

MINUTES

MEETING OF THE BOARD OF EXAMINERS

March 12, 2013

The Board of Examiners met on Tuesday, March 12, 2013, 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 Jeff Mohlenkamp

Others Present:

Rudy Malfabon, Director
Karissa Neff, Attorney General's Office
Rebecca Salazar, Victims of Crime
Shane Chesney, Senior Deputy Attorney General
John Desmond, Gordon and Silver
Marva Cleven, Department of Education
Stacy Johnson, Health Division
Julia Peek, Office of Public Health, Informatics and Epidemiology
Chris Perry, Department of Public Safety
Colleen Cripps, Division of Environmental Protection
Steve Hill, Office of Economic Development
Frank Woodbeck, Department of Employment, Training and Rehabilitation
Greg Bortolin, Desert Research Institute
Teri Preston, State Public Works Division
Julie Kidd, Buildings & Grounds
Debbie Ohl, Buildings & Grounds Leasing Division
Leanne Lima, Buildings & Grounds Leasing Division
Jim Wright, Department of Public Safety
Ryan Miller, Department of Public Safety
Jennifer Bauer, Department of Public Safety
Fawn Lewis, Department of Education
Steve Fisher, Department of Welfare and Supportive Services
Michael McMahon, Department of Welfare and Supportive Services
Katie Armstrong, Attorney General's Office
Cody Phinney, Mental Health and Developmental Services
Kurt Green, Mental Health and Developmental Services
Kelvin Hickenbottom, Division of Water Resources
Bonnie Kordonowy, Division of Water Resources
Maureen Cole, Department of Employment, Training and Rehabilitation

Keith Wells, Motor Pool
Clark Leslie, Attorney General's Office
Dennis Gallagher, Attorney General's Office
Paul Adcox, Office of Military
Michelle Trakers, Office of Military
Ed Vogel, Las Vegas Review Journal
Brian Irvine, Gordon Silver
Lesley Henrie, Administration
Bonnie Long, Department of Health and Human Services
Brandi Johnson, Mental Health and Developmental Services
Stacey Johnson, Health Division

1. PUBLIC COMMENTS

Comments:

Governor: Good morning everyone. I will call the Board of Examiners’ meeting to order. First item on the Agenda is public comment. Is there any member of the public here in Carson City that would like to provide public comment to the Board? Is there anyone present in Las Vegas that would like to provide public comment? And good morning, Madam Attorney General. Madam Attorney General, are you on mute?

Attorney General: Oh, sorry, I thought we turned it on. Good morning. Good morning. No, there is no one here for public comment.

Governor: All right. Thank you.

***2. FOR POSSIBLE ACTION – APPROVAL OF THE FEBRUARY 12, 2013 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: Agenda Item No. 2, approval of February 12, 2013 Board of Examiners’ meeting minutes. Have all the members had an opportunity to review the minutes and are there any changes?

Attorney General: Move for approval.

Secretary of State: Second.

Governor: The Attorney General has made a motion for approval of the February 12, 2013 minutes. Secretary of State has seconded the motion. Any questions or discussion? All in favor please say aye. Aye.

Attorney General: Aye.

Secretary of State: Aye

Governor: Opposed no? Motion passes unanimously.

***3. 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 Administration – Motor Pool Division	1	\$27,500
Office of the Military	2	\$20,000
Department of Conservation and Natural Resources – Division of Water Resources	2	\$46,884.53
Total:	5	\$94,384.53

Clerk’s Recommendation: I recommend approval.

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

Comments:

Governor: Agenda Item No. 3, state vehicle purchase. Mr. Mohlenkamp.

Clerk: Thank you, Governor. Before the Board are three separate requests for vehicle purchases. The Motor Pool Division -- I’m sorry, Motor Pool Division Office of the Military and Department of Conservation and Natural Resources. The Motor Pool was not a budgeted request. In fact, this is going to be to fill a need within the Taxi Cab Authority, but it is a request. We’ve been looking at the taxi cabs, their equipment and they’re really old. And so this is something that’s going to help them, move them along. We were looking at some replacements in the upcoming budget as well.

Governor: And that was my question is with regard to Taxi Cab Authority. My understanding is they’ve got some vehicles with some really excessive mileage, and they need to replace those vehicles.

Clerk: Yeah, there’s several that are 150,000 plus, I believe, or in that range. And so we’re looking to actually replace a fair number of those vehicles.

