

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

**Friday, June 17, 2011**

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The Arkansas Legislative Council met at 9:00 a.m., Friday, June 17, 2011 in Committee Room A of the Big Mac Building, Little Rock, Arkansas. Co-Chair 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 members to the minutes of the May 20, 2011 meeting of the Legislative Council and asked if there were any questions. There were no questions.

**Co-Chair Baker moved that the minutes of the May 20, 2011 meeting of the Legislative Council be approved. The motion received a second from Senator Robert Thompson and passed by voice vote.**

**Revenue Report**

Monthly Revenue Report

Co-Chair Salmon recognized Richard Wilson, Assistant Director of the Bureau of Legislative Research, to present the monthly revenue report for May 2011. Mr. Wilson reported that the May 2011 revenue report reflects that after eleven months of this fiscal year, the gross collections are \$206.9 million greater than the same period last year for a growth rate of four point two percent (4.2%). The adjusted net available for distribution is \$194.2 million ahead of the same period last year for a growth rate of five percent (5%). The graph page indicates that revenue collections are \$18.7 million ahead of the official revised revenue forecast. The spreadsheet indicates that gross receipts slowed a bit in the month of May, but are still at five point two percent (5.2%) for the year and that the individual withholding is at almost six percent (6%). These two components make up \$4.8 billion of the general fund. There were no questions regarding this report.

**Announcement of New Budget Administrator**

Co-Chair Salmon announced that at this time she would recognize Richard Weiss, Director of the Department of Finance and Administration, for an introduction and an announcement. Mr. Weiss announced that Mike Stormes, Administrator of the Office of Budget, is retiring and there would be a reception for him this morning. Mr. Weiss also introduced Mr. Brandon Sharp, a long-term employee in the Office of Budget, as the new Administrator effective July 1, 2011.

Co-Chair Salmon recognized Mr. Sharp who commented that it has been an honor to serve with Mike Stormes for the past eight (8) years and he hopes to make him proud.

Co-Chair Salmon then announced that to allow members to attend the reception for Mr. Stormes, the meeting would be recessed and then reconvened if the committee's business was not concluded by 10:00 a.m..

### **Report of the Executive Subcommittee**

Co-Chair Salmon recognized Co-Chair Baker to present the report of the Executive Subcommittee. Co-Chair Baker reported that the Executive Subcommittee met on June 16, 2011 and discussed cancelling meetings of the Legislative Council during the months of July and August 2011 to avoid conflicts with annual legislative conferences. The Executive Subcommittee passed a motion to recommend that the Legislative Council not meet in July 2011.

The Executive Subcommittee also heard a summary of the draft policy on use of legislative meeting space on the fifth floor of the Big Mac Building, Attachment A to the report. The Executive Subcommittee passed a motion to recommend that the Legislative Council adopt the room use policy and that the policy be reviewed again in the fall.

The Executive Subcommittee also heard a report from Jill Thayer, Legal Counsel to the Director, regarding the reports required to be filed with the Legislative Council.

**Co-Chair Baker moved the adoption of the report of the Executive Subcommittee. The motion received a second and was passed by voice vote.**

Co-Chair Salmon asked if there was a motion to cancel the July 2011 meeting of the Legislative Council.

**Co-Chair Baker moved that the Legislative Council will not meet in the month of July 2011 and that action of the Legislative Council subcommittees that would normally be reviewed by the Legislative Council at the July meeting will be considered final and shall be reported to the Legislative Council during its meeting scheduled for the month of August 2011. The motion received a second and passed by voice vote.**

Co-Chair Salmon asked if there was a motion to adopt the recommendation of the Executive Subcommittee concerning the policy on use of committee rooms on the fifth floor of the Big Mac Building.

**Representative Cowling moved that the Legislative Council adopt the policy on use of committee rooms on the fifth floor of the Big Mac Building and that the policy be reviewed again in the fall to determine if changes should be made in the policy. The motion received a second and passed by voice vote.**

## Reports of Standing Subcommittees

### Administrative Rules and Regulations Subcommittee

Co-Chair Salmon recognized Senator Malone to present the report of the Administrative Rules and Regulations Subcommittee. Senator Malone reported that the Administrative Rules and Regulations Subcommittee met on June 14, 2011 and there was discussion of the review of proposed rules that are required to be reviewed by both a subject-matter committee and the subcommittee. Senator Malone stated that the staff had prepared a list of statutes that require rules to be reviewed by the subject matter committees (see Exhibit F.1a) that is available to the members upon request. Senator Malone stated that the subcommittee passed a motion to recommend to the Legislative Council that the proposed rules be reviewed by the subject-matter committee prior to review by the Subcommittee on Administrative Rules and Regulations and he asked that the Legislative Council adopt this procedure for review of rules.

