

MINUTES

MEETING OF THE BOARD OF EXAMINERS

July 20, 2011

The Board of Examiners met on Wednesday, July 20, 2011, in the Annex 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
Secretary of State Ross Miller
Clerk Jeff Mohlenkamp

Others Present:

Wendy Simons, Department of Health and Human Services, Health Division
Dave Prather, Department of Health and Human Services, Mental Health and Developmental Services
Colleen Murphy, Department of Health and Human Services, Mental Health and Developmental Services
Johnean Morrison, Department of Public Safety, Highway Patrol
Greg Weyland, Department of Education
Jason Holm, Department of Health and Human Services, Welfare and Supportive Services
Sue Smith, Department of Health and Human Services, Welfare and Supportive Services
Tammy Moffitt, Department of Employment, Training and Rehabilitation
Richard Vineyard, Department of Education
Michael Fischer, Department of Cultural Affairs
Katie Armstrong, Office of the Attorney General
Clark Leslie, Office of the Attorney General
Jennifer Bauer, Department of Public Safety
Curtis Palmer, Department of Public Safety
Mike Torvinen, Department of Health and Human Services, Director's Office
Mark Costa, Department of Cultural Affairs
Jeff Morrow, Department of Health and Human Services, Child and Family Services
Charles Duarte, Department of Health and Human Services, Health Care, Financing and Policy
Elaine Brown, Department of Health and Human Services, Mental Health and Developmental Services
Phil Weyrick, Department of Health and Human Services, Health Division
Kimberlee Tarter, Department of Administration, Purchasing Division
Cynthia Jones, Department of Employment, Training and Rehabilitation
Megan Sloan, PEBP

PRESS

Sean Whaley

1. PUBLIC COMMENTS

Comments:

Governor: The first item on the Agenda is Public Comments. Is there any member of the public who is present who would like to provide public comment with regard to this meeting? Seeing none, we'll move onto agenda item no. 2.

***2. 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 Cultural Affairs – Division of Museums and History - \$2,884

The Department is requesting an allocation from the Interim Finance Committee Contingency Fund in the amount of \$2,884 due to a salary calculation error when making mandatory budget reductions.

Clerk's Recommendation: I recommend approval.

Motion By: Secretary of State

Seconded By: Governor

Vote: 2-0

Comments:

Governor: I do have a comment before I begin. I wanted to welcome Mr. Mohlenkamp. Jeff, I want to welcome you and introduce you. I'm sure everybody knows you, but this is our new Budget Director and head of our Department of Administration and I think he deserves a big hand. I think he's gonna do a great job. Item No. 2 on the Agenda, Request for General Fund Allocation from the Interim Finance Committee Contingency Fund.

Clerk: For the record, Item No. 2 is a request by the Department of Cultural Affairs, Division of Museums and History for a contingency fund allocation of \$2,884. The Budget Division has reviewed this request and supports the application needed by this division to properly close its budget in this fiscal year.

Governor: Any questions from the Secretary of State?

Secretary of State: No.

Governor: The chair will accept a motion for approval.

Secretary of State: I will move for approval.

Governor: I will second that. Any questions on the motion? All in favor of the motion please say aye. Motion passes unanimously.

***3. FOR POSSIBLE ACTION – REQUEST FOR NEVADA’S ENTRY INTO THE NONADMITTED INSURANCE MULTI-STATE AGREEMENT (NIMA)**

A. Department of Business and Industry – Insurance Division

Pursuant to Senate Bill 289, Section 17, of the 2011 Legislative session, the Insurance Commissioner may, with the approval of the State Board of Examiners, on behalf of the state enter into a multi-state agreement to preserve the ability of the State of Nevada to collect premium tax on multi-state risks.

Clerk’s Recommendation: I recommend approval.

Motion By: Secretary of State

Seconded By: Governor

Vote: 2-0

Comments:

Governor: Item No. 3 on the Agenda, Request for Nevada's Entry into the Nonadmitted Insurance Multi-State Agreement.

Clerk: This request is brought forward by the Department of Business and Industry, the Insurance Division. Pursuant to Senate Bill 289, Section 17 of the 2011 legislative session, the Insurance Commissioner may, with approval of the State Board of Examiners, on behalf of the State, enter into the multi-state agreement to preserve the ability of the State of Nevada to collect premium taxes on multi-state risks. I believe the Insurance Commissioner is here to answer any questions.