Governor: Board members, do you have any questions with regard to Agenda Item No. 3? If there are not, the Chair will accept a motion for approval.

Secretary of State: I’ll move for approval.

Attorney General: I’ll second the motion.

Governor: Secretary of State has moved for the approval of the state vehicle purchase as described in Agenda Item No. 3. The Attorney General has seconded the motion. If there are no questions, all those in favor of the motion, please say aye.

Secretary of State: Aye.

Governor: Aye.

Attorney General: Aye.

Governor: Motion passes unanimously.

***4. FOR POSSIBLE ACTION – CASH MANAGEMENT IMPROVEMENT ACT**

A. Office of the Controller – Payment to U.S. Treasury not to exceed \$11,879

The State Controller requests approval of payment to the U.S. Treasury not to exceed \$11,879 from the General Fund. This is the highest possible payable liability for 2012. The U.S. Treasury is reviewing the report and should have a final liability figure by March 16th. Payment to the U.S. Treasury is required by March 31st.

Clerk's Recommendation: I recommend approval.

Motion By: Secretary of State

Seconded By: Attorney General

Vote: 3-0

Comments:

Governor: Agenda Item No. 4, Cash Management Improvement Act. Mr. Mohlenkamp.

Clerk: Thank you, Governor. Before the Board is a request from the Controller's office for an \$11,879 for potential liability to the federal government. Now, I understand that it's likely there will be no liability, but this is the -- this is the highest liability that the Controller's office has calculated. So they're asking for permission to go forward in the event that there is a liability. By way of background what this is, is if the -- when you look at the totality of the federal funds coming into the state versus state dollars used and the timing thereof, if we're borrowing federal dollars in order to make reimbursements, we could owe back to the federal government. Conversely, if we're advancing state dollars where federal dollars could have been used instead, we might be owed back money from the feds. So in this case, we believe there might be a small amount due back from the federal government, very small, in the -- you know, single thousand dollars. But this is liability we might have. And so they're asking -- it's just abundance of caution request.

Governor: In the worst case scenario, at least as -- is today, \$11,879.

Clerk: That's what I'm led to believe, yes.

Governor: Board members, do you have any questions?

Attorney General: No.

Governor: The Chair will accept a motion for approval of the payment to the U.S. Treasury not to exceed \$11,879.

Secretary of State: Vote for Agenda Item No. 4.

Attorney General: I'll second the motion.

Governor: The Secretary of State has made a motion to approve Agenda Item No. 4. The Attorney General has seconded the motion. If there are no questions, all in favor of the motion, please say aye. Aye.

Secretary of State: Aye.

Attorney General: Aye.

Governor: Motion passes unanimously.

***5. FOR POSSIBLE ACTION – AUTHORIZATION TO CONTRACT WITH A FORMER EMPLOYEE**

A. Department of Employment, Training & Rehabilitation

Pursuant to Assembly Bill 240, Section 1 of the 2011 Legislature, DETR requests authority to contract with a former employee, a Public Service Intern 2 within the Rehabilitation Division, through an existing contract with United Cerebral Palsy of Nevada. The existing contract, which provides assistance to school district staff in identifying and referring students/clients eligible for Vocational Rehabilitation services, is currently in place until April 30, 2013 but is in the process of being extended through August 31, 2013 in order to allow ample time to complete the RFP process.

Clerk's Recommendation: I recommend approval.

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

Comments:

Governor: Agenda Item No. 5, authorization to contract with a former employee. Mr. Mohlenkamp.

Clerk: Thank you, Governor. Before the Board is a request by the Department of Employment Training and Rehabilitation to contract with a company that employs a former employee. So the United Cerebral Palsy of Nevada employs a former intern that worked for our DETR. And because of the way the bill has written the statute, the way the statute is implemented, they need approval to contract with this group, even though it's not a direct relationship with that employee. That employee is a -- essentially an employee of this vendor. So...

Governor: Is this a pretty broad interpretation of the law?

Clerk: I don't know. My view of it has been that we were reaching out; however, it's fairly clear that if you're working for a -- you know, like Manpower or Kelly Services or things like that, that we have to -- we have to make sure that that's covered, even though there's an extension of that relationship. I think it's fairly broad in my own personal opinion, but I think that legal guidance has been that we probably should be processing this through the Board.

Governor: Any questions from Board members? If there are none, the Chair will accept a motion to approve the authorization to contract with a former employee as described in Agenda Item No. 5.