**Senator Malone moved that all proposed rules that have a statutory requirement to be reviewed by both a specific subject-matter standing committee and the Administrative Rules and Regulations Subcommittee be reviewed first by the subject-matter committee and then be reviewed by the Administrative Rules and Regulations Subcommittee for final review. Senator Key seconded the motion and the motion passed by voice vote.**

The subcommittee also decided that proposed rules that would implement or raise fees or penalties would be held until the agency presented an explanation of the need to implement or raise the fee or penalty. Senator Malone also brought to the attention of the Legislative Council that the subcommittee has noted instances when a proposed rule is implemented by the agency prior to review by the subcommittee and the subcommittee did not see a need for the emergency implementation. Senator Malone referred the members to the subcommittee report in their packets and stated that one rule that directly conflicted the legislative intent had been pulled from review by the state agency. There were no questions regarding the report.

**Senator Malone moved that the Legislative Council adopt the report of the Administrative Rules and Regulations Subcommittee. Representative Garry Smith seconded the motion and the motion passed by voice vote.**

### Higher Education Subcommittee

Co-Chair Salmon recognized Representative Roebuck to present the report of the Higher Education Subcommittee. Representative Roebuck reported that the Higher Education Subcommittee met on June 16, 2011 and heard a report from Shane Broadway, the Interim Director of the Department of Higher Education. The subcommittee also heard a presentation concerning legislation enacted during the 2011 Regular Session from Cheryl Reinhart, Staff Attorney for the Bureau of Legislative Research, as well as a presentation on fiscal legislation enacted during the 2011 Regular Session from Tony Vogelgesang, Fiscal Analyst with the Bureau of Legislative Research. Representative Roebuck stated that this information is available to the members upon request. Representative Roebuck stated that the Higher Education Subcommittee will not meet during the month of July 2011. There were no questions.

**Representative Roebuck moved that the Legislative Council adopt the report of the Higher Education Subcommittee. Representative Garry Smith seconded the motion and the motion passed by voice vote.**

Co-Chair Salmon recognized Senator Malone. Senator Malone asked that since the Legislative Council will not meet during July 2011, if there was any statutory reason that would prevent the Legislative Council from giving a one-month waiver to allow state agencies, boards, and commissions to implement proposed rules without the Legislative Council's review if those rules have been reviewed by both the standing committee and the Administrative Rules and Regulations Subcommittee. Co-Chair Salmon responded that the motion to cancel the Legislative Council meeting in July 2011 also stated that the actions of the subcommittees meeting in July 2011 would be final and reported at the next Legislative Council meeting.

#### **Performance Evaluation and Expenditure Review (PEER) Subcommittee**

Co-Chair Salmon recognized Representative McLean to present the report of the Performance Evaluation and Expenditure Review (PEER) Subcommittee. Representative McLean reported that the PEER Subcommittee met on June 2, 2011 and approved four items: an appropriation transfer for the Department of Education; the reallocation of resources for the Department of Human Services; the GIS set-aside release of \$1.9 million to the DHS Behavioral Health; and an increase in percentage deduction of point three percent (.3%) to two point three percent (2.3%) for state central services funding for fiscal year 2012. Representative McLean stated that all items on the agenda were reviewed and none were held. There were no questions.

**Representative McLean moved the adoption of the report of the Performance Evaluation and Expenditure Review (PEER) Subcommittee. The motion received a second by Representative Dale and the motion passed by voice vote.**

#### **Review Subcommittee**

Co-Chair Salmon recognized Senator Jimmy Jeffress to present the Review Subcommittee report. Senator Jeffress reported that the Review Subcommittee met on June 8, 2011 and reviewed methods of finance, discretionary grants, technical services contracts, professional and consultant services contracts, and approved three contracts that have special language requirements for the Dental Examiners Board, the Medical Board, and the Optometry Board. The subcommittee held three contracts, but one for the Home Inspector Registration Board has since been released. Also, a contract from the Mid-South Community College was removed from the agenda. The subcommittee suspended the rules in order to consider contracts from the Insurance Department and the Department of Human Services, which are listed on pages 53 through 60 of the subcommittee's report. There were no questions regarding this report.