Governor: Would you like to provide any more detail with regard to this Agenda item?

Brett Barratt: Certainly. As part of the Dodd-Frank Financial Reform Act that Congress passed last year, one of those pieces has to do with the nonadmitted insurance market. What has been traditionally happening is brokers and agents and insurers have not always been reporting risks in the state in which the risk or the premium is being paid. For instance, if there is Colorado mining operation that is based in Colorado but has Nevada operations and they purchase surplus lines insurance, that's insurance that's not admitted on the market so that is something Farmers doesn't sell, but some sort of a specialized mining exposure, currently only Colorado would be collecting premium tax on that, and Colorado would be keeping all that premium tax. Congress' intent here is for the states to enter into a multi-state agreement to preserve the ability of the states to collect their fair share of premium tax in a multi-state risk, you know, the Colorado mine example. There are two competing contracts or agreements between the states right now. One is referred to as Slimpack. That would become operational if ten states sign onto that. There are currently nine states that have signed onto that, and that number hasn't changed in about the last month. The other agreement is the one that I'm recommending that the state join, and that was developed by the National Association of Insurance Commissioners. I personally, along with Mr. Stolyarov to my right have participated in developing that agreement to ensure small states like Nevada have equal say. And with a

significant surplus lines market, because of the uniqueness of our marketplace with the casinos and mining, and other unique operations, there are currently six states that have signed onto NIMA. There are about 20 states that are expected to sign into NIMA. There are several states that will be signing tomorrow, which is the effective date, July 21, the effective date of the Congressional act, and I encourage Nevada to join NIMA to preserve our ability to collect these multi-state premium taxes. We know that if we don't join, we will lose \$2 million. Because these premium taxes have not been reported historically, we don't know what the down side may be. But based on our careful analysis and educated guess, the hypothesis is that Nevada is better off joining NIMA from a premium tax collection standpoint. One last thing, I will point out that SB289 does give the commission the option, which my office fully plans to do, to gather information as it becomes available because of the clearinghouse, report back to the legislature and the executive branch to make certain we've made the right determination and NIMA does allow the state to withdraw from NIMA with 60 days notice in the event that it's determined it's not in the state's best interest.

Governor: And I guess that begs the question, is there any risk? What would be the downside to not entering this agreement?

Brett Barratt: The potential downside would be for a business that is operating where Nevada is its home state. So incorporated here and at least some of the premium tax they pay here. If we did not join, Nevada would continue to collect all of that premium tax and not share it with our sister states. Based on the information that we have, I believe that the risk of not joining NIMA risks greater revenue than not playing with our sister states.

Governor: In other words we'll let out more insurance premium tax?

Brett Barratt: That's correct. Yes, we'll receive more. There are certain states such as Louisiana that has joined, Florida that has joined, that we know they will lose money in premium tax, but they've already joined NIMA, you know, politics are different in Louisiana. They're commissioner is elected, so there's a little different viewpoint.

Governor: The math is good for us.

Brett Barratt: Based on the information that we have, the math is good for us, and we'll continue to monitor and continue to report it. If it ever appears that it is not in our best interest, we will immediately recommend to withdraw from NIMA.

Governor: Any questions from the Secretary of State?

Secretary of State: No.

Governor: Thank you very much. Secretary, do you have a motion to approve the request to enter into the NIMA agreement?

Secretary of State: I'll move to approve it.

Governor: Second. Any questions on the motion? Hearing none, all in favor of the motion please say aye. Motion passes unanimously.

***4. FOR POSSIBLE ACTION – 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	Cultural Affairs/State Archives & Records	\$4,069	
1340	Department of Administration/ Budget And Planning	\$38,074	
3223	HHS – Office of Health Admin.	\$8,353	
	Total	\$50,496	

Clerk’s Recommendation: I recommend approval.

Motion By: Secretary of State **Seconded By:** Governor **Vote:** 2-0

Comments:

Governor: Agenda Item No. 4, Salary Adjustment.

