

MINUTES

MEETING OF THE BOARD OF EXAMINERS

August 15, 2011

The Board of Examiners met on August 15, 2011, in the Guinn Room on the second floor of the Capitol Building, 101 N. Carson St., Carson City, Nevada, at 9:00 a.m. Present were:

Members:

Governor Brian Sandoval
Attorney General Catherine Cortez Masto
Secretary of State Ross Miller
Clerk Jeff Mohlenkamp

Others Present:

Mike Torvinen, Department of Health and Human Services
Charles Duarte, Department of Health and Human Services, Health Care, Financing and Policy
Nancy Bowman, Attorney General's Office
Mike Fischer, Department of Cultural Affairs
Debra Scott, NSBN
John McCuin, Department of Agriculture
Claire Weil, Department of Health and Human Services, Northern Nevada Adult Mental Health Services
Colleen Murphy, Department of Health and Human Services, Mental Health and Developmental Services
Al Kenneson, Department of Health and Human Services, Lakes Crossing Center
Laxmi Bokka, Department of Health and Human Services, Mental Health and Developmental Services
Danette Kluever, Department of Health and Human Services, Child and Family Services
Mark Teska, Department of Public Safety
Johnean Morrison, Department of Public Safety, Highway Patrol
Bernie Curtis, Department of Public Safety, Highway Patrol
Curtis Palmer, Department of Public Safety
Nancy Bowman, Attorney General's Office
Diane Grass, Attorney General's Office
Kendall Howard, Department of Health and Human Services, Mental Health and Developmental Services
Judith Lyman, Department of Health and Human Services, Mental Health and Developmental Services
Elizabeth Conboy, Department of Public Safety, Investigations
Ryan Miller, Department of Public Safety, Investigations
Phil Weyrich, Department of Health and Human Services, Health
Tina Sanchez, Department of Public Safety, Investigations
Katie Armstrong, Attorney General's Office
Kevin Clifford, Nevada Photo Source
Sara Fugii, Nevada Photo Source
Dennis Gallagher, Attorney General's Office

Norman Allen, Attorney General's Office
Carol Sala, Department of Health and Human Services, Aging and Disability Services
Clark Leslie, Attorney General's Office
Wes Henderson, NV Association of Counties
Lindsay Anderson, Economic Development
Joe Pollock, Department of Health and Human Services, Health Division
Daniel Barr?? Office of the Military
Mike Chapman, Falcon Capital
Wendy Simons, Department of Health and Human Services, Bureau of Health Care and Quality Control
Todd Rich, Department of Business and Industry
Bruce Breslow, Department of Motor Vehicles
Dawn Rosenberg, Department of Corrections
Deborah Reed, Department of Corrections
Brenda Ford, Department of Employment, Training and Rehabilitation
Deb Cook, Department of Motor Vehicles
Mike Torvinen, Department of Health and Human Services
Rebecca Salazar, Department of Administration, Victims of Crime in Las Vegas
Kimberlee Tarter, Department of Administration, Purchasing

PRESS

Sean Whaley, Nevada News Bureau
Cy Ruan, Las Vegas Sun
Sandra Cherub, Associated Press
Ed Vogel, Las Vegas Review Journal

1. PUBLIC COMMENTS

Comments:

Governor: We'll begin with Item No. 1 on the Agenda, Public Comments. Is there anyone present here today, a member of the public that would like to provide testimony to the Board of Examiners? Is there anyone in Las Vegas who would like to provide public comments?

Rebecca Salazar: No.

***2. FOR POSSIBLE ACTION – APPROVAL OF THE JUNE 14, 2011 BOARD OF EXAMINERS’ MEETING MINUTES**

Clerk’s Recommendation: I recommend approval.

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

Comments:

Governor: We'll move onto Items No. 2 and 3 of the Agenda, approval of June 14, 2011 Board of Examiners' Meeting Minutes as well as the July 20, 2011 Board of Examiners' Minutes. Has the members had an opportunity to review the minutes?

Attorney General: Yes.

Governor: Are there any changes, deletions or additions to the Minutes? The Chair will accept a motion.

Attorney General: I'll move to approve the minutes of June 14, 2011 as well as the July 20, 2011 minutes.

Secretary of State: Second.

Governor: We have a motion by the Attorney General to approve items 2 and 3 of the Agenda, and seconded by the Secretary of State. Is there any questions or discussion on the motion? Hearing none, all in favor of the motion please say aye. Motion passes unanimously.

***3. FOR POSSIBLE ACTION – APPROVAL OF THE JULY 20, 2011 BOARD OF EXAMINERS’ MEETING MINUTES**

Clerk’s Recommendation: I recommend approval.

Motion By: **Seconded By:** **Vote:**

Comments:

***4. FOR POSSIBLE ACTION – APPROVAL TO PAY A CASH SETTLEMENT**

Pursuant to NRS 41.037, the State Board of Examiners may approve, settle or deny any claim or action against the State, any of its agencies or any of its present or former officers, employees, immune contractors or State Legislators.