**Senator Jeffress moved that the Legislative Council adopt the report of the Review Subcommittee. The motion received a second and was passed by voice vote.**

**Uniform Personnel Classification and Compensation Plan Subcommittee**

Co-Chair Salmon recognized Senator Fletcher to present the Uniform Personnel Classification and Compensation Plan Subcommittee report. Senator Fletcher reported that the subcommittee met on June 10, 2011 and reviewed and recommends the following: a special entry rate labor market report from the Department of Education; a request for a special entry rate for an exceptionally well-qualified applicant from the Public Service Commission; eight pool positions from the OPM swap pool; twenty-three positions from the Higher Education Central Pool; continuation of twenty-six grids for various agencies and institutions; and nine federally-funded grant positions. There were no questions regarding the report.

**Senator Fletcher moved that the Legislative Council adopt the report of the Uniform Personnel Classification and Compensation Plan Subcommittee. Senator Key seconded the motion and the motion passed by voice vote.**

**Review of Communications**

Co-Chair Salmon asked the members to review the communications in their packets and asked if there were any questions concerning the communications listed under H.1 through H.2.

Co-Chair Salmon stated that action was required on Exhibit H.3a, the Semi-Annual Comparison of Disbursements to State Parks for FY 2012 and recognized Gregg Butts, Director of the Arkansas State Parks Division, to explain the report. Mr. Butts explained the report was submitted pursuant to special language in the appropriation act and provides the estimated expenditures from general revenues for the next six months, the anticipated expenditures for the last six months, and additional information as requested in the act. There were no questions concerning this report.

**Senator Baker moved the Semi-Annual Comparison of Disbursements to State Parks for FY 2012 be filed as reviewed. The motion received a second and was passed by voice vote.**

Co-Chair Salmon commented that no action was necessary on the report listed as Exhibit H.4a, but action was required for the reports listed as Exhibits H.5a through H.5e. Co-Chair Salmon recognized Randy Young, Director the Arkansas Natural Resources Commission, to explain the request for the Legislative Council's advice concerning the Arkansas Natural Resources Commission's 2012-2013 Biennium Plan of Work for the Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bond Program. Mr. Young explained that the Arkansas Natural Resources Commission has prepared 2012-2013 Biennium Plan of Work for the Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bond Program. He explained that when the plan of work is approved by the commission, the law requires that it then be submitted to the governor and then submitted to the Legislative Council for advice and submitted for review by the Chief Fiscal Officer of the State to ensure it does not create a hardship on the state's budget. Mr. Young stated that the Chief Fiscal Officer, Richard Weiss, has reviewed the plan of work and submitted a favorable recommendation to the Governor. Mr. Young stated that he was appearing before the Legislative Council on behalf of the Governor to seek the Legislative Council's advice concerning the plan or work.

The plan of work authorizes the commission to issue up to \$60 million over the next biennium and the commission has identified \$20 million dollars, to date, for financing of projects. The majority of the \$20 million is to provide the match for the two federally-funded revolving loan programs for water and wastewater. Mr. Young answered questions from the members.

**A motion was made to give the Legislative Council's favorable advice for the 2012-2013 Biennium Plan of Work for the Arkansas Water, Waste Disposal and Pollution Abatement Facilities General Obligation Bond Program. The motion received a second and was passed by voice vote.**

Co-Chair Salmon recognized Gregg Butts, Director of the Arkansas State Parks Division, to explain the request for the Legislative Council's approval of expenditures from the Parks and Museums System Special Maintenance fund. Mr. Butts explained this is the annual request from the Arkansas State Parks Division for the Legislative Council's approval of special maintenance projects for the state's fifty-two parks. Mr. Butts stated these are projects that are not the day-to-day operating expenses and are not the large scale or major repairs and renovations in capital improvements, but are the smaller items that the parks' staff principally handle. There were no questions regarding this request.

**Representative Garry Smith moved that the Legislative Council approve the expenditures from the Parks and Museums System Special Maintenance Fund as presented. The motion received a second and was passed by voice vote.**

Co-Chair Salmon recognized George Hopkins, Director of the Arkansas Teacher Retirement System, to explain the request for the Legislative Council's review of the private equity ownership investment in *JFL Equity Investors III, L.P.* (Exhibit H.5c), which is submitted by the Arkansas Teacher Retirement System pursuant to A.C.A § 19-11-1302. Mr. Hopkins explained that this a private equity firm that has created a new fund, which is led by John F. Lehman who used to be the Secretary of the Navy under President Ronald Reagan. The fund specializes in investing with small to middle-size companies that specialize in the areas of defense, aerospace, and maritime activities and the fund has a historic seven-year return of doubling the investment. The fund is advised by former commandants of the Marine Corps, Atlantic and Pacific Fleet commanders, the former president of Boeing, and leaders from NASA. The fund does not typically buy a company through a bidding process and the companies are usually made better. Mr. Hopkins stated this was good for the country and good for Arkansas teachers. There were no questions regarding this request.

