

MINUTES

MEETING OF THE BOARD OF EXAMINERS

May 10, 2011

The Board of Examiners met on May 10, 2011, in the Guinn Room on the second floor of the Capitol Building, 101 N. Carson St., Carson City, Nevada, at 10:00 a.m. Present were:

Members:

Governor Brian Sandoval
Attorney General Catherine Cortez Masto
Secretary of State Ross Miller
Clerk Andrew K. Clinger

Others Present:

Mark Costa, Department of Cultural Affairs
Peter Barton, Department of Cultural Affairs
Julie Chapman, Department of Public Safety, Parole and Probation
Crystal Jackson, Public Utilities Commission
Chris Nielson, Department of Taxation
Jennifer Bauer, Department of Public Safety
Johnean Morrison, Department of Public Safety, Highway Patrol
Donnell Barton, Department of Education
Kiphart, Department of Public Safety, Office of Traffic Safety
Greg Smith, Department of Administration, Purchasing
Rick Gimlin, Department of Public Safety, Parole and Probation
David Gustafson, Department of Information Technology
Clark Leslie, Attorney General's Office
Lori Meyer, Department of Business and Industry, Industrial Relations
Hurlee Thoreson, Department of Business and Industry, Industrial Relations
Phil Weyrick, Department of Health and Human Services, Health
Sue Hohn, Department of Business and Industry, Director's Office
Jason Holm, Department of Health and Human Services, Welfare and Supportive Services
Steve Fisher, Department of Health and Human Services, Welfare and Supportive Services
Mike Torvinen, Department of Health and Human Services, Director's Office
Dave Prather, Department of Health and Human Services, Mental Health and Developmental Services
Wendy Simons, Department of Health and Human Services, Health, Bureau of Health Care Quality and Compliance
Leticia Metherell, Department of Health and Human Services, Health, Bureau of Health Care Quality and Compliance
Katherine Yonkers, Department of Employment, Training and Rehabilitation
Mechelle Merrill, Department of Employment, Training and Rehabilitation, Vocational Rehabilitation
Lee-Ann Easton, Department of Administration, Budget
Carolyn Misumi, Department of Taxation
Michael Fischer, Department of Cultural Affairs

Steven Aldinger, Department of Business and Industry, Real Estate
Robert Chisel, Department of Transportation
Dennis Gallagher, Attorney General's Office
Romaine Gilliland, Department of Health and Human Services, Welfare and Supportive Services
Sue Smith, Department of Health and Human Services, Welfare and Supportive Services
Todd Rich, Department of Business and Industry
Susan Injayan, Department of Business and Industry, Financial Institutions
Tamara Nash, Department of Employment, Training and Rehabilitation
Brenda Ford, Department of Employment, Training and Rehabilitation
Carol Sala, Department of Health and Human Services, Aging and Disability Services
Greg Weyland, Department of Education
Danette Kluever, Department of Health and Human Services, Child and Family Services
Jeff Morrow, Department of Health and Human Services, Child and Family Services
Tom Wilczek, Office of Energy
Katie Armstrong, Attorney General's Office
Keith Munro, Attorney General's Office
Laura Hale, Department of Health and Human Services, Health
Steve Woodbury, Commission on Tourism
David Peterson, Commission on Tourism
Megan Sloan, Public Employees Benefits Program
Jim Wells, Public Employees Benefits Program
Larry Friedman, Commission on Tourism
Lucas Foleta, Governor's Office
Patrick Cates, Department of Wildlife
Mary Keating, Controller's Office
Kim Wallen, Controller's Office
David Peterson, Commission on Tourism, Research

PRESS

Sean Whaley, Nevada News Bureau

***1. APPROVAL OF PROPOSED CHANGE TO TRAVEL REIMBURSEMENT**

Pursuant to SAM 0208, in the event an agency adopts a rate of reimbursement less than the amounts specified in NRS 281.160, Board of Examiners approval is required.

A. Public Utilities Commission

This request allows the Commission to require employees to submit lodging receipts for travel within the Continental United States (CONUS) regardless of the actual cost incurred.

Clerk's Recommendation: I recommend approval.

Motion By: Attorney General Seconded By: Secretary of State Vote: 3-0

Comments:

Governor: Welcome to the May meeting of the Board of Examiners. All members are present. I ask that we move to the first item on the agenda, Mr. Clinger.

Clerk: Thank you Governor. Item one on the agenda this morning is a request from the Public Utilities Commission to revise their travel policy to require receipts for all lodging and the State Administrative Manual does not require a receipt for all lodging. We will be bringing an item to the Board revising the current policies in the State Administrative Manual.

Governor: Thank you Mr. Clinger, is there someone here from the Public Utilities Commission on this matter? Could you please give us some more background as to the genesis of this item?