A. Department of Transportation – Administration - \$5,000,000

This is a recommendation, following a judicial settlement conference, for settlement of an eminent domain action, *State of Nevada v. Falcon Capital, LLC.*, that sought to acquire in fee and by permanent easement three small parcels for the I-580 Freeway Extension Project. Settlement entails the acquisition of 31.5 acres for \$5 million and submission of the issue of the taking of water rights to binding arbitration.

Clerk's Recommendation: I recommend approval.

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

Comments:

Governor: We'll move onto Item No. 4 of the Agenda and to possible action, approval to pay a cash settlement. Mr. Mohlenkamp.

Clerk: Thank you, Governor. Before you is a recommendation by the Attorney General's office following a judicial settlement conference for the payment of \$5 million. This is the acquisition for approval of five acres, and the issue of water rights will be subject to binding arbitration.

Governor: Is there somebody here from the Attorney General's Office?

Norman Allen: Good Morning Governor.

Governor: Could you give us an overview with regard to the settlement? It would be helpful for me because there's not a map in here exactly where this piece of property is.

Norman Allen: This property is located on the western side of Washoe Valley on the interchange or the I-580 Freeway Extension Project. This particular piece is just immediately to the south of that which is three small parcels in that location. In the course of this action, NDOT was in breach of contract for some additional compensation for a certain loss of an access road which would connect a piece of the earlier acquisition to the existing piece.

Governor: Now, I had a question. There's an outstanding issue of water rights?

Norman Allen: Yes, that is correct. And the reason for that, this particular item is set for a three-week jury day trial that will be associated with binding arbitration that would probably take about two days. There's some new items going with the arbitration. That is for technical engineering issues.

Governor: What is the exposure on the water rights? I am sure that it is confidential but are we still looking at a matter of liability here if we were to do this?

Norman Allen: Well, there's always the possibility of the liability issues. There's a procedural matter of whether or not the existing improvements and its application would be addressed. Construction of the improvements had not been completed so difficult to resolve the entire lawsuit in light of engineering theories.

Governor: And there is a pretty good gap between our appraisal and the defendants' appraisal.

Norman Allen: There is, but there's two parts. The first part begins with the acquisition of those three pieces, the value would be was appraised the same as commercial value which came out to about 37,000. That was the difference between Nevada's appraisal of three smaller pieces. But I've reached a calculation for 30 plus acres recommended for this settlement.

Governor: Where is the property was located? Also who presided over the settlement conference.

Norman Allen: The property is located in Washoe County and the Settlement Judge was Brent Adams.

Governor: And finally, did you have the ability during the course of the settlement discussions regarding \$800,000 plus?

Norman Allen: Yes. For attorney fees, the original estimation was a little over \$800,000 prior to the three-week jury trial.

Governor: My prior experience there's always a huge difference between the amount of time the Attorney General's office would put in the amount of the other side and this seems like an awful lot of money in attorney's fees for a case proceeded to trial. How long is this case -- when was it filed?

Norman Allen: It has been over five year, we're going into the six year with the prior negotiations between our office and the previous attorneys. This part as to the ~~and~~ the present offer is with the new attorney firm.

Governor: So this amount of attorney's fees is for the former offer and the new offer?

Norman Allen: No, just the last offer with attorney fees for the new firm. Attorney fees for the other firms would bring the fees higher.

Governor: And obviously in your opinion this is a good idea.

Norman Allen: Yes, it is. As a matter of fact fees over this there is a possibility that if the state would incur attorney fees and costs at trial all of those together after a jury verdict.

Governor: What would your outside be for potential disclosure to the state having gone to trial?

Norman Allen: The issues related to the interpretation of an earlier contract that will go to trial along with the claimed loss of water rights

Governor: Do any other members of the Board have questions, concerns? Thank you, sir. I have no further questions. The chair will accept a motion.

Secretary of State: I'll move to approve agenda item 4.

Attorney General: I'll second the motion.

Governor: There's a motion by Secretary of State to approve Agenda Item No. 4 Agenda, and that will be for a payment of \$5 million for resolution of the case of State of Nevada v. Falcon Capital, LLC. Second by the Attorney General. Any questions or discussion on the motion? Hearing none, all in favor of the motion please say aye. Motion passes unanimously.

***5. FOR POSSIBLE ACTION – VICTIMS OF CRIME 2011 4TH QUARTER REPORT AND 2012 1ST 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 1st quarter of FY 2012.

Clerk's Recommendation: I recommend approval.

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

Comments:

Governor: The next item on the Agenda, Agenda No. 5, Victims of Crime 2011 4th Quarter Report and 2012 1st Quarter recommendations. Mr. Mohlenkamp.

Clerk: Thank you Governor. What you have before you is a summary report, claims that were submitted for 4th quarter and 1st quarter, this would be 2012. They are recommending payment of all Priority 1, 2 and 3 claims based on the estimated revenues versus expenditures that will still allow for a additional we are recommending approval and we have Rebecca Salazar in Las Vegas if you have any questions.

Governor: Ms. Salazar, are you present?

Rebecca Salazar: Yes, sir, here in Las Vegas.

Governor: I'm fine with the report. It's great and thank you for your hard work. I'm always surprised about the amount of money that's involved here, but what's a typical claim that is made and are they always represented by counsel?