**Senator Key moved that the Legislative Council file as reviewed the private equity ownership investment in *JFL Equity Investors III, L.P.* (Exhibit H.5c), submitted by the Arkansas Teacher Retirement System pursuant to A.C.A § 19-11-1302. The motion received a second and was passed by voice vote.**

Co-Chair Salmon recognized George Hopkins, Director of the Arkansas Teacher Retirement System, to explain the request for the Legislative Council's review of the immediate need to enter into two partial equity ownership agreements; one with *BlackRock MSCI ACWI IMI Index Fund A*, and the other with *BlackRock U.S. Equity Market Fund A* (Exhibit H.5d). Mr. Hopkins explained that the Arkansas Teacher Retirement System (ATRS) is setting up two equity index funds; one a global fund and the other a domestic stock fund.

The reason for this is the ATRS terminated a fund manager, Capital Guardian, with which ATRS had a \$350 million investment, because the active management fees of about forty basis points or four-tenths of one percent could not be justified. The ATRS created the BlackRock global fund that will pay about five point seven basis points, which results in about one-eighth of the management fees for the same return. The ATRS also created a U.S. domestic-based stock index fund with BlackRock that will pay five basis points, which will result in a fee discount to take some active risk off the table. The ATRS took about \$50 million dollars from ICC Capital, from Kennedy Capital, and from Nicholas Applegate to provide funding for the U.S. domestic stock fund and this will be a good move and will result in reduced fees and will de-risk the portfolio at time when there is a risk in the markets. There were no questions regarding this request.

**Senator Key moved that the Legislative Council file as reviewed the two partial equity ownership agreements with *BlackRock MSCI ACWI IMI Index Fund A* and with *BlackRock U.S. Equity Market Fund A* (Exhibit H.5d), submitted by the Arkansas Teacher Retirement System pursuant to A.C.A § 19-11-1303. The motion received a second and was passed by voice vote.**

Co-Chair Salmon recognized Beverly Lambert, with the Arkansas Development Finance Authority and asked that he explain the request for the Legislative Council's review of Program Fact Sheet 2011-004, Program Fact Sheet 2011-005, and Program Fact Sheet 2011-006 (Exhibit H.5e). Mr. Lambert explained that the request for the Legislative Council's review concerns three bond issues and offered to answer questions. There were no questions regarding this request.

**Representative Baker moved that the Legislative Council file as reviewed Program Fact Sheet 2011-004, Program Fact Sheet FY 2011-005, and Program Fact Sheet FY 2011-006 (Exhibit H.5e). The motion received a second and was passed by voice vote.**

### **Business Carried Over from Previous Meeting**

Co-Chair Salmon recognized Catherine Mulkey, Administrator of Real Estate Services with the Arkansas Building Authority (ABA). Ms. Mulkey explained that the Arkansas Building Authority had provided additional information (Exhibit I.1) as requested by Representative Hobbs at the last meeting. In regard to the first question of who are the lessors listed in the monthly report, Ms. Mulkey explained that the ABA has a database for the purpose of tracking all of the leases, but the principal members are not identified because typically there are several principal members for many of the leases and this would take a lot of space in the database. However, beginning June 1, 2011, a field has been added to the database to reflect a principal member whether that is the primary principal or a member that holds more than ten percent (10%).

Co-Chair Salmon recognized Representative Hobbs who asked if there is a website the public could check to learn who are the principal members. Ms. Mulkey responded that the information is available through the website maintained by the Secretary of State's Office.

Representative Hobbs asked to clarify her second question, and stated that she was interested in whether it would be a cost-saving measure to purchase the property instead of renting it when the

annual rental on a property is \$100,000.00 or more. The previous inquiry had asked the question in regard to monthly rent over \$100,000.00 instead of annual rent.

Ms. Mulkey responded that there are many leases where the annual lease is over \$100,000.00 and she would have to research that question again and stated she would provide the information at a later date. Ms. Mulkey also stated that the lessor usually does the maintenance for a property and sometimes it is not in the agency's best interest to own and maintain the property. There were no further questions regarding this information.