Crystal Jackson: Thank you Governor. As Mr. Clinger just stated the current policy doesn't require a lodging receipt for reimbursement for the CONUS rates around the State. What the Public Utilities Commission has experiencing is that employees can apply for reimbursement with respect to lodging without a receipt and can seek reimbursement up to \$77.00 even though the expense never occurred. For example you may have an employee who got a complimentary room or they may stay with family or friends, but on their travel reimbursement they claim the \$77.00. So we would like to change that policy to require a receipt for all lodging expenses and that way the Commission will have the ability to reimburse the actual amounts that we incurred so no more and no less.

Governor: Is this something that has been abused?

Crystal Jackson: We have our suspicions. It is difficult to say yes when we don't require a receipt. But we are aware that we have some employees that have been submitting for reimbursement when the travel expenses have not occurred. We are estimating that we could probably stretch our travel dollars with this change and currently we are trying to make our spending go as far as we can so that we don't exceed that budget account.

Governor: Thank you Ms. Jackson. Do any of the other members have questions? My question is should this be a state wide policy?

Clerk: Yes Governor. This relates to the discussion that we had at the last BOE with the State Controller's Office. We currently don't require receipts when they use the CONUS rate which is the lowest rate. What we discussed at the last meeting is that we are going to look into this policy and bring back changes to the Board members.

Governor: If there are no questions by the Board, the chair will accept a motion.

Attorney General: I will move for approval.

Secretary of State: Second.

Governor: This item has been motioned by the Attorney General and second by the Secretary of State to approve agenda item one. Are there any questions on the motion? Hearing none, all those in favor of the motion please say aye. The motion passes unanimously.

***2. VICTIMS OF CRIME 2011 3RD QUARTER REPORT AND 2011 4TH QUARTER RECOMMENDATION**

NRS 217.260 requires the Board of Examiners to estimate available revenue and anticipated claim costs each quarter. If revenues are insufficient to pay anticipated claims, the statute directs that claim payments must be reduced proportionately. The Victims of Crime Program Coordinator recommends paying the Priority 1 & 2 claims at 100% and Priority 3 claims at 100% of the approved amount for the 4th quarter of FY 2011.

Clerk's Recommendation: I recommend approval.

Motion By: Attorney General Seconded By: Secretary of State Vote: 3-0

Comments:

Governor: Next item on the agenda, Mr. Clinger.

Clerk: Thank you Governor. This is a request for the Victims of Crime program to approve the reimbursement rates for the 3rd quarter of fiscal year 2011. This requirement is pursuant to NRS 217.260 the Board is required to estimate available revenue and anticipated claim costs each quarter. Based on those projections it is recommended that we continue to pay Priority Claims at 100%. In your packet you will see beginning on page two of the information provided you can see on the first table the amounts that were billed in fiscal year 2011.

Governor: Is this an information item or an action item?

Clerk: This is an action item. The Board has to set approve the reimbursement rates for the 4th quarter based on the projections.

Governor: I have a question; it says that the federal governments' contribution for the grant is \$820,000 higher than last year. What are the elements that come in that determine how much that grant is going to be?

Clerk: Governor, I am not sure if we have anyone here from the Victims of Crime program. I am not sure what the criteria is, for allocating those funds to the state.

Governor: For my reading on this because the increases in revenue from fines, restitution, wage assessment, court assessment, treasurers interest it has got to be because we increased the grant, but if the grant doesn't come in next year at that level what would we have to consider?

Clerk: Governor, this is something that we have to evaluate every quarter to see what the state receives to pay the claims and you are correct for this fiscal year we did receive a \$820,000 more in federal assistance than we received last year so that has enabled us to pay the claims at 100%. We are required to come back every quarter and make the projections off what we think the revenue would be.

Governor: Thank you Mr. Clinger. Are there any questions from the Board members? The chair will accept a motion.

Attorney General: I'll move for approval.

Secretary of State: Second.

Governor: It has been motioned by the Attorney General to approve agenda item number two and second by the Secretary of State. Is there any discussion on the motion? Hearing none all those in favor of the motion please say aye. The motion passes unanimously.

***3. SALARY ADJUSTMENTS**

A. Distribution of Salary Adjustments to Departments, Commissions and Agencies, pursuant to Chapter 391, Senate Bill 433, Sections 6, 7, 8, of the 2009 Legislative Session.

The 2009 Legislative Session made appropriations from the General Fund and the Highway Fund to the Board of Examiners to meet certain salary deficiencies for fiscal year 2011 that might be created between the appropriated money of the respective departments, commissions, and agencies and the actual cost of the personnel of those departments, commissions, and agencies that are necessary to pay for salaries. Under this legislation, the following amounts from the General Fund and/or Highway Fund are recommended:

BA#	BUDGET ACCOUNT NAME	GENERAL FUND ADJUSTMENT	HWY FUND ADJUSTMENT
1052	ARCHIVES & RECORDS	\$4,567	
2870	NEVADA HISTORICAL SOCIETY	\$8,036	
2891	NEVADA STATE LIBRARY	\$11,537	
2892	CULTURAL AFFAIRS ADMINISTRATION	\$11,508	
2940	NEVADA STATE MUSEUM	\$24,172	
2941	MUSEUMS & HISTORY ADMINISTRATION	\$4,784	
3194	HHS – CONSUMER HEALTH PROTECTION	\$15,990	
	Total	\$80,594	

Clerk’s Recommendation: I recommend approval.