Rebecca Salazar: No, sir. They are rarely represented by counsel. They simply apply on their own or with the assistance of an advocate from an organization or a police department. The range is very hard to say. It could be something very simple, \$100 bill, and that could be it for a

claim. Or it could go into the hundred thousands or even to a million. It really just depends on the extent of the injury.

Governor: So when you say we've had \$28 million of total victim bills that are submitted and you've paid \$7 million, is that because of your effort in negotiating with the respective medical providers?

Rebecca Salazar: There's not much negotiation that occurs. The way that breakdown happens is the fee scales that we apply to each bill. So the amounts that we will pay on a bill are similar to Nevada Medicaid or Nevada Workers' Comp fee scales. As to when we receive a bill, we simple fee scale it according to the codes that are on the bill, and that's how we get the amount that we will pay.

Governor: Should I assume that when these claims are made none of that's covered by private insurance?

Rebecca Salazar: No. That includes amounts that are covered by private insurance. When someone has private insurance, we pay the co-pays.

Governor: Do any other members have any questions with regard to this Agenda item? No further questions. Thank you very much, Ms. Salazar. The chair will accept a motion to approve Agenda Item No. 5.

Secretary of State: I would move to approve item 5 as recommended.

Attorney General: I'll second.

Governor: There's a motion by the Secretary of State for approval of Agenda Item 5 as recommended, second by the Attorney General. Is there any discussion on motion? Hearing none, all in the favor of the motion please say aye. Motion passes unanimously.

***6. FOR POSSIBLE ACTION – 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 Wildlife – Fisheries Management	5	\$138,937
Total:		\$138,937

Clerk's Recommendation: I recommend approval.

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

Comments:

Governor: Agenda Item 6, State Vehicle Purchase. Mr. Mohlenkamp.

Clerk: Thank you, Governor. We have one purchase item in front of you. The Department of Wildlife Fisheries Management Division requests the purchase of five vehicles. This is being accomplished through the use of Federal funds and reserve dollars that are in the general fund for all these purchases.

Governor: And are all these for trucks? I see one example of where there is a truck with over 203,000 miles on it and it was a 2001. I assume that the other four trucks are replacing the five trucks. So it's five replacement vehicles see the example of one, but four others that have high mileage and so we need to bring in some new blood for vehicles.

Clerk: I'm not certain of any leases that do with new vehicles.

Governor: Do any of the Board members have any questions with regard to this Agenda item? Hearing none, the chair will accept a motion for approval of Agenda Item No. 6.

Attorney General: Make motion to approve Agenda Item No. 6.

Secretary of State: Second.

Governor: There's a motion by the Attorney General to approve the state vehicle purchase as described in Agenda Item No. 6, second by the Secretary of State. Any questions or discussion on the motion? Hearing none, all in favor of the motion please say aye. Motion passes unanimously.

***7. FOR POSSIBLE ACTION – REQUEST FOR GENERAL FUND ALLOCATION FROM THE INTERIM FINANCE COMMITTEE (IFC) CONTINGENCY FUND**

Pursuant to NRS 353.268, an agency or officer shall submit a request to the State Board of Examiners for an allocation by the Interim Finance Committee from the Contingency Fund.

A. Department of Agriculture – Predatory Animal and Rodent Control - \$18,500

The Department is requesting an allocation from the Interim Finance Committee Contingency Fund in the amount of \$18,500 to support a cash shortfall in FY 11.

Clerk's Recommendation: I recommend approval.

Motion By: _____ **Seconded By:** _____ **Vote:** _____

Comments:

Governor: Agenda Item No. 7 (A) through (C) - Request for General Fund Allocation from Interim Finance Committee Contingency Fund. Mr. Mohlenkamp.

Clerk: Thank you, Governor. First of all, Item (A) is the Department of Agriculture allocation in the amount of \$18,500 to deal with the shortfall in fiscal year '11. This is related to the

shortfall and also term leave and annual payments that were not included in their budget. They have submitted a work program to support this.

Governor: I do have one question. Is there somebody here from Agriculture? Mr. McCuin, I think I understand all this. I just need you to help with understanding. This talks about in the first page of our packet you need this money to support a cash shortfall, but it says "a issue and the inability of the agency to realize reimbursements from the Department of Wildlife due to agreement limitations." Could you explain that for me so that I understand what that means?

John McCuin: Yes, sir. There's one category that we support for wildlife, and that category we got 100 percent reimbursement from the Department of Wildlife. In addition to that, we get \$40,000 to support two mountain lion experts. And then in addition to that, we can allocate up to \$26,000 per mountain lion expert in addition to those reimbursed. In this fiscal year, one of those mountain lion experts is one that retired, so then if it's subject to \$40,000 and we could get the 26,000 on the other mountain lion expert, with this mountain lion expert retiring we lost that other 26,000.

Governor: What's a issue so I know in the future?

John McCuin: issue the extra 40,000 and two 26,000 should have been mapped to those two positions, but they were mapped to another category, not the category 15, but another category that has nothing to do with wildlife. And that category is 100 percent funded by general funds and to that category, it reduced the appropriations..

Governor: I have no questions. Why don't we, Mr. Mohlenkamp, go through 7(B) and (C).