Secretary of State: Approval.

Attorney General: I'll second the motion.

Governor: We have a motion by the Secretary of State for approval. Second by the Attorney General. If there are any -- if there are no questions, all those in favor of the motion, please say aye. Aye.

Secretary of State: Aye.

Attorney General: Aye.

Governor: Motion passes unanimously.

Clerk: Governor, if I might add just on No. 5 before we move on; we do have a bill before the legislature to -- as you know, we have this two-step process. We have to get approval for the relationship. Then we have to come back at a subsequent Agenda and approve the contract. We do have a bill pending before the legislature to eliminate that two-step process. It would not eliminate this type of thing coming before the Board, but it would allow it to come before the relationship and the contract in the same Agenda. So...

Governor: An efficiency measure.

Clerk: Yeah, mm-hmm.

Governor: All right.

***6. FOR POSSIBLE ACTION – NOTIFICATION OF INTENT TO FILE FOR A GRANT OR LOAN FROM THE DISASTER RELIEF ACCOUNT WHICH REQUIRES AN EXTENSION TO COLLECT DATA**

A. Department of Public Safety – Division of Emergency Management – Severe Winter Storm Damage, Hawthorne, NV

Pursuant to NRS 353.2755, Mineral County filed their letter of intent with the Division of Emergency Management to request a loan or a grant from the Disaster Relief Account for severe winter storm damage in Hawthorne, Nevada within the 60 day requirement. Mineral County needs to provide additional information to complete their request including, but not limited to, financial documentation, availability of internal funding, and assessment damages. Emergency Management respectfully requests an extension to November 30, 2013 to collect this data for final submittal to the Board of Examiners and Interim Finance Committee.

Clerk's Recommendation: I recommend approval.

Motion By: Secretary of State

Seconded By: Attorney General

Vote: 3-0

Comments:

Governor: Agenda Item No. 6, notification of intent to file for a grant or loan from the disaster relief account which requires an extension to collect the data. Mr. Mohlenkamp.

Clerk: So thank you, Governor. Before the Board then is a request from Mineral County for disaster relief and they have submitted within the required time frame in order to have a claim pending before the Board. This is a request to have an extension on the time that's necessary to collect all the data. As you know, we've seen a few of these come forth before the Board in past months, and it usually takes an extended amount of time to identify the extent of the damage and then to go forward and determine whether the municipality, in this case the County, has the resources to cover the cost themselves. So we have to do, essentially, a financial review before, ultimately, this will come forward for a consideration of the claim itself. In this case, they're asking for the extension to November 30, 2013 to collect the data.

Governor: And we did this for Washoe in Clark County, if my recollection serves me.

Clerk: We have. With the fires, we did it for several parties related to the two fires up at Washoe County area.

Governor: And then the flood in Clark County.

Clerk: Absolutely.

Governor: Yeah. Board members, do you have any questions with regard to Agenda Item No. 6?

Attorney General: No.

Governor: If there are none, the Chair will accept a motion for approval.

Secretary of State: I'll vote for the approval.

Attorney General: Second the motion.

Governor: Secretary of State has moved for approval of the action described in Agenda Item No. 6. The Attorney General has seconded the motion. If there are no questions, all in favor, please say aye.

Secretary of State: Aye.

Governor: Aye.

Attorney General: Aye.

Governor: Motion passes unanimously.

***7. 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 – \$250,598.30

The department requests settlement approval in the amount of \$250,598.30 to resolve an inverse condemnation and pre-condemnation damages that is now on appeal and cross-appeal before the Nevada Supreme Court. The parties attended a Supreme Court-mandated mediation and reached a resolution of the entirety of the action subject to the Board of Examiner’s approval of this settlement amount. The \$250,598.30 settlement request is in addition to a judgment of \$624,401.70 that the District Court entered against NDOT in November of 2012 that NDOT has already paid. Approval of this additional settlement amount would bring the total to \$875,000.

Clerk’s Recommendation: I recommend approval.

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

Comments:

Governor: Agenda Item No. 7, approval to pay a cash settlement. Mr. Mohlenkamp.

Clerk: Thank you, Governor. Before the Board is a request from the Department of Transportation for a payment in the amount of \$250,598.30. This would be to provide for a settlement subsequent to a court order that was already entered in a -- related to the similar matter. And we have members of NDOT to be able to speak to it.

Governor: Good morning.