Clerk: There are three requests before the Board on salary adjustments. Salary adjustments have been requested by Cultural Affairs, State Archives & Records; the Department of Administration/Budget and Planning; and Health and Human Services Office of Health Administration. The amounts requested total \$50,496. Once again the Budget Division staff has reviewed this request and concurs with the reliability and recommends approval.

Governor: Are we going to be seeing many more of these? What do you anticipate?

Clerk: Right now we are anticipating a couple more small requests in August. I am not aware of any large requests coming forward, having only spent about a week or so with staff. I did

make that request, and we think the number is going to be fairly small going forward in August as well.

Governor: Will that allow for some reversion?

Clerk: We are looking at a fairly sizable reversion of the salary adjustment funds. Currently before this request we were looking at general funds available of approximately \$11.8 million. My guess would be that we'll be reverting somewhere north of \$11 million at the end, but we still have to wait for August to see if the numbers come in.

Governor: Since we said that, maybe we'll probably be getting more requests. Any questions from the Secretary of State?

Secretary of State: No.

Governor: The chair will accept a motion for approval of Agenda Item No. 4. If there is a motion for approval of the proposed salary adjustments under Agenda Item No. 4.

Secretary of State: So moved.

Governor: I will second the motion. Any questions? Hearing none, all in favor of the motion please say aye. Motion passes unanimously.

***5. FOR POSSIBLE ACTION – LEASES**

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

Clerk's Recommendation: I recommend approval.

Motion By:	Seconded By:	Vote:
Comments:		

Governor: Agenda Item No. 5, Leases. We have Leases 1 through 6. I'd like to at least comment with regard to the State Contractors' Board No. 1 and No. 2, the Commission on Judicial Discipline. There's a total savings of \$100,000 on the extension of those leases. I think that is a very good thing. I do have questions for DETR with regard to Agenda Items 3, 4, 5. Is there a representative of DETR here today?

Cindy Jones: Before you, you see a request for approval of three leases that are basically storage facilities for equipment, chairs, those sort of things that we do not have space in our 50-year-old administrative building to store. Space is at a premium in that building, so it is definitely cheaper to lease warehouse space than additional office space. Regarding one of the leases, I wanted to mention on the lease to store the Bureau of Disability Adjudication furniture. Last summer the Bureau of Disability Adjudication approved a move and relocation of that Bureau to the north end of Carson City and bought all new furniture for them. As a result, there was about \$250,000 worth of furniture that we were able to reabsorb into other agencies within

the department, specifically the Employment Security Division. So thus far on that lease we've spent about \$25,000, but we've been able to rotate in nearly a quarter of a million dollars worth of furniture at no cost to the state into the Employment Security Division that was experiencing significant rapid growth as a result of the high unemployment rate that we continued to experience in the state. We expect that lease to continue for about another six months as we continue to rotate that furniture in, modernize offices and work stations throughout a variety of offices in Carson City that have 30 to 40-year-old furniture and need more furniture, and then the other two spaces are ones that we've had for longer than I've been with the agency for the continued storage of forms, equipment, those sort of things as it rotated through the agency in order to recycle our assets and reduce costs to the state.

Governor: Thank you. You've basically answered my question. I just wanted to make sure that we weren't spending \$80,000 to store furniture that may not be worth even that. So this is definitely a proven approach in terms of storing this furniture. I mean, as you recycle back in that furniture, what do you do with the furniture that you replace?

Tamara Nash: Depending on the condition of the furniture, we would excess it with State Purchasing.

Governor: Finally, the number three leased storage space for office supplies and forms, is that what we're storing there? That seems like a lot of space for forms and a lot of money to be storing forms.

Tamara Nash: It's a very large area and it is stuffed to the max. In fact, we have our staff going through that right now to see if we can reduce some of that space in the future.

Cindy Jones: As we go through the modernization project to replace the unemployment insurance, our need for forms will reduce. We still do a lot of unemployment insurance work on forms, our communication with employers on forms. So as we move to more of an electronic Internet-based system, we'll be able to reduce our form need. At least for my agency, the Employment Security Division, and hopefully be able to reduce that space in the next couple of years.

Governor: This is an off-track question, but will there come a day when mostly all that you do will be electronic?

Cindy Jones: Certainly for the Employment Security Division as we modernize. I'm very much looking forward to that, and the first phase of our project is actually rolling into implementation right now which is Imaging System to where the ones we get in would be imaged instead of stored, and eventually we hope to have most of our communication with our employers and our work force through electronic means.