B. Department of Agriculture – Veterinary Medical Services - \$43,404

The Department is requesting an allocation from the Interim Finance Committee Contingency Fund in the amount of \$43,404 to support a cash shortfall in FY 11.

Clerk's Recommendation: I recommend approval.

Motion By:	Seconded By:	Vote:
Comments:		

Clerk: Thank you Governor. 7(B) is a request from the Department of Agriculture - Veterinary Medical Services for an allocation of \$43,404. Item No. C is for the Department of Public Safety Highway Patrol for a request for \$1,886 from the IFC Contingency Fund.

Governor: Do the Board members have any questions with regards to Agenda Items 7 (A) through (C)? Hearing no questions, the chair will accept a motion for approval for Agenda Item 7 (A) through (C).

Secretary of State: Move for approval of Agenda Item No. 7 (A) through (C).

Attorney General: Second the motion.

Governor: Motion by the Secretary of State for approval of Agenda Items 7 (A) through (C), seconded by the Attorney General. Any questions or discussion on the motion? Hearing none, all in favor of the motion please say aye. Motion passes unanimously.

C. Department of Public Safety – Highway Patrol - \$1,886

The Department is requesting an allocation from the Interim Finance Committee Contingency Fund in the amount of \$1,886 to cover costs associated with visiting dignitary protection in FY 11.

Clerk's Recommendation: I recommend approval.

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

Comments:

***8. FOR POSSIBLE ACTION – REQUEST FOR GENERAL FUND ALLOCATION FROM THE INTERIM FINANCE COMMITTEE (IFC) CONTINGENCY FUND**

Pursuant to NRS 304.230, Governor Sandoval issued a proclamation specifying a special election to fill the Congressional District 2 vacancy will be held on September 13, 2011.

A. Secretary of State's Office - \$539,137

The agency is requesting an allocation of \$539,137 from the Interim Finance Committee Contingency Fund to reimburse counties for all costs and expenses incurred by the counties to conduct the special election.

Clerk's Recommendation: I recommend approval.

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

Comments:

Governor: We move onto Agenda Item No. 8, Request for General Fund Allocation from the IFC to pay contingency fund. Mr. Mohlenkamp.

Clerk: Thank you, Governor. What we have before you is a request from the Secretary of State's office for an allocation of \$539,137 from the Interim Finance Committee Contingency Fund to pay counties for costs and expenses associated with the special election. As you recall, there was a statement from on July 20. The Secretary of State's office subsequently basis provided that the state would provide within 45 days after receipt. This allocation would allow the state to new regulations and we would recommend approval.

Governor: Thank you, Mr. Mohlenkamp. Mr. Secretary, I don't know if you want to provide any information for the record?

Secretary of State: We will try to reduce the expenditures as much as we can.

Governor: Mr. Secretary, and I don't know if this would happen, but if it comes in lower, will that reverted back?

Governor: And then if it comes in over, you then have to come back through this Board to seek that amount of money?

Secretary of State: Yes, sir.

Governor: I would if money is short then we come back so that we can go county by county to see what their expenses were going to be and they were very thorough in terms of breaking it down what their anticipated costs were going to be. I know that when this initially came up in excess of a million dollars, a million and a half dollars, and now we're at \$539,000. So other than that, everything's on schedule with regard to the special election?

Secretary of State: Yes. We explored every avenue we could to try to reduce costs for the election. We went so far as to ask the counties to provide us save a lot of money, and in my estimation probably would have created some budgeted for this election, so be reimbursed with the Contingency Fund.

Governor: Mr. Secretary, would this cause a burden with regard to the use of any funds for this?

Secretary of State: Yes, Governor. We would recommend Congress is not showing any interest in renewing the funds at this point. The decent chance that we have as a result of that, we have done some preliminary analysis as to what it would take to replace all the machines in the state, and we estimate it's about \$18 to \$20 million. Eventually we will have so spending this amount of money probably would be short-sighted Contingency Fund.

Governor: Thank you, Mr. Secretary. Madam Attorney General, do you have any questions with regard to this Agenda item?

Attorney General: No.

Governor: The chair will accept a motion for approval of Agenda Item No. 8.

Attorney General: Move for approval of Item No. 8.

Secretary of State: Second.

Governor: Motion by the Attorney General for approval of Agenda Item No. 8 in the amount of \$539,137, seconded by the Secretary of State. Are there any questions or discussion on the motion? Hearing none, all in favor of the motion please say aye. Motion passes.

***9. FOR POSSIBLE ACTION – STATE ADMINISTRATIVE MANUAL**

The State Administrative Manual (SAM) is being submitted to the Board of Examiners' for approval of additions in the following Chapters: **0200 – Travel, 2600 - Claims**

Clerk's Recommendation: I recommend approval.

Motion By: Attorney General

Seconded By: Secretary of State

Vote: 3-0

Comments:

Governor: Agenda Item 9. Mr. Mohlenkamp.

Clerk: Thank you, Governor. Now to State Administrative Manual changes. First has to do with Travel, chapters 0200. What we're doing here is making clear the miles that can be claimed by state employees when they are traveling to locations other than their primary work assignment. What this does is it clarifies that -- it makes it clear because this was done in an audit that we found that there was inconsistencies. Some people were going to the airport in Reno. Some people were charging the miles all the way from their residence even when their normal duty assignment is in Carson City. Others were charging only from Carson City to the airport. This clarifies that that mileage is acceptable and appropriate and applies to where people are living. So we believe this is a good clarification.