Co-Chair Salmon recognized Marilyn Strickland, with the Division of Medical Services of the Department of Human Services, to explain the additional information (Exhibit I.1) that was requested by Representative Benedict at the last meeting. Ms. Strickland explained that she had provided Representative Benedict with the per diem rates paid to in-patient psychiatric facilities and the Medicaid policy that applies to those facilities and offered to answer questions.

Co-Chair Salmon recognized Representative Benedict who asked for an explanation of the difference between statement type HR and RR. Ms. Strickland introduced Tom Show, with the reimbursement section, and asked that he respond to the question. Mr. Show stated that HR and RR are segment types within the computer system to help identify what type of facility. Ms. Strickland explained that the first area of the report pertains to in-patient psychiatric hospitals that are acute care facilities. The next area of the report pertains to free-standing residential treatment facilities and that are not attached to an acute-care psychiatric hospital. The last area of the report pertains to provider-based residential treatment units that are within an in-patient psychiatric hospital. Ms. Strickland explained that a lot of times the children will be in acute-care and then will step down to the residential unit.

Representative Benedict noted that there is a difference of seventy-three dollars (\$73.00) a day from the high to the low providers in psychiatric hospitals and a difference of one hundred sixty-six dollars (\$166) a day from the high to the low providers in the residential treatment centers and asked if there is a difference in treatment provided by the high and the low providers. Ms. Strickland explained the per diem rates for psychiatric hospitals are based on the hospitals' costs and are adjusted annually by an inflation factor which is capped at the sixtieth percentile of all the hospital rates arrayed. The per diem rates for residential treatment centers are prospective rates with no cost elements which are based on the provider's budget with a cap of \$350.00 per day. The provider based residential treatment units are reimbursed using an interim per diem rate with a cost element that is limited by the average budgeted per diem cost of the free-standing residential treatment facilities. The costs of the free-standing residential treatment facilities is averaged and it is then applied as a cap to their residential units as a cost settlement.

Co-Chair Salmon recognized Representative Burris who asked if John Selig, Director of the Department of Human Services could be recognized to respond to questions regarding the stakeholders meetings on the proposed changes to the Medicaid Program being conducted around the state. Mr. Selig explained that notices of the meetings had been sent to the leadership in the Senate and the House of Representatives and chairs of committees with a request that they distribute the notices as they deem appropriate. Mr. Selig also commented that any individual legislator could be added to the list to directly receive an automatic notice.



Co-Chair Salmon recognized Senator Bledsoe who asked if the meetings concerning the insurance exchanges were in Mr. Selig's jurisdiction. Mr. Selig stated that the Insurance Commissioner, Jay Bradford, is overseeing the insurance exchanges. Senator Bledsoe stated that she would like to receive notices of meetings for both the Medicaid Program changes and the insurance exchanges. Mr. Selig stated he would contact Mr. Bradford to see that Senator Bledsoe was notified of the meetings. Co-Chair Salmon recognized Senator Lavery who encouraged the members to attend the stakeholders meetings and who also stated that he was pleased with the way the meetings are conducted. Senator Lavery stated he would like to receive notice directly and he suggested that the members of the Public Health, Welfare and Labor committees be notified of the meetings. Co-Chair Salmon recognized Representative Rice, who asked who had directed Mr. Selig to only notify the leadership. Mr. Selig responded that some years back, the agencies were asked not to send materials to all members of the General Assembly on any topic and that they should work through the leadership of the chambers in order to manage the amount of material sent to legislators. Representative Rice stated that he has noted interest across the board in the meetings and he encouraged Mr. Selig to make the meeting information available to all members. Mr. Selig offered to contact the Speaker of the House and the President Pro Tempore of the Senate to ask their advice on providing the information.

Co-Chair Salmon recognized Representative Pennartz who asked how many meetings this year have been conducted with the providers. Mr. Selig responded there had only been two or three of the large meetings and maybe three dozen meetings with individual groups who have asked to meet with the department. Representative Pennartz asked what impact the input from the stakeholders has had on the designated plan. Mr. Selig responded that it has had a very significant impact and a number of changes were made that he believes have been well received. Mr. Selig stated that based on discussions, the decision was made to select some high-value targets and key diagnoses and conditions to focus on during the first year. He feels that providers and advocates agree this approach made more sense than trying to do everything at once. He also stated that the decision was made to review high-value targets across the system instead of just wellness and prevention areas. Mr. Selig stated that a federal grant had been obtained to strengthen our Connect Care System. The goal is to begin implementation on the high-value targets in July 2012. Mr. Selig commented that a meeting was scheduled for 10:30 a.m. today in this meeting room to discuss this topic with members of the House of Representatives and he invited Senators to attend as well.