Governor: Thank you. Mr. Secretary of State, do you have any questions?

Secretary of State: No, Governor.

Governor: Mr. Secretary, do you have any questions with regard to agenda item No. 4 or 1 through 6?

Secretary of State: No, Governor. If you are ready to accept a motion, I move to approve the six leases on the agenda.

Governor: Secretary of State has made a motion to approve Agenda Item No. 4, Leases 1 through 6. I will second the motion. Any discussion on the motion? Hearing none, all in favor please say aye. Motion passes unanimously.

***6. FOR POSSIBLE ACTION – CONTRACTS**

One hundred independent contracts were submitted to the Board for review and approval.

Clerk's Recommendation: I recommend approval.

Motion By:	Seconded By:	Vote:
Comments:		

Governor: Agenda Item No. 6, Contracts. My understanding, Mr. Mohlenkamp, is that Agenda Item No. 87 has been pulled; is that accurate?

Clerk: That is correct, Governor. At the request of the Department, they would like to see that on the August BOE agenda.

Governor: My holdouts for agenda item no. 6, Contracts, are no. 17, no. 54, no. 55, 92 and 93, and that is all. Secretary, do you have anything that you wanted to hold out?

Secretary of State: No, Governor.

Governor: Is there somebody here on behalf of the Commission on Economic Development? Just a question for me. I just want a little bit more background about what this contract does. I understand that it allows us to obtain a significant amount of federal monies, about 15/85 match or something along those lines. I'm just curious what we're going to get for that.

Ms. Elliott: I received a notification actually this morning from the Small Business Administration, and tentatively we're looking at receiving of \$300,000 that we applied for, we're looking at receiving \$239,317.90. What I need to do is go back to the office and tweak the initial proposal to adjust for the change from \$300,000 to the \$239,000. We have to provide a match amount to obtain this grant, and that is 25 percent of the total amount. What we plan to do with this is to provide grants to Nevada businesses to help them get into local trade, and to also help those companies that are already exporting to move into different markets. This program that we have developed is a mirror program of the USDA's program that we utilize currently in Nevada. With that program, we've been able to increase Nevada's export of agricultural products by 274 percent in seven years. So we have experience with this program, and that's why we chose to replicate it.

Governor: And just out of curiosity, what kind of products are we exporting?

Ms. Elliott: Well, one of the things that we do is we do alfalfa and other hays and things like that. We also export, which is kind of interesting, products that have agricultural content such as nutraceuticals and things like that.

Governor: Finally, this \$239,317.90 is fabulous. I know you hoped for 300, but did we do pretty well here?

Ms. Elliott: I'm pleased.

Governor: I have no further questions, thank you very much.

Secretary of State: You indicated I thought that we were responsible for matching 25 percent of the federal funds that we received. Does that mean you would have to come back and ask for additional funds in order to match the 25 percent?

Ms. Elliott: We figured it out previously for \$75,000, based on the \$300,000. So part of that is going to be in salaries and incomes, and then the other portion of that will be this contract. So given this contract and the lesser amount, I'm roughly figuring that we now have to come up with a \$60,000 match. I'll just be able to pare it down and this match, I don't believe that I will have to come back to the BOE.

Governor: I see Mr. Cage is here. Mr. Cage, I have a question with regard to Contract No. 54. I know what this is about, it's a half million dollars for public relations services. Again, I just was interested in mechanically how that works. Do you go out and you have this 3TBee Corporation, what do they do with that \$500,000? Do they reach out to the veterans, and how do they accomplish it?

Mr. Cage: Traditionally in the last four years we've had a contractor fill the outreach in media relations positions with the agency, and that's a position we want to continue and contract at this time using the outreach funds generated by the license plate gift account. This individual and his firm will do everything from external communication with the media, within management, all of our advertising, whether it's paid advertising or pre-advertising that we do throughout the state. The focus will be to drive veterans and family members and other members of the statutory charge that we have to serving the state of Nevada, to the web-based directory service we're developing at this time right now, as well as the numerous events such as the women's summit at the mansion in March and other events throughout the state throughout the year.

Governor: So this money is mostly coming from the license plates?

Mr. Cage: One hundred percent.