Governor: Thank you, Mr. Mohlenkamp. Very thorough explanation. Any questions from the other Board members?

Clerk: The second item, just to clarify, is Chapter 2600. And this is to clarify that an agency cannot make any direct expenditures in the reserve category. Instead as is supposed to be the case, this is just clarifying what everybody knows is standard practice. We had something where it wasn't handled appropriately, so we wanted to clarify our relation and this makes a clarification in chapter 2600.

Governor: Just for my benefit on that travel status, the first one with regard to this new section 7 I guess it would be, is that common or is that just a small issue with regard to mileage claims?

Clerk: Governor, I don't have the details on the severity of the issue. I know from my past experience there's been some inconsistency and I think this clarification is definitely needed.

Governor: I have no further questions. Any other questions from Board members? The chair will accept a motion for approval of Agenda Item No. 9.

Attorney General: I'll move for approval Agenda Item No. 9.

Secretary of State: Second.

Governor: The motion by the Attorney General for the approval of Agenda Item No. 9 to the State Administrative Manual, seconded by Secretary of State. Questions or discussion on the motion? Hearing none, all in favor of the motion please say aye. Motion passes unanimously.

***10. FOR POSSIBLE ACTION – TORT CLAIM**

Approval of tort claim pursuant to NRS 41.037

- A. Stephen D. Heslop – TC15639
Amount of Claim – \$89,999.00**

Recommendation: The report recommended that the claim be paid in the amount of \$89,999.00.

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

Comments:

Governor: Agenda Item No. 10, Tort Claim.

Clerk: Thank you, Governor. There is one tort claim action before the Board for consideration in the matter of Stephen D. Heslop. I believe there's Nancy Bowman, if she's here.

Governor: I don't have any questions. It seems to me to be a pretty clear liability case. And this also appears to me to be very in the amount of \$89,999 plus that includes the attorneys' fees as well. Do any other Board members have any questions with regard to this Agenda item? The chair will accept a motion for the approval of Agenda Item No. 10.

Secretary of State: Item No. 10.

Attorney General: Second the motion.

Governor: There's a motion by the Secretary of State to approve Agenda Item No. 10 in the amount of \$89,999. That would break up the settlement which would be \$74,999 for Mr. Heslop for medicals bills and his pain and suffering, and payment of \$15,000 for attorney's fees to Mr. Stephen. Mr. Heslop's medical expenses associated with this incident are \$73,173. So we have a motion, second. Any discussion on the motion? Hearing none, all in favor of the motion please say aye. Motion passes.

***11. LEASES**

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

Clerk's Recommendation: I recommend approval.

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

Comments:

Governor: Agenda Item No. 11, Leases. Mr. Mohlenkamp.

Clerk: Thank you, Governor. There are three leases on the Agenda for consideration by the Board. All are with the Department of Health and Human Services. The first item is Mental Health. This is in the amount of \$1,560,438. The second item is Mental Health and Rural Services division, and that is for \$259,776. And then the third is the Welfare and Support Services division, and that is \$156,921, and we have no concerns.

Governor: Thank you, Mr. Mohlenkamp. I will note on that first lease that this was a landlord voluntary retroactive lease rate reduction wherein the state is going to save \$86,385. Any other

questions from Board members with regard to Agenda Item No. 11? The chair will accept a motion.

Secretary of State: I'll move to approve agenda item 11.

Attorney General: Second motion.

Governor: There's a motion by the Secretary of State for the approval of leases one, two, and three, approved within Agenda Item No. 11, second by the Attorney General. Discussion or questions? Hearing none, all in favor of the motion please say aye. Motion passes unanimously.

***12. CONTRACTS**

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

Clerk's Recommendation: I recommend approval.

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

Comments:

Governor: Next Agenda Item, Contracts.

Clerk: Thank you, Governor. Before the board are 79 separate contracts for consideration. We have representatives of different divisions and departments are here to answer questions.

Governor: I'll go ahead and call out my hold outs 28, 29, 35, 36, 67 through 73, and 75. Do any other Board members have hold outs? Why don't we begin with Contract No. 28. Is there somebody here who can just give me a brief explanation? Do you have any background in this contract?

Phil Weyrich: Yes, I do. The bottom line is just consolidation for the claim versus your benefits that were state employees. The staffing provides for essentially consolidation factor to bring in all of the insurance companies instead of having to deal with each claim separately. I thought was going to be here to address the details and the questions on that, but as I understand from her description to me, this is a good rule for the state. It will help us to not only consolidate capture, but also to realize the cost benefits.

Governor: Next would be Contract No. 29 - Commission on Economic Development. Could you just provide a baseline and a brief description of what this contract's for?

Lindsay Anderson: Of course. We recently concluded a formal purchasing, and those. The marketing contract, because of the way our budget ended up in the legislature through the end of December for economic development in the state of Nevada so we can engage contract as we move forward. Most of the funds are used on marketing for out of state businesses, marketing programs that we offer things like that.