Co-Chair Salmon recognized Representative Hobbs who asked if the per diem rates are an average cost per patient. Ms. Strickland stated that per diem is the rate per day per patient. Representative Hobbs asked if the department compares the outcomes among the different facilities to determine whether one facility has more success with patients than another. Ms. Strickland responded that is reviewed, but she did not have that information available today and she would have to contact Representative Hobbs at a later date.

Co-Chair Salmon recognized Senator Chesterfield who asked what is the evaluation used by DHS for nursing homes and how does DHS deal with reports of abuse. Mr. Selig responded that the Office of Long-Term Care in the Division of Medical Services works as an agent for the federal government in doing survey and certification of licensure of nursing facilities and also will do regular surveys of the nursing homes and will go out any time there is a complaint to investigate the complaint and then follow-up with the nursing home to ensure corrective action is

taken. Senator Chesterfield explained that she had received calls from people concerned about their parents who have described instances where the nursing homes "straighten up their act" when they are notified of an inspection and then return to the previous standards afterward. Senator Chesterfield asked for a written review of how the department deals with the complaint and how the department follows up with the individual who made the complaint, and how the department can ensure that nursing homes are performing up to standard at all times and not just when they are inspected.

Co-Chair Salmon recognized George Hopkins, Director of the Arkansas Teacher Retirement System, to explain the additional information (Exhibit I.3) that was provided in response to questions during the last meeting. Mr. Hopkins introduced himself and offered to answer any questions regarding the information submitted.

Co-Chair Salmon recognized Senator Chesterfield who asked what is meant by the language in the report, "some kind of or some kind of minority representation". Mr. Hopkins responded that when a company is publicly-traded, such as BlackRock, the ATRS does not know where the ownership is and ownership cannot be determined. On the firms owned by the employees, the ownership of the firm has some minority ownership and the report includes companies with some, to substantial, to a majority of minority ownership. Mr. Hopkins noted that the ATRS Board has informed the staff that they are to ensure that there are Arkansas-related investments and to work carefully with minority firms to ensure that they are given every fair consideration in the process.

Co-Chair Salmon recognized Senator Rapert who thanked Mr. Hopkins for providing the information and he stated further that he agreed with Senator Chesterfield. Senator Rapert asked if he understood correctly that the ATRS owns a portion of Black Rock. Mr. Hopkins responded that ATRS owns shares of BlackRock stock because it is a publicly-traded company. He stated that the ATRS checks to determine how much of the ownership of the company is with minorities and to determine whether the company is hiring minorities to work in the firm. Senator Rapert also asked if there were no investment consultants in the State of Arkansas that would qualify to assist the ATRS with directing investments. Mr. Hopkins stated he knew of no consultant who has the expertise and knowledge necessary to do the overall investment portfolio guidance that Hewitt Ennis Knupp is capable of providing. Mr. Hopkins also stated that he knows of no consultant in Arkansas that has the depth of staff that is necessary to review and follow-up with the number of private equity firms in the portfolio. Mr. Hopkins stated that in July 2007 the board did an RFP for a real estate consultant and for a private equity consultant and he did not believe that any Arkansas firm responded. Mr. Hopkins offered to verify this and report back to the legislature. Mr. Hopkins stated he has a meeting scheduled with an Arkansas firm, Crews and Associates, to see if they could do some bond management for the ATRS. Mr. Hopkins stated he had also met with the Peabody Group that wants to do another loan with the ATRS. Mr. Hopkins stated in response to a question that the ATRS pays approximately \$2 million dollars a year to the three consultants. Mr. Hopkins stated that about June 30th of each year he sends the members of the legislature information on the value of all the ATRS funds.

**New Proposals and Resolutions**

Co-Chair Salmon referred members to Interim Study Proposal 2011-175 (Exhibit K.1) by Senator Jeremy Hutchinson in their packets. Senator Salmon stated that without objection, Interim Study Proposal 2011-175 would be referred to the Senate Revenue and Taxation Committee.

**Adjournment**

At 10:15 a.m., the meeting was adjourned upon the passage of the motion to adjourn.

Respectfully submitted,

ATTEST:

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Senator Mary Anne Salmon  
Co-Chair, Senate

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David Ferguson  
Executive Secretary