Governor: We generate that much?

Mr. Cage: We generate about \$430,000 a year through that fund.

Governor: And are there more veterans that you can make aware of services via this? Do you see that we're missing out on a large amount of veterans that may otherwise be deserving of services that aren't getting them right now?

Mr. Cage: Yes, Governor. We project that there are approximately 340,000 veterans in the State of Nevada based on demographic models. The Federal VA is serving about 240,000 of those veterans, and we're getting veterans and their family members into that system. So we see that Delta being about 100,000 and that's what we need to do. That's what we are statutorily charged with addressing is bringing those veterans and their family members into the state services and to the federal service as well.

Governor: Thank you very much. Secretary, do you have any questions?

Secretary of State: No.

Governor: The next is Contract 55, Department of Education. Thank you for being here today. I have no question with regard to at least the viability of the contract. I just wanted a little bit of explanation for what it's actually going to do and what it's accomplished. It was a little technical.

Richard Vineyard: Nevada was the lead state agency with the Enhanced Assessment System Grant from the U.S. Department of Education. Our primary contractor for that grant was WestEd. At the end of the basic heart of the grant which was this last spring, we you looked at all the costs that have been incurred and money that hadn't been obligated and then asked the six states that were working with us what would be a good use for the rest of the money. What the \$126,527 is the total amount that's left in the unobligated portion of the grant. So we asked for the money to be able to pay for updates to the learning management system that will allow teachers to use the products to monitor student progress in the classroom. This is for middle school science assessments, online teacher simulation-based assessments that we hope to be able to use in the future in terms of our expanding science assessment systems. And then we're updating learning management system and adding some additional features to the overall programming of the enhance assessment system program so that it's more easily adaptable to different kinds of infrastructure within the classroom at different schools. So we can take it into different classrooms with different kinds of existing technology without quantifying the program further.

Governor: Thank you. That was very helpful. The final holdouts I had were 92 and 93.

Cindy Jones: Those two contracts are related to Agenda Items No. 91 through 96 as well. They are all related to the distribution of funds passed through the Department and Employment Security Division to our two local Workforce Investment Boards. The amounts that are distributed are required by the federal government and are distributed by a formula between the two local Workforce Investment Boards based on factors such as unemployment, population and areas of high unemployment. I'd be happy to answer any questions.

Governor: The reason for my pointing those out, specifically 92 and 93, is I'm aware there's an audit going on, and I want to make sure that anything that we do here will be consistent with the findings of that audit so that the money is spent in accordance with whatever your requirements are.

Cindy Jones: Absolutely, Governor. 91, 92, 93 are all three Workforce Investment Board and there is an ongoing audit in the Northern Board and we are doing an audit of the Southern Board too as a due course of our responsibilities, and we are doing some follow up meetings with both your Internal Division Audit staff with Nevada Works, with our staff to make sure that under we spend appropriately.

Governor: Mr. Secretary, do you have any questions with regard to any of the other agenda items?

Secretary of State: I don't. If you're prepared to accept the motion, I'd move for the approval of 99 contracts, Contracts No. 1 through 100, excluding Contract No. 87.

Governor: Thank you for the motion. I will second it. Any discussion on the motion? Hearing none, all in favor of the motion please say aye. Motion passes.

7. BOARD MEMBERS' COMMENTS/PUBLIC COMMENT

Comments:

Governor: Is there any member of the public here in Carson City who would like to provide public comment to this Board of Examiners today? Hearing none, I will close the public comment portion of the Agenda. Any Board member comments?

Secretary of State: Just a follow up question. I guess I was unaware of this new bill. What's the bill number so I can look into it?

Katie Armstrong: I can let you know that. I'm not sure. It was two open meeting law bills that passed and they each have different requirements, but one of them is a public comment requirement.

Secretary of State: So now we have to have public comments before and after?

Katie Armstrong: Yes. You have an option of either agendizing it as the first item or after every action item, but prior to taking action.

Secretary of State: That's a good one to know.

***8. FOR POSSIBLE ACTION – ADJOURNMENT**

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

Comments:

Governor: Is there a motion to adjourn?

Secretary of State: So moved.

Governor: I'll second the motion. All in favor of the motion please say aye. Motion passes. This meeting is adjourned. 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