Motion By: Attorney General Seconded By: Secretary of State Vote: 3-0

Comments:

Governor: Item number three on the agenda, Mr. Clinger.

Clerk: Thank you Governor. Item number three is a request to disburse funds out of the Board of Examiners’ salary adjustment account. These are funds that were appropriated by the 2009 Legislature for the purposes of allocating to state agencies the Governor’s budget. Over the current biennium it was a 6% salary reduction and when the legislature implemented that furlough which reduced the cut to 4.6% and when the legislature approved those budgets they did not restore all of the funding back to the individual accounts. Instead the difference between the 6% cuts for the Governor’s budget and the 4.6% approved the legislature was appropriated to the Board of Examiners salary adjustment funds. So this is the first of the series of salary adjustments that you will see for the fiscal year of 2011. Most of these items relate to the Department of Cultural Affairs and there is one Consumer Health Protection on there from the Department of Health and Human Services. So these items come in to our office at the end of each fiscal year and each agency is allowed a certain amount of the Board of Examiners funds to be allocated.

Governor: Which account do these funds come out of?

Clerk: It comes out of an account that we refer to as the Board of Examiners salary adjustment account. So the legislature appropriates funds to this account to be disbursed to state agencies based on the difference between the 6% reduction that was originally put in the budget. Typically this account is used to fund cost of living and instead of putting the cost of living into each individual account it is just appropriated to this account and then allocated out to the correct agency based on the adjustments.

Governor: And we will have a sufficient amount to cover this?

Clerk: Yes, we will have sufficient money to cover this. We track how much each agency is eligible for the biennium and we don't let any of the agencies to exceed their calculated amount.

Governor: Thank you, Mr. Clinger. Are there any questions from the Board members?

Attorney General: Quick question, so that account it will no longer exist after the next biennium is that right?

Clerk: It depends on what the legislature does and if they were to change the salary reduction and they didn't go in and change each individual account than it would be put into the Board of Examiners' salary adjustment account for disbursement to the agencies.

Governor: Are there any other questions from the Board members? Hearing none the chair will accept a motion on agenda item number three.

Attorney General: I will move for approval of agenda item three.

Secretary of State: I'll second.

Governor: It has been motioned by the Attorney General and second by the Secretary of State for the approval of agenda item three. Is there any discussion on the motion? Hearing none, all those in favor of the motion please signify by saying aye. The motion passes unanimously.

***4. STATE VEHICLE PURCHASE**

Pursuant to NRS 334.010, no automobile may be purchased by any department, office, bureau, officer or employee of the State without prior written consent of the State Board of Examiners.

AGENCY NAME	# OF VEHICLES	NOT TO EXCEED:
Department of Business and Industry – Industrial Relations – Mine Safety & Training Section	1	\$26,359.25
Total:		\$26,359.25

Clerk's Recommendation: I recommend approval.

Motion By: Attorney General Seconded By: Secretary of State Vote: 3-0

Comments:

Governor: We will move to agenda item four, Mr. Clinger.

Clerk: Thank you Governor. Item number four is a request to purchase a vehicle. This is a replacement vehicle for the Department of Business and Industry, Industrial Relations Division, Mine Safety & Training Section. This is to replace a vehicle that has 127,488 miles on it.

Governor: Are there any questions from the Board members on number four of the agenda? Hearing none, the chair will accept a motion.

Attorney General: Move for approval of item four.

Secretary of State: Second.

Governor: It has been motioned by the Attorney General to approve item four on the agenda and second by the Secretary of State. Is there any discussion on the motion? Hearing none all those in favor of the motion please say aye. The motion passes unanimously.

***5. LEASES**

Three statewide leases were submitted to the Board for review and approval.

Clerk's Recommendation: I recommend approval.

Motion By: Attorney General Seconded By: Secretary of State Vote: 3-0

Comments:

Governor: We will now move to agenda item number five.

Clerk: Thank you Governor. Agenda item number five is the request for approval on three leases. The first lease is for the Department of Business and Industry, Director's Office for a move due to the consolidation of the Department. Just a note for the board members this consolidation was actually approved this morning by the joint subcommittee. This item is contingent upon final legislative approval. If the legislature didn't approve the consolidation this lease would have to change. The second lease on the list is an amendment to an existing lease and I believe the third lease is also an amendment.

Governor: Are there any questions from the Board members on agenda item five?

Attorney General: Let me back up to lease one, if the legislature doesn't approve the consolidation we will not need this lease?

Clerk: Not necessarily, it just depends what the legislature decides to do. The size of this lease could change if the legislature decides not to approve the consolidation.

Attorney General: I guess I just wanted to make sure that we are able to get out of the lease at no cost to the state if the consolidation is not approved.