Governor: Could you give me like a concrete example of what running a TV ad or a print advertisement?

Lindsay Anderson: Like I said, the scope is still a little bit in flux. It absolutely could be print advertising our website. We recently launched a campaign called Power of Success which runs their ads that show video testimonials of businesses that are successful. We try to show intended to be.

Governor: Further questions? Thank you very much. That moves us to Contract 32. Oh, I didn't call that one, did I? Contract 32. Would you just briefly describe what this contract does.

Charles Duarte: Well, it's a long-established contract that we have with Washoe County. It's established with the NRS. Washoe County provides \$1.5 million a year in county revenue which eases to pay hospitals Nevada for to provide some level of funding to hospitals low income people. So this takes care of the county obligations.

Governor: Contract No. 35. Good morning, sir. I just wanted a description of what brought us here and contract accomplishes.

Charles Duarte: Yes, sir. During the last legislative session, there were several cases throughout the state remove the general fund from and allowing the counties to help us. One of those has to do with restaurant and food inspections things like that. And so based on the number of restaurants and facilities in each county, it was determined that each county would provide basically funds to support those inspection efforts.

Governor: Thank you. Now, are you also here on Contract 36? This says this is a new contract with the Nevada State Board of Nursing. How were all these functions handled before?

Phil Weyrich: Actually, this is not a renewal, but this contract has been in existence for a large number of years. We normally do them for two to four years, so this is a new contract to continue those services.

Governor: Thank for the clarification because that was my impression that it's a new local agreement.

Phil Weyrich: Normally, yeah. The restriction is normally four years, so every four years we do a new contract.

Governor: We move onto 67 through 73. Is there someone here from Department of Insurance?

Todd Rich: I was hoping that there would be someone here from fiscal.

Governor: And these are all similar contracts where we're seeking to increase the amount for each of these individual entities, are insurance companies Division of Insurance?

Todd Rich: That's correct. This is in conjunction with so we contract with a third-party insurance companies that work with the state of Nevada so it's increasing the amount that we can charge and then we're reimbursed by the insurance companies.

Governor: So why the increase? For example, most of them are from 1.2 million to 1.8 million. Is that just a contract extension? Are you seeking to do more audits?

Todd Rich: That's correct. We want to increase the amount so we can increase the number of examinations to meet the thresholds.

Governor: So does that mean we're not doing enough now?

Todd Rich: Well, it's been an issue in the past. I think the division is at the point where they want to make sure that there are no and we don't fall back to what happened years ago where it was a little dicey. But these are not new appeals.

Governor: One other question that I'd ask that you could look into. I know that I've talked to some of the insurers and some of them were concerned and they felt like they were being overcharged by the auditors. I don't know if that's or not, but perhaps somebody could ask them about that.

Todd Rich: Absolutely. certainly something we want to stay away from. And would you like us to report back to your office?

Governor: Yes, please. Thank you, Mr. Rich. Contract 75. I believe I saw Mr. Breslow. I know we have this letter in here explaining the background on this contract. It is a large number. I think it's a great opportunity for the state, so I wanted to give you an opportunity to talk about the contract and what it does.

Bruce Breslow: Thank you, Governor. It's good seeing you all again. This number is very large, but instead of an expense for the state, this is actually a savings for the state. Instead of the state writing a check out of the Highway Fund for the kiosk legislature to change the law to allow us to allow the user to pay at the time of the transaction. So the number that you see here is an estimated number of transaction dollars over the next ten years, so contract. That won't be coming from the Highway Fund in the future. It'll be paid at the time of each transaction. The goal is to put a kiosk instead of making people come to the DMV and spend just a wonderful hour or two of their life, putting them in grocery stores in neighborhoods and things like that. The number you see here isn't the cost to the state. It's actually the estimated amount of transaction dollars. Instead of paying into the Highway Fund, the state won't have to pay that anymore.

Governor: Will you take us through some examples of transactions that would be conducted via this kiosk?

Bruce Breslow: Certainly, Governor. Right now the kiosk and the number one transaction is a registration renewal, about 99 percent of the transactions. These machines actually have a special printer, and besides your receipt, they print the sticker from the machine. So if you want to register your vehicle, you can do it in north Las Vegas as of two weeks ago at an Albertsons, you can do at a in Sparks, you can do at a Wal-Mart in Las Vegas are interested in partnering with the state. The goal is to do that so transactions and the number one is vehicle registration. What we're working on and we hope to have it in place, well, if this contract is approved, we're gonna probably roll out the new machines in the spring, and they will allow you to do the every four year driver's license renewal as well as the that's what you can do on the Web right now. So

we're hoping to take about 12 percent of the line, the people that are currently coming to the DMV, and making it a lot more convenient for them not to and to do it in their neighborhood. So if it went perfectly, we would remove 12 percent of the people from our lines, so we have and a lot of the places that want to host these kiosks are doing a lot of money for us.

Governor: And that was going to be my next question, you anticipated that. How are we going to let the general public know that they can go to their local grocery store or library to do this transaction?

