## MINUTES

## LEGISLATIVE COUNCIL

June 11, 1980

The fourteenth meeting of the 1979-80 Legislative Council was called to order at 10:05 a.m., Wednesday, June 11, 1980 in Senate Committee Room 22 of the State House in Des Moines. Council members attending the morning session of the meeting were:

Speaker William H. Harbor, Chairperson Senator Calvin O. Hultman, Vice Chairperson Lieutenant Governor Terry Branstad Senator C. Joseph Coleman Senator Willard R. Hansen Senator Lowell L. Junkins Senator John S. Murray Senator William D. Palmer Senator Richard R. Ramsey Senator Bob Rush Senator Ray Taylor Representative Robert T. Anderson Representative Donald D. Avenson Representative John H. Clark Representative Gregory D. Cusack Representative Roger A. Halvorson Representative Ingwer L. Hansen Representative Norman G. Jesse Representative Delwyn D. Stromer Representative Richard W. Welden

Other persons present for the meeting included Director Serge Garrison, Phil Burks, Bernie Koebernick and Dave Bailey of the Legislative Service Bureau; Director Gerry D. Rankin and Thom Freyer of the Legislative Fiscal Bureau, Citizens' Aide Bill Angrick and a number of other legislative staff persons, news media representatives and other interested individuals.

On motion of Representative Welden, seconded by Representative Stromer, the minutes of the Council's May 14 meeting were approved as submitted to Council members.

Senator Hultman was recognized to present the report of the Council's Administration Committee, pursuant to the Committee's meeting on the previous day. A copy of the report is attached to and by this reference made a part of these minutes.

Senator Hultman moved that the Council approve a \$17,500 maximum budget for five chandeliers for the new legislative committee rooms on the first floor of the Capitol, provided that no money will actually be expended for this purpose until the design for the chandeliers has been reviewed by the Administration Committee and presented to the Council for final approval. The motion was

seconded by Representative Welden, and after a brief discussion was adopted by a unanimous voice vote.

Senator Hultman then deferred to Senator Junkins for a report regarding the furniture which will be needed for the two new committee rooms. Senator Junkins related the number anticipated cost of tables and chairs which it is believed will be required for the new committee rooms, and discussed possible alternative sources from which this furniture might be acquired. Several Council members inquired what would be done with the furnishings presently in use in House Committee Room B (the old Department of Agriculture office area). It was indicated that this furniture belongs to the General Assembly, and could be used to help furnish one or both of the new committee rooms. After further Senator Hultman suggested that the question of furniture for the new committee rooms be deferred until a later Speaker Harbor agreed, and declared the Administration Committee's report received.

Mr. Garrison noted that there had been distributed to Council members copies of a compilation of educational leave reports received by the Legislative Service Bureau pursuant to section 79.1 of the Code, since the last such compilation had been distributed. The Council received the report.

Speaker Harbor recognized Senator Rush, who had requested during the Council's previous meeting that the subject of the use of the item veto by the Governor be included on the agenda for the present meeting. At Senator Rush's request, Mr. Bailey summarized the content of a memorandum on use of the item veto which he had earlier prepared for Senator Rush. Copies of this Legislative Service Bureau memorandum and of a December 7, 1979 Opinion of the Attorney General to Senators Rush and Junkins were distributed to Council members present.

Representative Cusack noted that according to Mr. Bailey's summary statement, the basic rule is that the Governor cannot validly item veto a restriction on use of particular funds unless he also vetoes the appropriation of those funds. Representative Cusack asked whether the Governor may validly item veto a statement of legislative intent regarding the use of some or all of a particular appropriation, without striking the appropriation to which the statement of intent refers. Mr. Bailey replied that the Iowa Supreme Court has not yet directly addressed this point, and added that it may be a rather close question.

Senator Rush asserted that his concern is not the wisdom or lack of wisdom of any particular item veto, but rather the question of the proper boundary between the powers and prerogatives of the Legislature and those of the Executive. He added that in his view some of the item vetoes exercised by the Governor with respect to legislation passed by the Sixty-eighth General Assembly have not

been constitutionally proper, and urged that the Council seriously consider challenging such item vetoes in the courts.

Discussion followed, in the course of which Senator Hultman said that while he might be willing to support a motion to that effect at a later date he is not willing to do so on the basis of the information available to him at the present moment. Representative Halvorson agreed.