Clerk: That is correct; all of our leases have a funding clause so if the funding is not approved for this relocation there will be no costs to us.

Attorney General: So it's conditioned not necessarily on Interim Finance Committee and the Board of Examiners or is it IFC that approves it or is it the legislature?

Clerk: There is actually several pieces to it. The Joint Subcommittee today approved the consolidation. What IFC will do is there is some funding needed in fiscal year 2011 to make the move happen and there are some tenant improvements that also needs to be done. There is a work program that was submitted to IFC to provide funding in the current fiscal year.

Governor: Mr. Secretary do you have any questions?

Secretary of State: I do not, Governor.

Governor: The chair will accept a motion on agenda item five for leases.

Attorney General: I'll move for approval.

Secretary of State: Second.

Governor: It has been motioned by the Attorney General and second by the Secretary of State. Is there any discussion on the motion? Hearing none all those in favor of the motion please say aye. The motion passes unanimously.

***6. CONTRACTS**

Seventy-five independent contracts were submitted to the Board for review and approval.

Clerk's Recommendation: I recommend approval.

Motion By: Attorney General Seconded By: Secretary of State Vote: 3-0

Comments:

Governor: We now move to agenda item six, Mr. Clinger.

Clerk: Thank you Governor. Agenda item six is the request for the Board of Examiners' to approve 75 independent contracts.

Governor: I have a few contracts that I would like to discuss contract number 1, 6-14, 15, 17, 42, 73 and 74. Do any of the other Board members have any contracts that you have any questions on?

Secretary of State: No Governor.

Attorney General: I have questions regarding contract number 17.

Governor: We will move on to contract number one. My question is simply what are we accomplishing on this contract?

Tom Wilczek: This contract is to provide the Nevada Energy Assistance Corporation (NEAC), a non-profit corporation, formed by the Department of Business & Industry funding to lessen the burdens of government of the State by promoting the development of renewable and sustainable energy projects with Nevada. Pursuant to the recommendations of the Governor's Renewable

Energy Transmission Access Advisory Committee, and the Governor's Renewable Energy Transmission Access Advisory Committee, Phase II, NEAC was formed to perform the essential functions of conducting feasibility, environmental and engineering studies and planning for the construction and operation of transmission lines necessary to connect renewable and sustainable energy generating sites to the State and National power grids.

Secretary of State: Governor, I would just note that NEAC is in default with our office. The contract requires that they maintain themselves in good standings. We will follow up with them to make sure that they are in compliance.

Governor: We will move on to contract number six.

Greg Smith: These contracts are all linked together is there any specific questions or would you like me to talk a little bit of why we administer these contracts?

Governor: Yes, that was my question why are we doing these contracts?

Greg Smith: The short answer is why purchasing? We do a good job. I will tell you a couple of things is the State needs to be the recipient. We actually administer about seven Commodity Foods Programs such as, The School Nutrition Program is one of them and there are several others. They all kind of link together in our distribution and keep the trucks full, receiving money. The recent internal audits that we have had by both LCB and our own Internal Audit staff from the Department of Administration have discussed the idea, would it be better in Welfare or in DHHS? We have come out of each of those audits with a recommendation of continue to talk, continue to get the biggest bang for the buck for right now and the last 30 years it has been done in the Purchasing Division. When you talk about how, the State has a 65,000 square foot warehouse located in Reno next to the DMV. We also have a 15,000 square foot warehouse located in Las Vegas that we own. One of the reasons that it has been hugely important for the State to continue to play this roll is that once you get outside of Clark County and Washoe County and maybe Carson City being the exception you will find that there is not enough storage places in the rural areas to administer the program and so what happens is the federal government will decide that Nevada is allocation of chicken is x million pounds of chicken. These contracts are for processors to turn the raw chicken into chicken nuggets, chicken fingers things that the school lunch folks have determined that their kids will eat and therefore they are interested in buying. The commodity product goes to the processor, the processor then ships us the product we bring it into our warehouse and then our trucks deliver it out to the school facilities on a regular basis. One of the things that is kind of neat is how our system works. Keep in mind the State Purchasing also operates the surplus excess property program where we pick up desks and chairs any excess property that an agency is getting rid of and bring it back and either use reallocation techniques to get it back into other agencies or non-profit organizations or we auction it off and bring that revenue back into the State. The synergy of these kinds of product we are able to send full trucks because we have a variety of programs going out like to Elko and we are able to bring half to three quarters of a truck load of surplus property back in. So in essence the federal government and this is all cost allocated out and it has all been approved the federal government through these programs helps subsidize our surplus property program to a tremendous extent. If we weren't doing that full truck out and half truck back we would still be settled with doing the excess surplus property program. Coming to the legislature ourselves and asking for general fund money in order to do that. So there is a lot of