Rudy Malfabon: Thank you, Governor. For the record, Director Rudy Malfabon, and with me is Karissa Neff from the Attorney General’s Office. Karissa was very instrumental in getting this case taken care of originally. It was a significant amount of exposure to the State, and originally it was about a \$50 million exposure. We went to court and the judge ruled that we owed them \$624,000 approximately. Subsequent to that, I did attend a settlement conference with the plaintiffs, and Phil Arbok was the settlement judge. So we did feel that there was some points to be made on -- that Mr. Arbok determined that the settlement -- I mean the judge in the original case didn’t rely on the best information for determining the settlement amount. He thought there was some additional exposure to NDOT. Based on that, we felt that it was in the best interest of the State to settle on this additional amount. The other side had filed an appeal, so it wasn’t just a threat to sue, but they actually had filed an appeal.

We’re looking at additional costs that could be offset -- that were actually going to be offset by Clark County by amendment with an agreement with Clark County. This was associated with

the widening of Blue Diamond Highway, and Clark County has agreed to pay the State an additional, approximately, \$1 million that will offset these additional costs. The County also agreed to pave Oleta Avenue, which is the alternate access to this property. So this property is located near the bridge over the railroad tracks, so we elevated the road. The plaintiff claimed that because of the elevation of the road it was causing him to lose access, and it was affecting his property values.

The other reason that we settled was that we didn't want to have an adverse decision that would cause us to have to deposit money. Not so much an issue on this case, but in other eminent domain cases that are involving ten's of millions of dollars. We didn't want to have to deposit that money in those types of cases, so we wanted to avoid that kind of decision from the judge that would force us to deposit in cases that were adverse of the State, where it was significant amounts of money that were at issue. So that was another reason that we settled on this case. But by reaching a settlement, we stopped the accrual of interest payments on the -- and also the monthly rent for a temporary take of the property, which is associated with what the County had agreed to do to pay for temporary access -- and access. Pardon me.

Governor: So we had a great outcome here, because the judgment at the District Court was \$624,401.70. The issue today is whether we should pay \$250,598.30, and that was calculated as the amount of interest and fees that we estimated it would cost to take this through an appeal with the Supreme Court -- where that number came from. Now, this is a new fact for me with regard to reimbursement by the County. The County is going to contribute dollars...

Rudy Malfabon: The County is contributing \$1 million to it. They collected money from developers in the area and they're giving that money to NDOT since we improved the road, and it's a benefit to move on the County system as well. They're going to pave the county road and give us the developed elected, which helps us offset this. It was additional money that -- above and beyond what we anticipated getting from the Clark -- from Clark County.

Governor: So they're actually paying us more than what we've paid out in this case?

Mr. Malfabon: Yes.

Governor: And I guess my only -- given all those considerations that you've put to justify settling this case, I just was wondering why we're paying them dollar for dollar the amount of interest and fees to take this through an appeal when there was no negotiating room to have them -- have us not pay as much.

Karissa Neff: Let me just jump in. We did -- you know, we were at a court-ordered mediation for probably six hours. And so this amount is definitely not what the plaintiff was trying to settle with us. That was an amount that Phil Arbok valued the case at and came in and said this number. And if you run the numbers, the cost -- let's just say it goes forward with an appeal and that decision is affirmed; under PISTOL and the attorney's fee statute, we are going to end up paying the plaintiff easily another 200,000. We are going to probably have another 200,000 in defending ourselves on the appeal, as well, so we're probably going to be in it over 400,000. And that's just another reason to justify the 250,000 then.

Governor: So even if we win, we lose, if we had gone forward.

Karissa Neff: We would have to have a complete reversal and have them get absolutely nothing to avoid paying their attorney's fees, but we would still not get our attorney's fees back.

Governor: So in your opinion, this is the most prudent approach in terms of resolving this case and is in the best interest of the State.

Karissa Neff: Yes.

Governor: Okay.

Clerk: Ma'am, can you identify yourself for the record. I didn't catch your name.

Karissa Neff: I'm Karissa Neff from the Attorney General's Office.

Clerk: Thank you.

Governor: And I wasn't real clear on that issue with regard to having to essentially put the amount of money at stake in an escrow account. Is that an issue that was...