Senator Taylor pointed out that the legislators who were plaintiffs in the case known as <u>Welden v. Ray</u> filed that suit as individuals, although they were subsequently reimbursed by the General Assembly after the suit had prevailed. He suggested that if Senator Rush is concerned about the constitutionality of particular item vetoes, he could proceed in a similar manner with the expectation that he will eventually be reimbursed for the costs so incurred if such a suit prevails.

Representative Welden inquired whether the general appropriations transfer authority given the Governor by section 8.39 of the Code is Senator Rush's main concern. Senator Rush replied that that is the smaller part of his concern; the main issue is, can the General Assembly effectively impose conditions and restrictions on the appropriations it makes? Representative Welden observed that some of the Governor's item vetoes during the past two sessions are undoubtly valid, and Senator Rush agreed that only a few particular item vetoes are at issue.

Representative Cusack moved that a special subcommittee of the Council be established to review the item vetoes of the past two sessions, and make a recommendation to the Council whether or not the Council or the General Assembly should act in some manner to counter those which are believed to be improper. Representative Hansen seconded the motion.

Senator Ramsey suggested that if the proposed subcommittee is formed, it should also assess alternatives available to the General Assembly to counter possible abuse of the item veto. He asked that the Legislative Service Bureau provide assistance to the subcommittee in this area. Mr. Garrison agreed to do so upon request, noting that there is a question whether the Legislative Council has authority to commence litigation.

Representative Cusack's pending motion was then adopted by a divided voice vote. Speaker Harbor stated that he and Senator Hultman would later announce which Council members will be appointed to the special subcommittee.

Speaker Harbor again recognized Representative Cusack, who distributed to Council members present copies of a letter he had presented on the previous day to Speaker Harbor and Senator Hultman. The letter formally requested that the Legislative

Council give consideration to reestablishing the special body known as the Advisory Commission on Corrections Relief, consisting of two members appointed by the Legislature, two appointed by the Governor and two appointed by the Supreme Court, which had been established in 1976 to study problems relating to Iowa's correctional system, particularly the rising prison populations. Representative Cusack expressed belief that the work of this special commission had been valuable and largely successful, but that its projections regarding prison populations have not been borne out due to certain factors which had not been anticipated by the 1976-77 Commission. Representative Cusack suggested that these are:

- 1. The effect of mandatory sentencing demanded by the new Criminal Code.
- 2. The Parole Board's apparent intent to release fewer people to community-based corrections and to the communities.
- 3. The worsening economic conditions, and resulting higher crime rates.

Representative Halvorson said that Speaker Harbor had contacted Federal District Judge William Stuart, who has ordered a study of conditions at the Iowa State Penitentiary at Fort Madison in connection with a suit which has been filed by prisoners there who are complaining about conditions at the prison. Judge Stuart had indicated to Speaker Harbor that the report which he has requested should be available around the first of July. Representative Halvorson therefore suggested that the Council defer action on Representative Cusack's suggestion until the contents of that report are known.

In response to Council members' questions, Speaker Harbor stated that Judge Stuart has said he will make all of the report available to the General Assembly, with the exception of any material that Judge Stuart concludes must be kept confidential. Representative Cusack said he is willing to wait for this report, although he added that his concerns are broader than the conditions at the Fort Madison Penitentiary alone.

Senator Rush also concurred with the suggestion that the matter be deferred until July, but warned against allowing the federal courts to assume control of the Iowa prison system through legislative default. Representative Jesse noted that the United States Supreme Court has just agreed to hear a suit by a mentally ill prisoner testing his right to treatment while in prison, and it noted that this has important implications for Iowa since there are believed to be 300 mentally ill prisoners in Iowa's correctional system. Representative Jesse asserted the Department of Social Services is failing to provide needed treatment for many of these prisoners.

In reply to a question from Representative Hansen, Speaker Harbor said that Judge Stuart had indicated that he will issue an

order of some kind in connection with the report he has requested. However, it may be as late as September first before the order is drawn up, since the Judge will need time to study the report after he receives it.

It was agreed to defer Representative Cusack's request for reestablishment of a special advisory commission on corrections until the Council's July meeting.

Speaker Harbor announced that he and Senator Hultman had selected, as members of the special Council subcommittee to consider item vetoes, Representative Halvorson and Senator Ramsey as Co-chairpersons, Representatives Welden and Cusack and Senators Rush and Murray.