duck tailing that goes on. The allocations are based on the School lunch program but also the Temporary Emergency Food Assistance Program (TEFAP). We work very closely with the food banks in the state primarily Three Square in the South and Food Bank of Northern Nevada and we are having some very serious discussions on maximizing the distribution points and value. We have a lot of people that are very happy to do business with us but we want to make sure that our distribution point isn't four miles down the road from someone else's distribution point to where an individual who probably doesn't have transportation needs food to where we say well here is your food basket now if you want the one that you would get from Three Square you have to figure out a way to get over here. So we are talking in earnest of how we can combine these things and even combine some of the deliveries so we can maximize the amount of food we get to the people. The two primaries are: how we get the money is the unemployment population and the percentage of people at or near the poverty levels. Unfortunately in Nevada in the last three or four years that graph has gone up and our budget has grown immensely from the federal government and food product distributed out to people. But we have been able to keep up we have used man power a lot of volunteer workers help distribute the food to churches and to food banks. It is quite an intricate program; I would love to show it to you sometime. Also, these two warehouses kind of function as an ombudsman state garage if you will. There is a lot of times where something comes up and things need to be picked up and taken out of places, we are not concerned where it goes right now just get it out here. And we can take it and store it and then decide what we will do with it. These programs basically pay for the operation of that facility that a lot of agencies get to benefit from.

Governor: Thank you Mr. Smith. That was one of my questions, so you are in conversations with Non-Profits like Three Square and Food Bank to see if they perhaps would like to take it over because they are in the business as well?

Greg Smith: We have over all conversations going on right now. We brought a facilitator in to keep everybody in their corners and keep things moving productively as you might imagine there is a little bit of turf protection that goes along with these things as well simply because we have done it for thirty years doesn't mean that is the best way to do it now. We do have very sophisticated food banks at either end of the State right now. Part of our concern at least with those two food banks is our program delivers food products to the whole State. Those two programs that I just mentioned specifically really focus on Clark and Washoe. They do get out into the other areas, but they really focus heavily on Clark and Washoe. So part of our concern is we want to make sure the people in Ely, the people in Gabs, the people in Panaca are not forgotten in their distribution plan. We can do better than what we are doing now together.

Governor: So back to the schools, the school districts have their own vendors so you deliver the food to the school

Greg Smith: The vendors such as Tyson they are the ones that package all of the chicken fingers or nuggets or what ever it is the schools says they want to order. Back up just a little bit we weren't very close with the schools to decide what to order out of these products because they found out that the kids liked different stuff, so we are trying to always work with them and make sure that the product we are sending is something that they can buy from the distributor. The cost of these products and this is why the school districts love this, the chicken is pretty much given to the State so we are able to keep the cost low on this. So they maximize every school

district in the State including Clark County, does everything that they can to use up their allocation on the commodity products to keep their costs low for the school lunches.

Governor: Thank you Mr. Smith. Do any of the other Board members have any questions? Hearing none we will move on to item number fifteen. Just a couple of questions you are looking to develop and then secondly I see that this is an out of state advertising firm?

Larry Friedman: The whole process was overseen by State Purchasing. The Committee that reviewed the responses is made up of five people, but two of them are our Commissioners. There were eight responses that were from Nevada the others were all out of state. The proposal from one of the vendors was alarming with regards to the scoring. One of the vendors from Nevada was one of the top three but the other vendor came in less.

Governor: I am not a marketer but I have lived in the area a longtime and is it important that you renew a brand every three years? This concerns me.

Larry Friedman: We have never done brand researching. We have had a very successful campaign and they are pleased just with our advertising and we just want to send the strongest message possible.

Governor: You said that there were only two vendors in Nevada?

Larry Friedman: Yes.

Governor: I don't have anymore questions. Do any of the other Board members have any questions? Thank you, Larry. We will now move on to agenda item number seventeen. Could you please give us some background and let us know why you need this contract.

Chris Nielson: The way that this contract was written is there is an option for a one or two year extension on the original contract. I believe the Secretary of State as well as the Attorney General both have some history with this contract that goes back to 2008. What this contract does is provides lock box services. Those services are a high volume processing and depositing of taxpayer payments. This is the fastest way that the department can process the returns. The reason why it states a one or a two year extension is the current contract expires June 30th of this year. The departments intent I believe was to go out to RFP at some point. The one year lease might not give us enough time to go through the RFP process but I will feel comfortable with either extension of the contract.

Governor: If you knew that this contract was due to expire in June why hasn't it come to the Board any sooner?

Chris Nielson: Thank you Governor. I anticipated that question and personally I don't know. I was not involved with the original contract. I suspect that the policy was to go to RFP.

Governor: Are there any Board member comments?

Attorney General: Yes, thank you. I know that back in January when this came before us and you were not with the department at that time. One of our concerns is that the money has to be in

the state and our approval was contingent upon JP Chase moving the money to an account here in Nevada. Are the lockboxes here in Nevada?

Chris Nielson: I do not believe so.