Karissa Neff: I can explain kind of, what happened. Basically, NDOT filed a motion to stay execution of the judgment. The plaintiff went to court and said, "Hey, judge, I want you to order NDOT to pay the amount of the judgment, anyway." Under 37 they have to pay it in order to maintain their appeal. I don't believe that that's really the law or the case, but it appeared that the judge was going to side with the plaintiff. And so basically, if we didn't -- if we got an adverse decision for her or appealed that decision and got something not in our favor, then in some of these lawsuits that come up that are giving like \$20 to \$30 million, we're going to have to pay that amount in order to litigate our appeal. And so NDOT thought it'd be a better business decision just to pay the 620,000 and risk losing that amount, than \$20 to \$30 million in the future.

Governor: They don't let us bond on that? No?

Karissa Neff: Not yet.

Governor: All right. I have no further questions. Board members, do you have any questions with regard to this proposed settlement?

Attorney General: Governor, I just have clarifications. One; so by settling this, it settles all of the appeals, all the actions. We'd be finally done with this particular litigation; is that correct?

Karissa Neff: Yes.

Rudy Malfabon: Yes.

Attorney General: And then, the one comment I want to make, and, Governor, this goes maybe to our discussion yesterday, the Department of Transportation Board. These inverse condemnation claims that are made, the way that the statute reads is that we would be liable for attorney's fees no matter what, attorney's fees and costs; is that correct, even if we prevail?

Karissa Neff: Basically, it's attorney's fees and costs if the landowner prevails. They have to recover something.

Attorney General: Oh, so if we...

Clerk: If they recover any more money, we would be responsible for their costs.

Karissa Neff: Or if it's..

Attorney General: Okay. So...

Karissa Neff: ...affirmed in this case.

Attorney General: So if they recovered a dollar, we'd be responsible for all their attorney's fees and costs?

Karissa Neff: Yes.

Attorney General: Okay.

Governor: And that was my point, is even if we win in the Supreme Court, we...

Attorney General: Right.

Governor: ...essentially lose because we still have to pay those costs and fees, because they were successful at the District Court level.

Karissa Neff: Unless it was completely overturned, but then we would still be paying our own attorney fees to litigate.

Attorney General: Right. Okay, thank you.

Governor: Further questions?

Secretary of State: No.

Governor: If there are none, the Chair will accept a motion to approve a cash settlement payment of \$250,598.30.

Secretary of State: I move for approval.

Attorney General: Second the motion.

Governor: There's a motion by the Secretary of State for approval to pay the cash settlement, second by the Attorney General. Any questions? All in favor of the motion, please say aye.

Secretary of State: Aye.

Governor: Aye.

Attorney General: Aye.

Governor: Motion passes. Thank you.

***8. FOR POSSIBLE ACTION – VICTIMS OF CRIME PROGRAM (VOCP) APPEAL**

Pursuant to NRS 217.117 Section 3, the applicant or Clerk of the Board may, within 15 days after the appeals officer renders a decision, appeal the decision to the Board. The Board shall consider the appeal on the record at its next scheduled meeting if the appeal and the record are received by the Board at least 5 days before the meeting. Within 15 days after the meeting the Board shall render its decision in the case or give notice to the applicant that a hearing will be held. The hearing must be held within 30 days after the notice is given and the Board shall render its decision in the case within 15 days after the hearing. The Board may affirm, modify or reverse the decision of the appeals officer.

A. Michael Schulz

The issue before the Board is the appeal of a denial for VOCP assistance. Mr. Schulz has reported problems with ongoing identity theft to the United States Department of Justice. Mr. Schulz' finances and credit have been affected. During hearings, Mr. Schulz claimed he should be eligible for assistance due to an assault against him that occurred in Pennsylvania in 1998. Unfortunately, this assault does not qualify him for assistance in Nevada, nor is identity theft a crime that is covered through this program.

Clerk's Recommendation: To uphold the denial of this claim.

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

Comments:

Governor: Agenda Item No. 8, victims of crime programs.

Clerk: Thank you, Governor. Before the Board is an appeal from a decision made by hearings and appeals by the Victims of Crimes Unit and the hearings and appeals. The issue before the Board is the denial for a claim made by Michael Schulz. And I believe Rebecca Salazar is in Las Vegas to be able to speak to this matter directly.

Governor: Ms. Salazar, if you would give us a brief overview of the case, please.

Rebecca Salazar: Yes, thank you. I'm Rebecca Salazar, Program Manager for Victims of Crime. Mr. Schulz has appealed our denial for identity theft. It's my understanding that he's had funds taken in the form of Social Security. Over the years he's been dealing with this issue. He says it stems from an assault in the late '90's in Pennsylvania, and feels that that assault makes him eligible here. But what he's requesting is assistance with the identity theft, not with the assault. And put simply, identity theft is just not covered. It's not considered a violent crime, and it's not covered by NRS 217.