Senator Hultman was next recognized to present the report of the Council's Studies Committee, made pursuant to the Committee's meetings on June 5 and earlier on the present date. A copy of the Studies Committee's report and list of recommended 1980 interim studies is attached to and by this reference made a part of these minutes.

Senator Hultman stated that it is the intent of the Studies Committee to obtain approval of its list of recommendations regarding interim studies to be conducted, the sizes of the respective committees and subcommittees, and the number of meetings authorized during the present meeting, with the appointments of individuals to the respective subcommittees and committees to be approved at the Council's July meeting. Senator Hultman then reviewed the specific recommendations presented in the attached report.

In answer to a question by Representative Stromer, Senator Hultman said it has been informally agreed that the Senate and House Committees on Commerce will use their statutory meeting day to try to assess the scope and complexity of current problems relating to regulation of municipal electric utility systems and other electric utilities. If it appears that there is sufficient prospect of reaching agreement on suggested legislation in this area, a request for authorization of an interim subcommittee to deal with these matters may be presented to the Council later during the 1980 interim.

Representative Hansen inquired what is the purpose of the legislative policy on the family study (item 12 of the attached report). Senator Hultman referred the question to Representative Cusack, who explained that a variety of legislative committees deal with legislation affecting families, and are not always consistent in doing so. He continued that while most legislators would undoubtedly say that they believe in not interfering with the family, legislation which is passed does in fact affect families and in many cases does tend to interfere with family life. He

asserted that Iowa's present family policy is largely reactive rather than preventive, is not comprehensive, and is ambiguous. Adoption of a family policy statement by the General Assembly would be intended to try to correct these situations.

Representative Cusack continued that on the basis of considerable research carried out for the Committee on Human Resources by a graduate intern assigned to the Committee, a draft family policy statement has been drawn up. However, it is now felt that this statement should be presented to the general public in a series of hearings, in order to more adequately explain the intent and to receive suggestions and criticism. The function of the proposed joint interim subcommittee on legislative policy on the family would be to conduct these public hearings.

Lieutenant Governor Branstad noted the controversy which has marked the recent sessions of the White House Conference on the Family, and expressed concern that hearings of the kind described by Representative Cusack would result in emotional confrontations on family-related issues. Representative Cusack replied that he believes the draft policy statement will tend to allay the fears which he believes led to the controversy during the sessions of the White House Conference, which he said was very unstructured and therefore open to all kinds of controversial proposals.

Senator Taylor inquired whether it is intended to exclude from the family policy statement a definition of what a family is. Representative Cusack said that there is no definition in the statement, and that the intent is to try to limit discussion to the content of the statement. However, he added that if it is found from the hearings that a significant number of people want a definition of the family included, the subcommittee will presumably have no choice but to report that fact.

Senator Ramsey moved to strike item 12 from the recommendations of the Studies Committee. He explained he thinks it is unrealistic to expect to achieve the goals described by Representative Cusack, and that in any case it should be possible to carry out the function intended for this interim subcommittee by holding hearings during the session.

In response, Representative Cusack stressed that the Committee on Human Resources believes that it is important to hold these hearings in various areas around the state, where they will be readily accessible to people in all parts of the state. He said that if hearings are held during the session, there is little choice but to ask everyone who wants to participate to come to Des Moines. He concluded by noting that this study request was the top priority of the Chairperson and Vice Chairperson of the House Committee on Human Resources both this year and one year ago, at which time it was not approved.

After closing remarks by Senator Ramsey, his motion was lost on a roll call vote of 7-12. Those voting yes were Senators Hultman, Hansen, Ramsey and Taylor and Representatives Clark, Hansen and Welden; those voting no were Speaker Harbor, Senators Coleman, Junkins, Murray, Palmer and Rush and Representatives Anderson, Avenson, Cusack, Halvorson, Jesse and Stromer.

In response to a question from Representative Welden, Senator Hultman stated that the recommendations of the Studies Committee propose a total of 564 person days of legislative interim work during the 1980 interim. Representative Welden expressed concern for the impact of this proposal on the House budget figure for the interim which had been adopted by the recent session. Senator Hultman assured Representative Welden that the budgets of the Senate and House had been considered in drawing up the recommendations of the Studies Committee.