Attorney General: Just let me tell you that I have the statute in front of me and it is very specific and from my understanding it hasn't changed. Any money belonging to the State must be deposited into an institution or national bank. So unless you went to the Board of Finance it has to be at a facility in the State. That was a condition of our motion on the original contract. It sounds like that has not happened.

Chris Nielson: I apologize my deputy is not here today, I can't say for sure where the account is at. It was certainly not the intent of the department to defy what is in statute.

Attorney General: Here is my concern obviously we are in a bind and in this point in time we are going to have an extension so that you can go through the RFP process so that there is no disruption in service.

Chris Nielson: That is correct.

Attorney General: At the same time however, can we move that money to a different account now or is that going to disrupt the process?

Chris Nielson: I can certainly pleasure the board and contact JP Morgan Chase today and even though they are located in Arizona get some insight as to what we can do to move the account to Nevada.

Attorney General: That is what I ask Governor, I don't know what the pleasure of the Board is but at least I am willing to extend this for a year with the promise that you are going out to RFP.

Chris Nielson: Absolutely. We will start that RFP much sooner than later.

Governor: If you could also follow up with each of the Board members as to whether there is an account here and if not what does it take to get one.

Chris Nielson: Absolutely.

Clerk: Governor, if I may we can certainly bring an information item back to the next meeting to give the Board members an update on this process.

Governor: Yes if you could please follow up with that Mr. Clinger. Mr. Secretary, do you have any questions?

Secretary of State: I have one comment and just a couple of questions. I just want to echo the concerns of the Attorney General. I remember this discussion in 2008 and at that time had commented that it is one of the top complaints that I hear because people confuse me as the tax collector in the state that they have to send their money to Arizona. So I am certainly anxious to see that result. I do have a couple of questions for Mr. Nielson, under the previous terms of the

contract the state was paying in the ball park of about a million five a year and under this proposal the one year extension that we are contemplating it looks like we are contemplating a substantial discount and paying about five hundred and twenty-one thousand. If we extend that additionally it jumps up to a million five or in the ball park of what we were paying previously. Do you have any idea why they offered that substantial discount for this one year extension?

Chris Nielson: Mr. Secretary, it is my understanding that when we were funded last session we estimated the amount it is variable depending on the term because it is based on transactions. We over estimated so if the Board approves the one year there is a discount, not because JP Morgan is offering a discount but because there is extra money or a credit going forward and if we do the two year we initially go back to the original dollar amount.

Secretary of State: What is your recommendation? Is it to extend it one year or two years and part of my concern is in looking at the amount for the two year extension that seems to be more in line with the original contract rate. Some of the back ground material attached some of the concern is that if they put the RFP out and they select another vendor you would want to insure over lap in services so that there is no disruption of service. And if that were to happen if we were to select a different contractor I could see how some people suggest that the state may not be in a strong bargaining position because obviously the contractor at that time wouldn't have much incentive to give us the benefit of the doubt. Have you been given any insurance from JP Morgan that should we only continue this for one year and we are not able to finalize the RFP in the expedited manor that they would hold that same rate and make it available to us?

Chris Nielson: We have been given assurances from JP Morgan that if we choose another vendor they will make sure that there is no interruption of services. As far as your specific question on the extension beyond one year, I am not aware of the specifics regarding the rate but that is certainly something that I can find out and bring back to the board.

Secretary of State: So at this point what is your recommendation is it a one year or two year extension.

Chris Nielson: My organization would be comfortable with the one year.

Governor: Are there any other questions? Thank you, Mr. Nielson. We will move on to contract number forty two. Just a question on how that number \$643,520 was established?

Jeff Morrow: The \$643,520 is a two year rate. It will be \$1.52 per month per child. I am not sure what the going rate is and I am new to this position but that is the rate during school and for summer school.

Governor: So is it essentially in line with what the state is paying?

Jeff Morrow: I understand that it is but I can't 100% verify.

Governor: That is all that I have, do any of the members have any questions? Thank you. Next is contract number 49 for the Department of Public Safety. This is just a mechanical question, this contract is for \$295,000 and there is also a collection of registration fees. Is there

reimbursement for each student, or is there a payment that is made for these motorcycle lessons? How does all of that work? So this is just a subsidy for people who want to take that class?

Kiphart: That is correct.

Governor: That is all I have on that, do any of the other members have any questions? Thank you. Next we have contracts 73 and 74.

Jim Wells: Thank you Governor. Contract number 73 is a new contract to replace an existing contract. We went through the RFP process there were 8 vendors in the RFP and in the process of the evaluation committee some of the things that they looked at were guarantees and the biggest part of this contract is to provide prescription drugs to the participants. Only about 3.1 million will actually go to the vendor and the other portion is for the cost of the medication for the participants.

Governor: Are we spending more or less on prescriptions?

Jim Wells: We are spending much more.

Governor: Is there any explanation for that? That is a significant amount of money.

Jim Wells: It is dramatic. The prices of the prescriptions are very expensive.

Governor: Does that State have any kind of wellness program to compliment that?