Governor: Any questions from Board members?

Secretary of State: No.

Governor: And is Mr. Schulz present? No. He's not present. I think it's a pretty clear cut case, in my opinion, that the -- as Ms. Salazar said, that identity theft is an ineligible category in terms of being able to receive the funds under this program. So I agree with the decision that has been made, but I don't know if the other members have any comments.

Attorney General: Governor, I would move to uphold the denial of this claim.

Secretary of State: Second.

Governor: The Attorney General has made a motion to uphold the denial of the claim. The Secretary of State has seconded the motion. Questions or discussion? All in favor, please say aye.

Secretary of State: Aye.

Governor: Aye.

Attorney General: Aye.

Governor: The motion passes.

***9. FOR POSSIBLE ACTION – 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. 9, leases. Mr. Mohlenkamp.

Clerk: Thank you, Governor. Before the Board are three leases for consideration, and I think I told you last time I thought we were at the -- near the end of the savings and I was wrong; because on two of the three leases before you, you can see a reasonably high level of savings that we still are achieving in some of the rent negotiations or lease negotiations. The first is with Health and Human Services; the second also Health and Human Services, the Mental Health Division, and then the third with the Gaming Control Board.

Governor: And between those two, that is over \$300,000 in savings, correct?

Clerk: Yeah, it really is. And I -- you know, they're both really meaningful savings, but the one on the Mental Health is really quite extraordinary, actually.

Governor: And before I take a motion, members of the Board, I wanted to recognize somebody; Ms. Teri Preston, who is the individual -- who is the person who is charged with negotiating these leases. And I had the opportunity to attend the Nevada Taxpayers Association meeting where she'd been nominated for a Good Government Award, and she had been recognized for saving the state over \$2 million in lease funds. And so I want to take the time today -- why don't you come forward, Ms. Preston, if you would. Sorry, they didn't tell me I was supposed to sign, so you get a fresh signature here. And, Teri, I just wanted to personally thank you again. As I said, it's quite remarkable what you've accomplished on behalf of the people of the State of Nevada, and I think it's important for all of us to recognize great work and commitment to the people of our great state. So I have for you a letter and a certificate, as well as the Governor's coin.

Teri Preston: Oh, thank you so much.

Governor: And thank you very much for doing this. Thank you. All right. Board members, do you have any questions with regard to Agenda Item No. 9?

Attorney General: No.

Secretary of State: No, Governor. I move for approval of the three leases.

Attorney General: Second the motion.

Governor: Secretary of State has made a motion for approval of the leases described in Agenda Item No. 9. The Attorney General has seconded the motion. If there are no questions, all in favor, please say aye. Aye.

Secretary of State: Aye.

Governor: Motion passes three to zero.

***10. FOR POSSIBLE ACTION – CONTRACTS**

Forty-four 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: We'll move on to Agenda Item No. 10, contracts.

Clerk: Thank you, Governor. Before the Board are 44 contracts for consideration. And I will note that Contract 43 and 44 are actually combined. They're a single inter-local, but we agendaed them as separate items because, coincidentally, it's just kind of a first for us having three -- several government entities involved in a single inter-local contract. So 43 and 44 are essentially a combined contract together. But you have 44 on the Agenda.

Governor: All right. And there are some holdouts that I have, and if there's anybody with a state agency who can be helpful in this -- many of these contracts have some -- are either all or partially federally funded. And with the sequestration issue in Washington, if there's anything that this Board needs to be aware of, with regard to the federal funding and whether it may be partially at risk because of the sequestration issue, please let us know now. I just want to make sure that if we're approving these contracts that we're going to be able to finish them. And if there's something that -- again, that we need to be aware of, now's the time to please let us know if there may be an issue down the line.

So the holdouts that I have are -- was Contract No. 1, between the Attorney General's Office and Gordon and Silver. You have some -- or no. Contract No. 16, which had to do with the Department of Education. Again, it's not really to do with the contract itself, but just to ensure that we're okay on the sequestration issue. Same with the Contract 19 and the Department of Health and Human Services, and the series of contracts that they have that include some federal funding. I believe the Attorney General has asked for Contract 30 to be held. I've also asked for 36 to be held, but just to -- essentially, to answer that again, that question with regard to the federal funding. And then finally, the Attorney General and I have asked for 43 and 44 to be held out. Board members, did you have any other contract hold outs?