Bruce Breslow: Well, we will with our -- I think we have \$5,000 in promotion funds, but luckily the grocery stores are a lot more proactive. They've been putting flyers in the grocery bags. One of the stores had made little footprints on the floor that said, "This way to the DMV," leading to the kiosk. And we make sure that we get a location in the front of the store typically where they would have the video rental or Redbox or some of the other top features in the front, rather than going in the back of the store.

Governor: Will you explain to me what 12 percent of a line means?

Bruce Breslow: Well, it's an hour wait dropping down to 48 minutes. Is that 12 percent approximately?

Governor: I want to compliment you because I know that the wait times have been reduced significantly and you accomplished that through posting online with the wait times at various locations are so that allows folks to go online and be able to choose where they're going to do their transaction. This will reduce it that much more. And as time goes on there will be even more opportunity for more transactions. What is the biggest issue with regard to the wait times at the DMV right now?

Bruce Breslow: It's educating the public that they can go online and do almost all the transactions at home. Where all of the education campaigns in the past, we still hit the wall at about 33 percent of people that are using online services. For some reason there's a group that prefers the kiosk even though the kiosk is really an online connected box. But you press a button and it walks you through it and talks to you as you go, so a lot of people that were afraid to do a transaction at home on their computer, don't have a computer.. So we're hoping to penetrate another market. The next big thing for us is working with twisting the arms of the local assessors so that veterans don't have to go to the assessor's office to get an exemption form and have to wait in line at the DMV. If we can get all those veterans to be able to do their transactions kiosk and online services, that's another large percentage of people that don't have to come to our offices.

Governor: Thank you, Mr. Breslow. Any other questions from the Secretary?

Secretary of State: Can you explain a little bit about having the organ donor program kiosks? I want to thank you for your efforts very important that you be acknowledged for your hard work. So I was curious as to how that'll work.

Bruce Breslow: That's really important. There are so many people in Nevada that need a new organ and they go on a waiting list in California, and they're treated almost like second class.

They take a back seat. The organization in Nevada raises awareness and brings Nevadans first on the list. So making the public aware, and I have a little red heart on my driver's license as to still works. take advantage of it, but the awareness is something that's really important. So I've talked to the kiosk company. And while we want to keep the screen with multiple transactions, I asked them last week if we could put a big heart sticker on the machines so that we could do that, and they said, yes, of course. We're gonna keep working last week 'cause she's on the task force. She tried to get the group to do a little bit more in promotions. For instance, balloon rides in front of the DMV to raise awareness that you can fill out the form right there. Ideally you'll be able to fill out the organ donation card on the kiosks in the future, but when you use the touch screen it may be a little harder and we're not sure if that fits on a kiosk.

Attorney General: Mr. Breslow, thank you. And thank you for the briefing on this. Let me ask you, you had talked about 40 additional kiosks than what you have now; is that correct?

Bruce Breslow: Forty in the first year or two. And if the numbers hold up, the number of transactions that were companies agree to roll out as many as we -- most of them would be based in Las Vegas because that's where the backlog is.

Attorney General: And that was my next question because it sounds like majority of them will be in Southern Nevada.

Bruce Breslow: Yes, it's important. The population there has so much expansion of the community physically is to keep the amount of the cars off of the road.

Attorney General: And then would you mind talking long term? Because we had talked a little bit about the use of this kiosk long term and DMV purposes, but for maybe other needs and services as well.

Bruce Breslow: When we bid, I talked with a lot of other department heads and said, would your department be interested if we end up with 48 kiosks around the state that can do transactions, would you be interested in whether you do your hunting license or pay your fines, and things like that, and I found a lot of from the Department of Public Safety, from others, governmental kiosks are pretty much becoming commonplace around the country. And if these obviously can do a and that's what we have done. There's another state agency, one that uses kiosks. You also asked if we would come back before you all before the two-year renewal cycles, e-mail from the vendor saying, yes, they'd be glad to come before you in the future.

Governor: One final question, Mr. Breslow, which was prompted by the Attorney General, are we at the cutting edge in terms of best practices in the country?

Bruce Breslow: California's DMV director admitted that they got a late start, but he plans to go past us because he has hundreds of millions more dollars in man power, but we pretty much broke the ice on this. The state of Washington they were looking at kiosk programs. This is not something I started. This is something that was launched previous administration.

Governor: Thank you very much. Any other questions from Board members with regard to Agenda Item No. 12, Contracts 1 through 79? The chair will accept a motion.

Secretary of State: I'll move to approve agenda item 12.

Attorney General: I'll second the motion.

Governor: Motion by the Secretary of State for approval of Agenda Item No. 12, Contracts 1 through 79, a second by the Attorney General. Any questions or discussion on the motion? Hearing none, all in favor of the motion please say aye. Motion passes.

***13. MASTER SERVICE AGREEMENTS**

Two master service agreements 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 have one more Agenda item and that will be Agenda Item No. 13, Master Service Agreements. Mr. Mohlenkamp.

Clerk: Thank you, Governor. There are two agreements for consideration by the Board. Both of these are temporary employment service agreements, and they each are extending the term by a year and \$3 million each. These agreements are those that are used by many state agencies when we need temporary employment for labor. So instead of having to go through an arduous process, they go right to the Master Service Agreements and can receive the services they need. So you would have Kelly Services and Manpower contract people.

Governor: Is there an issue with these contracts associated with legislation?