Jim Wells: Absolutely Governor. We are meeting with our wellness vendor this morning to go over diet, nutrition and exercise for participants that choose the PPO Plan.

Governor: Do either of the Board members have any questions on contract number 73. We will move on to the next contract number 74.

Jim Wells: This contract has no state dollars attached to it. This is just a service that we provide to our participants to offer discounted insurance. Currently as of December 31, 2009 there were 14,500 policies with a premium of about \$16,000,000.

Governor: Is there a process to which we could open this up?

Jim Wells: This contract went to an RFP four years ago.

Governor: And how long are we extending this contract?

Jim Wells: This particular contract is being extended for two years. One of the reasons that we went with two years is the number of participants that are with this vendor.

Governor: Are you satisfied with Liberty Mutual as far as claims go with all of the participants?

Jim Wells: There are many services provided by Liberty Mutual.

Governor: Are there any other questions for Mr. Wells from the Board members? Thank you. Before I call for a motion do any of the Board members have any questions with regards to the contracts 1 through 75 under agenda item number six?

Attorney General: Governor, I ask that we pull out contract number 17 and take that motion separately.

Governor: The chair will accept a motion on agenda item number six, contracts 1-75 with the exclusion of contract number 17.

Attorney General: I will move for approval of contracts 1 through 75 with the exclusion of number 17.

Secretary of State: Second.

Governor: There is a motion by the Attorney General to approve agenda item number 6 contracts 1 through 75 with the exclusion of contract number 17 and second by the Secretary of State. Is there any discussion on the motion? Hearing none, all those in favor of the motion please say aye. The motion passes unanimously. We will take contract number 17 under agenda item number 6.

Attorney General: Governor, I move for approval of item number 17 for a one year extension and also with the understanding that the money needs to be in an account located in Nevada and that they go out for an RFP.

Secretary of State: Second.

Governor: There is a motion by the Attorney General to approve contract number 17 under agenda item number six for a one year extension and also a request that the funds associated with this contract be located in Nevada. It has been second by the Secretary of State is there any discussion on the motion? Hearing none all those in favor of the motion please say aye. The motion passes unanimously.

***7. MASTER SERVICE AGREEMENTS**

One master service agreement was submitted to the Board for review and approval.

Clerk's Recommendation: I recommend approval.

Motion By: Attorney General Seconded By: Secretary of State Vote: 3-0

Comments:

Governor: We move to agenda item number 7, Mr. Clinger.

Clerk: Thank you, Governor. Agenda item number 7 is a request for approval of a Master Service Agreement with International Towers, Inc. This is a contract to provide communication site parts and services.

Governor: Thank you, Mr. Clinger. Are there any questions from the Board members? Hearing none the chair will accept a motion.

Attorney General: I'll move for approval of agenda item 7.

Secretary of State: Second.

Governor: There is a motion by the Attorney General to approve agenda item number 7 and second by the Secretary of State. Is there any discussion on the motion? Hearing none all those in favor of the motion please say aye. The motion passes unanimously.

8. INFORMATION ITEM

A. Department of Conservation and Natural Resources – Division of State Lands

Pursuant to NRS Chapters 111, Statutes of the Nevada, 1989 at page 263, the Division of State Lands is required to provide the Board of Examiners quarterly reports regarding lands or interests in lands transferred, sold, exchanged or leased under the Tahoe Basin Act program. Also, pursuant to Chapter 355, Statutes of Nevada, 1993, at page 1153 the agency is to report quarterly on the status of real property or interests in real property transferred under the Lake Tahoe Mitigation Program. This submittal reports on program activities for the fiscal quarter ending March 31, 2010 (reference NRS 321.5954).

- **1989 Tahoe Basin Act**

The agency reports that there were no transfers of lands or interests in lands during the quarter.

There were no acquisitions of lands or interest in lands during this quarter.

- **Lake Tahoe Mitigation Program**

The agency reports that there were no transfers of land or interest in land under this program for the quarter.

Comments:

Governor: We move to agenda item 8A, Mr. Clinger.

Clerk: Thank you, Governor. Agenda item number 8A is the 3rd quarter report from the Division of State Lands on the 1989 Tahoe Basin Act and the Lake Tahoe Mitigation Program. There are no activities to report.

Governor: Nothing?

Clerk: Nothing, no transfers, no acquisitions.

B. Department of Transportation – Settlement claims paid to former employees

NRS 41.037(3), allowing state agencies to pay an administrative claim or settlement from any money appropriated or lawfully available for that purpose.

In fiscal year 2010, Nevada Department of Transportation (NDOT) paid settlement claims to three former employees in the amounts of \$10,000, \$22,500, and \$150,000, for a total of \$182,500. These payments were not approved by the Board of Examiners prior to issuing the payments, may not have been in compliance with Chapter 41 of the Nevada Revised Statutes, and were not transparent. Items for possible future action include direction from the Board for the approval of contracts and settlements, possible changes to the State Administrative Manual, Chapter 300, regarding cooperative agreements and contracts to change the threshold requirements and/or add a section regarding settlements, and possible future discussion and action regarding the three settlement claims paid by NDOT in fiscal year 2010.