Secretary of State: No, Governor.

Governor: Okay.

Attorney General: No.

Governor: Why don't we begin with No. 1, please. Good morning, gentlemen. If you would just identify yourselves for the record.

Shane Chesney: Certainly. My name is Shane Chesney, Senior Deputy Attorney General for the State of Nevada. I have with me the outside counsel with Gordon and Silver, John Desmond.

John Desmond: John Desmond, Gordon and Silver.

Governor: Again, good morning and welcome. And I guess what I was just looking for was kind of an update as to...

John Desmond: Sure.

Governor: ...where we are and if we're getting close to finalizing the case and having it heard.

John Desmond: Sure. Good morning, Governor, members of the Board. Our representation of the Treasurer's Office and the College Savings Plan Board on this actually relates to two different matters. There's litigation that's ongoing in stay court that's been brought by the former plan sponsor of the College Savings Program. There are also claims that have been asserted against the current program manager of the College Savings Plan. And we've been representing the Treasurer's Office and the Board on both of those issues. We've been trying to resolve them globally in conjunction with discussions with both the representatives of the plan sponsor and the program manager. We've got a subsequent meeting to do that. If we're unable to do that, we're likely looking at an additional piece of litigation being filed involving the program manager. So I'm optimistic that those discussions may be fruitful, but if not, we're likely looking at an additional piece of litigation which is why we prepared a budget in conjunction with the Attorney General's Office to address that contingency if it does happen.

Governor: Okay. Do we have a trial date set and...

John Desmond: We had a trial date originally scheduled for May, but because of ongoing discussions with the program manager, we agreed to bump that date. We're currently looking at a trial date of end of November, early December of this year.

Governor: Great. Okay. I have no further questions. Board members, do you have any questions with regard to this?

Secretary of State: No, Governor.

Attorney General: Nothing. No, Governor.

Governor: Thank you, gentlemen. I think it was 16, right?

Secretary of State: Sixteen, yeah, right.

Governor: Department of Education.

Marva Clevon: Good morning.

Governor: Good morning.

Marva Clevon: I'm Marva Clevon. I'm the Director of Special Education at the department. So you have just specific questions in regard to the sequestration or...

Governor: Yeah. And, essentially, as we look here, this is \$72,000. It's federally funded.

Marva Clevon: Yes.

Governor: And, you know, it's obviously something I'm going to support, but I just, kind of, wanted...

Marva Clevon: Okay.

Governor: ...if later on down the road there's a possibility that we may lose this funding, or would we get it immediately?

Marva Clevon: You know, I met with the Office of Special Education Programs, OSEP, the federal office last week, and in our conversations with them we're feeling pretty confident that we're in a really nice position within the state regarding special education funding; that we're not going to see a huge impact especially on districts. And, I mean, there will be an impact, but this kind of thing will not -- it won't come back to where we're going to have to lose that or ask for supplemental funding in the future. And that's 72,000 over the course of the next two years. Unfortunately, even though there's sequestration, they didn't take away the mandates that we have to comply with. And this is part of the state performance plan, so...

Governor: Okay.

Marva Clevon: We met yesterday even more on sequestration and actually are feeling pretty confident.

Governor: I like that.

Marva Clevon: Yes.

Governor: So does that go for the other contracts that are here?

Marva Clevon: I believe so, yes.

Governor: Okay.

Marva Clevon: I mean, I can speak very confidently about special education, but I would say that for the most part, the Department has been very proactive in -- with the federal funding over the last few years, so...

Governor: And as you say, regardless, we have to provide it.

Marva Clevon: Regardless. It's part of the SBP. This is Indicator 14. It's one-year out surveys for students that graduate with disabilities. They graduate; we check one year out to see what their, either, employment status is, their training status. We have to report that.

Governor: Okay.

Marva Clevon: So...

Governor: That's all I have.

Marva Clevon: Thank you.

Governor: Board members, do you have other questions?

Secretary of State: No, Governor.

Governor: All right. Thank you very much.

Marva Clevon: Thank you so much.

Governor: And do we have somebody from Health and Human Services? And good morning; if you would please identify yourself for the record.

Stacy Johnson: Good morning. My name is Stacy Johnson. I'm the Administrative Services expert for the Health Division.