Representative Welden questioned the value of item 17, the proposed funeral director study. He moved to delete that item.

In the discussion which followed, Senator Hultman explained that this study relates to a dispute between funeral directors and cemetery owners in regard to prepaid funeral plans, and he noted that both the present and previous Attorneys General have supported efforts to regulate the sale of prepaid funeral plans. Senator Junkins agreed, adding that both groups appear to be genuinely interested in a solution and that if this interest can be translated into an acceptable bill the study will be well worth its cost since the Senate spent parts of several days debating legislation in this area during the recent session.

Senator Ramsey moved, as a substitute for Representative Welden's pending motion, that the initial meeting authority for the joint interim subcommittee on the funeral director study be reduced from three days to two days. After a brief discussion, during which Senator Junkins also expressed opposition to the substitute motion, the substitute motion was adopted by a divided voice vote.

Representative Hansen inquired what had happened to the proposal for an IPERS study during the 1980 legislative interim. Senator Hultman replied that the Studies Committee had decided not to approve this study until it is determined whether actuarial figures, which would make the study meaningful, can be obtained.

In response to questions from Senator Rush, Senator Hultman explained that it is intended that the Corrections Systems Study (item 7 of attached report) be conducted by a joint interim subcommittee some of whose members will be drawn from each of three permanent legislative committees, namely the standing Committees on Judiciary and on Human Resources and the Social Services Appropriations Subcommittees. With respect to the scope of the

workers' compensation study (item 15 of attached report), Senator Hultman referred to Senate Resolution 107, which asks that the study look into "the problems of workers' compensation insurance coverage and the costs of such coverage, especially minimum workers' compensation insurance coverage costs,".

Senator Hansen inquired about the forestry study (item 18 of attached report). Senator Hultman referred the question to Representative Avenson, who explained that there is great concern about the diminishing amount of forest cover remaining in Iowa. Senator Ramsey suggested that this subcommittee also be directed to consider abuse of the forest and fruit-tree provisions of the state property tax law.

At the suggestion of Senator Junkins, it was agreed to amend the report of the Studies Committee so that item 6, relating to the Governor's Economy Committee recommendations, provides for the study to be conducted by a committee whose members may be drawn from either the standing Committees on State Government or the joint Appropriations State Government Subcommittees. Also, item 8, the transportation study, will be amended so that the study is conducted by a subcommittee whose members are drawn either from the standing Committees on Transportation or the joint Appropriations Transportation Subcommittees.

Representative Welden noted that a hearing was to be held on the following day regarding the EPA and DEQ regulations on coal sulpher dioxide emissions in Iowa. He said he thinks that is the heart of the problem relating to the feasibilty of using Iowa coal, and he therefore questioned the value of the proposed Iowa coal study (item 11 of attached report). Senator Hultman and Representative Halvorson noted that this subcommittee has been authorized only one meeting, and that the meeting will occur after the hearing to which Representative Welden had referred has been held. Lieutenant Governor Branstad also supported the Iowa coal study.

Representative Avenson moved to amend the report of the Studies Committee by adding provision for a joint interim subcommittee to study the effect on businesses in Iowa of the unemployment insurance tax structure, the study to be limited to that one matter and not to extend to level of benefits or other matters relating to discussion unemployment compensation. After some Representative Avenson and Lieutenant Governor Branstad, opposed the motion, the motion was defeated on a roll call vote of 8-9. Those voting yes were Senators Coleman, Junkins and Palmer and Representatives Anderson, Avenson, Clark, Cusack and Jesse; those voting no were Speaker Harbor, Senators Hultman, Murray and Ramsey and Representatives Halvorson, Hansen, Stromer and Welden; Senators Rush and Taylor were not present when the vote was taken.

Representative Avenson moved to amend the report of the Studies Committee by adding authority for establishment of an interim subcommittee to study the "fair play" concept with respect to impact of state action on local government, and the funding of local government. Senator Hultman said he would not object to Representative Avenson's motion if the study were limited strictly to the fair play concept. Representative Stromer said that if the study is done it should include an evaluation of the impact of federal actions on the state, as well as the impact of state actions on local government.

Senator Rush suggested that the study proposed by Representative Avenson's pending motion should also include consideration of legislative appropriation of federal funds. Senator Murray observed that that matter is dealt with in the Fiscal Committee's report, which will be presented later in the present meeting.