Clerk: Governor, before you passed and Kimberlee Tartar from the purchasing division is here to provide you a briefing on it if you need.

Kimberlee Tarter: With respect to these two contracts and how they are now going to change under 8240, we were required that these contractors provide state agencies notice when an individual comes to that agency as a prospective temporary employee. And if they are a former state employee within that two year window, then an agency has actions that they have to take. There's under 8240 several changes that are going to be enacted. One with respect to direct contracting with current and former employees, and then the relationship with temporary employment agencies and former employees. So through our temporary employment contracts, we put restrictions in place, notifications that the contractors have to provide to the agencies, and then there's policy that's being drafted that will instruct the agencies as to what they need to do in order to bring that individual on as a temporary employment if that is in fact their direction. 8240 as a whole we have drafted policy that would be going out for contracting requiring that they have to be done with the procurement process if you choose to contract. However, those contracts as a result of that assembly bill will require the Board of Examiners' pre-approval of that employment relationship. So there's actually going to be two full Board of Examiners approval process in that instance. So if you're going to contract directly, you have to then come to the Board of Examiners, request pre-approval of that employment relationship with that

current or former employee. And then if the Board agrees to that, then the agency has to go back and complete the contracting process and then bring their contract forward to the Board of Examiners for actual ratification of the contract. So it will create not only additional checks and balances with respect to this, but the agencies will have to be aware that there's an additional time period that they're going to have to consider when they're anticipating the employment contract.

Governor: Do we have state employees who are also contracted with the state via these temporary agencies?

Kimberlee Tartar: I don't recall if the audit found current state employees coming back through the temporary employment agencies. That may be the case. I've had some discussions with individuals at Health and Human Services, and it sounds like they have some nurses or other individuals that have come back. The audit that was done prior to 8240 taking place on this situation, contracting current and former state employees, did identify former state employees coming back with different employment agencies. I don't know if they identified current employees, but we're trying to close that gap.

Governor: And so how this will work in the future, for clarity, is that if there's a former state employee who separated within two years and that individual wants to contract with the state either through a temp agency or outside with a temp agency, that proposed agreement would have to come to this Board for pre-approval. And then once that's approved then they go back to the state agency which then the contract would have to be formally be approved by this Board after that.

Kimberlee Tartar: Yes, that's correct.

Governor: Any other questions?

Attorney General: Just a couple of clarifications. That is true whether or not they're going through a temp agency, correct? So if they say they contract with the state, they still have to go through the processes that are set up for 8240; is that correct?

Kimberlee Tartar: It's slightly different only because the temporary employment agency contracts already have the State Board of Examiners' approval. So it doesn't quite flow the way a contract outside of the temp agencies would flow. But what we have done is require a Board Examiner's pre-approval of that employment relationship before they can employ with a temporary employment agency, so there is no secondary Board of Examiners' approval of the contract itself in light of the fact that the contract has been approved and are in place. But they cannot move forward with any of those agreements to establish that relationship unless they receive pre-approval. And then once the pre-approval is provided, or if it's provided, then they can move forward with the work orders.

Attorney General: And so how are the state agencies then made aware of the changes here? my attorneys that represent those agencies would be willing to work with purchasing to make sure we get the information out to the agencies.

Kimberlee Tartar: What we will be doing, we're looking to finalize, there are still a few questions that need to be addressed with respect to the and how that affects contracting with

current employees, that has been elevated to personnel's Deputy Attorney General so we can get a formal opinion and some guidance on that. Once we have those final pieces in place, we'll work through the Department of Administration and issue memo of the policy changes, and we also anticipate doing a workshop and putting information out there so we can actually explain to them what this process is and does.

Secretary of State: And just regulatory changes as needed before you in October because there is a legal question..

Governor: Further questions with regard to Agenda Item No. 13? Hearing none, the chair will accept a motion for approval of Agenda Item No. 13, Master Service Agreements 1 and 2.

Attorney General: Move for approval Item 13.

Secretary of State: Second that.

Governor: The motion by the Attorney General for approval Agenda Item No. 13, Master Service Agreements 1 and 2, seconded by the Secretary of State. Any questions or discussion on the motion? Hearing none, all in favor of the motion please say aye. Motion passes.

14. BOARD MEMBERS' COMMENTS/PUBLIC COMMENT

Comments:

Governor: Agenda Item No. 14. First I'll call for any public comment. Is there any member of the public here in Carson City that would like to provide comment to the Board? I don't see anybody in the room in Las Vegas. Are there any Board Member comments?

***15. FOR POSSIBLE ACTION – ADJOURNMENT**

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

Comments:

Governor: Moving onto Agenda Item No. 15. Is there a motion for adjournment?

Attorney General: Motion to adjourn.

Secretary of State: Second.

Governor: Motion by the Attorney General, second by the Secretary of State. All in favor of the motion please say aye. Motion passes unanimously. Thank you, ladies and gentlemen.

Respectfully submitted,

JEFF MOHLENKAMP, CLERK

APPROVED:

GOVERNOR BRIAN SANDOVAL, CHAIRMAN

ATTORNEY GENERAL CATHERINE CORTEZ MASTO

SECRETARY OF STATE ROSS MILLER