Julia Peek. Julia Peek, and I am the manager of the Office of Public Health Informatics and Epidemiology at the Health Division.

Governor: And welcome. And, again, the same question; not really have to do with the -- whether these are good or bad contracts. The issue for me is, you know, the federal funding. Are we pretty confident that that's going to stay in place?

Stacy Johnson: We are. This could be subject to sequestration. We don't have any final numbers. The maximum cut would be nine percent. We don't think it will be that high. We have funding. Our current grant award will not be cut. It's actually going to end in...

Julia Peek: End of the month.

Stacy Johnson: ...the end of this month, and then our next award could be subject to possibly nine percent. That would be the max. That would only be approx -- a little over \$30,000 for this particular grant award. If that were to happen, that full amount, we could renegotiate the contract. We don't feel like we'll have to do that. We feel like \$30,000 is a pretty small amount and we could probably -- and even if we did have to renegotiate the contract, it would just mean, possibly ask one less question on the survey or maybe do a few less surveys. So we feel like we can still continue to do this work even if sequestration -- sorry, I never say that right.

Governor: I've never heard two people say it the same way.

Stacy Johnson: I know. No. Sequestration. So across the board, all of our Health Division grants, we have a little over 70, are kind of in the same boat. Nine percent is what we're told is the max. Julia did talk to her program officer yesterday and they just don't have any specifics for us right now, so we just don't know what the cuts could -- but the maximum would be nine percent.

Governor: And then if -- worst case scenario, if that were to happen, then you say you may renegotiate with the contractor or try to find within the budget other ways to...

Stacy Johnson: Right.

Governor: ...fill the gaps?

Stacy Johnson: And it's our understanding that they are going to give us some leeway to be able to redirect our funds, you know, due to the sequestration. Obviously, we get cut all the time -- I mean, not all the time, but we're used to dealing with cuts. We would reprioritize. Direct services would be number one. Number two would just be maintaining our positions so people don't lose their jobs, and thirdly, probably, community providers; the funding that goes to communities. So we're aware of it and we will -- each grant will take a look at their programs, if once we know what the cuts are so they can decide, you know. But for this one, the bulk of the grant goes to this contract.

Governor: Okay. And then -- I don't know if you have information in -- to answer this question and if it applies to any of these contracts, but if there is a reduction, we get a proportional reduction in our maintenance of effort, correct?

Stacy Johnson: Yes.

Governor: Okay.

Stacy Johnson: I don't believe...

Julia Peek: It doesn't apply to this one, but...

Stacy Johnson: Right. It doesn't apply to this grant.

Governor: But other -- generally...

Stacy Johnson: Yes.

Governor: ...that would happen?

Stacy Johnson: That's correct.

Governor: Okay. I have no further questions. Board members, do you have any questions?

Secretary of State: No.

Clerk: Governor, if I could supplement just a little bit, just from kind of a statewide perspective. As you recall, we have been gathering information from all the state agencies for several months now, and now we're in the process of refining that information. The difficulty here is there -- obviously, you know at the federal level there's still a lot of work going on. And so the exact form of sequestration and what kind of flexibility we receive from the federal government is still winding its way through the process, and it may be early April before we have a better feel for that. Having said that, we're not sitting back; we are actually reaching out to all the state agencies asking for impacts. And we're getting it a little bit more granular now in the information we're requesting, specifically things that might pose mandates or unfunded mandates from the federal government. Those costs that support positions, direct state positions and things of that nature, and then those direct service funding. So we're gathering collective information from the agencies. I expect in the next week or two we'll have that better, and then hopefully, we'll be in a position to get a little bit better guidance where the federal government's going.

Second of all, just on a general basis, state agencies really have three options -- there are more than three options, but three that really come to mind with regard to contracts. One is not using all the authority under a contract. Some contracts allow you to essentially purchase less of an item or use less of the services that are paid hourly or things like that. And you can scale back the -- how much you use a contract if, in fact, the funding is compromised. Two, you could renegotiate the contract and come up -- and go through a renegotiation process. And I think most of the groups that are contracting with us would understand that situation. And thirdly, we always have the non-appropriation clause, where we can within -- it's usually 30 day's notice, but in some contracts it's different. We could actually back out of the contract altogether and terminate, so -- and that's a fairly broad non-appropriation clause. It gives us a fairly broad authority to back out of the contract if there are insufficient funds. So we're generally in pretty good shape statewide.

Governor: No, and that's very helpful, