample recognized Tim Leathers, Deputy Director of the Department of Finance and Administration, who explained these were routine reports and he would answer any questions. There were no questions.

Co-Chair David L. Branscum moved that the Legislative Council approve the employment status changes for the following employees: promotion of Ms. Carissa Gillam to the position of Higher Education Institution (HEI) Program Coordinator with Arkansas State University - Beebe; promotion of Ms. Phyllis Bell to the position of Governor's Office Executive Assistant I in the Office of the Governor; and promotion of Ms. ShaRhonda Love to the position of Compliance Officer with the University of Arkansas for Medical Sciences. The motion was seconded and passed by voice vote.

Business Carried Over from Previous Meetings

Co-Chair Sample recognized Senator Bryan King to explain Interim Study Proposal 2015-166 (Exhibit I.1). Senator King stated Interim Study Proposal 2015-166 is a proposal for a discussion, before the next legislative session of removing remediation as a function of institutions of higher education and transferring remediation funding to other state entities. Senator King stated there is a need to discuss the merits of different programs and to maybe take funding from one area and giving it to another area as a possible way to increase state trooper pay and COLAs for state employees, which is the purpose of this study proposal.

Co-Chair David L. Branscum moved that Interim Study Proposal 2015-166 be referred to the Senate Committee on Education. The motion was seconded and passed by voice vote.

New Interim Study Proposals and Interim Resolutions

Co-Chair Sample referred the members to Interim Resolution 2015-007 (Exhibit J.1), and recognized Representative Julie Mayberry to explain it. Interim Resolution 2015-007 requests the Arkansas Legislative Council encourage the United States Congress to amend the Food Allergen Labeling and Consumer Protection Act to include mammalian products on the list of major food

allergens and require labeling of the alpha-gal-containing medications, cosmetics, and other products, and to urge the United States Food And Drug Administration to include mammalian products on the list of major food allergens and support the labeling of alpha-gal-containing medications, cosmetics, and other products.

Co-Chair David L. Branscum moved that Interim Resolution 2015-007 be adopted. The motion was seconded and passed by voice vote.

Supplemental Agenda

Interim Study Proposal 2015-176

Co-Chair Sample referred the members to the Supplemental Agenda and stated that a motion to suspend the rules to allow the Legislative Council to consider Interim Study Proposal 2015-176 is needed.

Co-Chair David L. Branscum moved that the rules be suspended to allow the Legislative Council to consider Interim Study Proposal 2015-176. The motion was seconded and passed by voice vote.

Co-Chair Sample recognized Representative Kim Hammer to explain Interim Study Proposal 2015-176 (Exhibit A.1 on the Supplemental Agenda). Representative Hammer explained that Interim Study Proposal 2015-176 is a study to extend the temporary tag time from thirty (30) to forty-five (45) days. Representative Hammer stated he would like to have this before the Transportation Committee so that all the details could be worked out and have a proposal ready for the next legislative session in a smooth manner. There were no questions.

Representative Kim Hammer moved that Interim Study Proposal 2015-176 be referred to the House Committee on Public Transportation. The motion was seconded and passed by a voice vote.

Adjournment

At 11:00 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