After further discussion, Representative Avenson's pending motion was adopted by a divided voice vote.

Senator Hultman moved that the subcommittee to be established pursuant to the motion just adopted consist of five senators and five representatives, drawn from the respective standing Committees on State Government, and that the subcommittee be initially authorized two meeting days. The motion was adopted by a unanimous voice vote.

Representative Avenson then moved to amend the report of the Studies Committee so as to provide for an interim subcommittee to study the rules review process. After a short discussion, in the course of which it was agreed that this matter will be included on the agenda for the Council's July meeting, Representative Avenson withdrew the motion.

Representative Welden inquired about the legislative leadership's policy on use of statutory authority for each standing committee to meet once during the interim. Senator Hultman and Representative Halvorson indicated that they are encouraging only the most limited use of this authority, although it was noted that the authority is a matter of statute and that the approval of leadership is not required in order to call such a meeting.

Representative Anderson moved to amend the report of the Studies Committee to establish an interim subcommittee of five senators and five representatives, with initial authority for five meeting days, to review various aspects of the state income tax law. Senator Hultman commented that he might not oppose that motion later during the current interim, but that he believes it would be premature at the present time. After further discussion, Representative Anderson's motion was lost on a roll call vote of 6-9. Those voting yes were Senators Coleman, Junkins and Rush and Representatives Anderson, Cusack and Jesse; those voting no were

Speaker Harbor, Senators Hultman, Hansen, Murray and Ramsey and Representatives Clark, Halvorson, Hansen and Welden; Senators Palmer and Taylor and Representatives Avenson and Stromer were not present when the vote was taken.

Representative Anderson moved that the report of the Studies Committee be amended to provide for an interim study on inheritance taxes in Iowa. Senator Ramsey noted that the studies proposed include one dealing with the Probate Code (item 13 of attached report). Representative Anderson replied that that item does not propose to include any Ways and Means Committee members on the interim Probate Code study. After further discussion, Representative Anderson's motion was defeated by a voice vote.

Senator Ramsey noted that the Council had earlier agreed to defer until its July meeting Representative Cusack's request that a special advisory commission on corrections be reconstituted. Senator Ramsey therefore moved to defer implementation of the proposed corrections systems study (item 7 of attached report) until the Council's July meeting, so that it may be considered in connection with Representative Cusack's proposal. The motion was adopted by a unanimous voice vote.

Senator Ramsey then moved to amend the Studies Committee's report so as to authorize a joint subcommittee of five senators and five representatives, drawn from the standing Committees on Judiciary, with initial authority for two meeting days, to study sentencing alternatives and a possible state program of restitution and compensation for victims of crime, pursuant to Senate Resolution 110 and House Concurrent Resolution 125, respectively. The motion was adopted by a unanimous voice vote.

Senator Rush inquired why the Studies Committee had not proposed an interim study on energy and utility costs. Senator Hultman replied that the Studies Committee worked from the list of requests submitted in the form of resolutions and concurrent resolutions, and that no such request had been filed. After some discussion, Senator Rush moved to amend the report of the Studies Committee to authorize a joint interim subcommittee of five senators and five representatives, drawn from the standing Committees on Commerce, with initial authority for two meeting days, to study energy costs, the state energy emergency plan, and related matters. After a brief discussion, the motion lost on a divided voice vote.

Representative Avenson moved that the report of the Studies Committee be amended to provide for establishment of a joint interim subcommittee on land use. After some discussion concerning prospects for resolving the long-standing philosophical differences between the Senate and House on land use legislation, Representative Avenson's motion was lost on a divided voice vote.

Senator Hultman moved that the Council adopt the report of the Studies Committee, as amended. The amended report was adopted on a divided voice vote.

The Council recessed for one hour, at 12:30 p.m. Speaker Harbor noted that a meeting of the Council's Service Committee would be held in Senate Committee Room 22 at 1:15 p.m.

The Council reconvened in Senate Committee Room 22 at 1:40 p.m. All Council members who had attended the morning session were again present except Speaker Harbor, Senator Palmer and Representative Jesse; Senator James E. Briles was also present for the afternoon session.

Representative Stromer was recognized for the report of the Council's Service Committee, pursuant to its meetings on the previous day and immediately prior to the reconvening of the present Council meeting. A copy of the report prepared pursuant to the June 10 Service Committee meeting is attached to and by this reference made a part of these minutes.