Comments:

Governor: Mr. Clinger if you would move on to agenda item 8B.

Clerk: Thank you Governor. Agenda item 8B is an information item for the Board dealing with the settlement claims to former employees involving the Department of Transportation. We put this on the agenda as an informational item for the Board review. I have also included information on there on potential future direction from the Board on how the Board would like to see these settlement claims handled. We included a potential request to change the State Administrative Manual to clarify the requirements on these and we are really just looking for some direction from the Board on future settlement agreements and how we should proceed.

Governor: Thank you Mr. Clinger. I see Mr. Munro here from the Attorney General's Office.

Keith Munro: There appears to be three claims here. The State has a public policy matter that is called the Tort Claims fund and everyone knows about the Tort Claims fund. There is also a Settlement Account Fund. This budget account was created by the legislature. The Department of Transportation has the authority to settle their claims through this account, but there is a little difficulty in process. The process is the constitution creates the Board of Examiners and it requires the Board of Examiners to approve all claims. It doesn't appear that the Department of Transportation or the Budget Division are coming to the Board of Examiners to get the claims approved. I would recommend that all claims come to the Board for approval.

Governor: Thank you Mr. Munro and are you aware if there are other claims that may have made their way past this separate account?

Keith Munro: These are the only three claims that I am aware of.

Governor: Do you know when the settlement account was established?

Keith Munro: No I don't, but it should be available in LCB records.

Governor: Perhaps Mr. Clinger would know the answer?

Clerk: Governor, I do not. We can bring that information back to the Board.

9. BOARD MEMBERS' COMMENTS/PUBLIC COMMENT

Comments:

Governor: Agenda item number nine. Are there any Board member comments today?

Secretary of State: Governor, I just wanted to wish your Budget Director Mr. Clinger the best of luck in his endeavors. It has been a real privilege to work with him since I was elected in 2007. He has done an exceptional job, I was kind of selfishly hoping that he would stay for the long haul but I certainly understand the opportunity is in front of him. I witnessed firsthand how challenging his job has been over that period of time and think he has handled it with utmost grace. So the City of Reno's gain is certainly our loss. I really appreciate his service.

Governor: Thank you, Mr. Secretary and I am not letting him go just yet. I agree with everything that you said and the City of Reno is going to be extremely well served. Andrew has had a very steady hand for somebody that has universal respect. Here in Carson City as well as throughout the State he has the utmost integrity, work ethic, family man and I just appreciate everything that you have done during my opportunity to work with you.

Attorney General: And let me just say that I echo the comments as well.

Clerk: Thank you to all of the Board members. I am very humbled by all of your comments and just want to say that I have enjoyed working with all of you and I will definitely be here until the budget is done, Governor I have committed that to you. I have just really enjoyed the process and I want to thank you all.

Governor: Thank you Mr. Clinger that is the best news that I have heard all day. But I also have Public Comment and I am sorry if I mentioned this at the last meeting, maybe when you walked into the room you saw the etched glass above the door way. This room is dedicated to the memory of Governor Guinn. You see his picture there and in the very near future the former first lady Mrs. Guinn has agreed to donate a portrait of the Governor which will hang in here permanently. So in the future you are not coming to the Annex you are coming to the Guinn Room. Do we have anyone from the public who would like to make a comment?

Kim Wallin: Good Morning Governor. I would like to comment regarding the last agenda item with NDOT and settlement claims. The way that I got involved in this is the individual who receiving the money called and said that it is on the wrong form. That was first acknowledgement of this happening. That is when our office started investigating it and that is when we found that it hadn't gone to the Board of Examiners and we wanted to bring it to your attention as well. We started doing some checking and this individual had left state service and their employee id was still active. A couple of things that I would like to see happen is have some procedures I need to get a copy of all of the agreements because I need to make sure that it is on the right form so the individual can get paid. Andrew I will help you out on your job. There was another settlement that happened in February 2011 for the Insurance Division for \$12,000 and it was again paid through miscellaneous services again using the employee id number.

Governor: Thank you, Is there anyone else here from the public wishing to make a comment?

***10. ADJOURNMENT**

Motion By: Attorney General Seconded By: Secretary of State Vote: 3-0

Comments:

Governor: We will move to agenda item ten adjournment. Is there a motion to adjourn?

Attorney General: So moved.

Secretary of State: Second.

Governor: It has been motioned by the Attorney General and second by the Secretary of State. All of those in favor of the motion please signify by saying aye. The motion passes unanimously and the meeting is adjourned. Thank you.

Respectfully submitted,

ANDREW K. CLINGER, CLERK

APPROVED:

GOVERNOR BRIAN SANDOVAL, CHAIRMAN

ATTORNEY GENERAL CATHERINE CORTEZ MASTO

SECRETARY OF STATE ROSS MILLER