Representative Stromer briefly summarized each of the four items on the attached report. He also reported that, at its meeting immediately prior to the reconvening of the present Council meeting, the Service Committee had agreed to recommend approval of a suggestion by Citizens' Aide Bill Angrick that an architectural engineer be retained to evaluate the existing structure at 515 East Twelfth Street where the Citizens' Aide offices are presently located.

On motion of Representative Stromer, seconded by Senator Coleman, the report of the Service Committee was adopted by a unanimous voice vote.

Senator Murray was recognized for the report of the Legislative Fiscal Committee, pursuant to that Committee's meeting on the previous day. A copy of the report is attached to and by this reference made a part of these minutes, and copies of various attachments to the report are available from the Legislative Fiscal Bureau.

Senator Murray pointed out that the Fiscal Committee is proposing establishment of a joint interim subcommittee of ten members, five drawn from the standing Committees on Human Resources and five from the joint Social Services Appropriations Subcommittees, with initial authority for five meeting days, to study the ultimate use of the Clarinda Mental Health Institute physical facility. He explained that the Fiscal Committee has made this recommendation because it believed that there is more involved in the determination about ultimate use of these facilities than just physical considerations.

Noting that the Fiscal Committee has not recommended any other visitations, Senator Murray moved that the Council approve the recommendation with respect to the Clarinda Institute buildings study. Representative Welden moved to amend Senator Murray's motion so as to provide initial authority for four, rather than five, meeting days for this interim subcommittee. Representative Welden's motion to amend was adopted by a unanimous voice vote, after which Senator Murray's original motion, as amended, was similarly adopted.

Senator Murray continued summarizing the Fiscal Committee's report. There was some discussion of the Committee's revised recommendations on studies by the Program Evaluation Division of the Fiscal Bureau. On motion of Senator Murray, seconded by Representative Welden, this recommendation was adopted by the Council by a unanimous voice vote.

Senator Murray then moved that the Council accept the full report of the Legislative Fiscal Committee. The motion was adopted by a unanimous voice vote.

At Senator Murray's request, Mr. Rankin gave the Council a brief report of the state's current financial outlook, indicating that the general fund balance on June 30, 1980 will be somewhere between \$27.8 and \$44.8 million. Mr. Rankin explained that the report reflects anticipation of reversions of \$12.6 million at the end of the current fiscal year.

An extended discussion followed, concerning the Governor's revenue projections and the actual receipts during the past two years, the amounts appropriated, and the effect of the inflation rates which have been experienced. After this discussion had continued for some time, Senator Briles objected that it was not relevant to anything on the agenda for the present Council meeting.

Senator Hultman noted that there had been distributed to Council members copies of proposed rules relating to acceptance of gifts by employees of the four legislative agencies under the jurisdiction of the Legislative Council. Mr. Garrison explained that both a law passed by the recent session of the General Assembly and a joint resolution required that such rules be adopted, and that the law takes effect July 1, 1980.

Senator Rush inquired whether the proposed rules include a definition of the term "occurrence". Mr. Garrison replied that the proposed rules do not include such a definition, since none appears in either the statute or the rules adopted pursuant to statute by the Senate and House of Representatives. Senator Rush said he believes the rules are not very meaningful unless the term "occurrence" is defined in them. In the discussion which followed, Senator Hultman said he would be receptive to a motion to amend the

proposed rules so as to include a definition of "occurrence" if Senator Rush or another Council member cares to offer one. Representative Halvorson remarked that a member of the House has asked the Attorney General for an opinion on the definition of an "occurrence".

Senator Taylor moved that the Council approve the proposed rules as submitted, and refer the question of the definition of an "occurrence" to the Council's Service Committee with a request that it report to the Council at its next meeting. The motion was adopted by a unanimous voice vote.

Representative Avenson asked Representative Halvorson what is the likelihood that the second year of indexing of the state income tax can be implemented during the 1980 tax year. Representative Halvorson replied that this does not appear likely at the present time. There was some discussion of the economic prospects for the state, and how these will effect revenue and tax matters.

On motion of Senator Hansen, the Council adjourned at 2:45 p.m.

Respectfully submitted,

PHILIP E. BURKS Senior Research Analyst

SERGE H. GARRISON Director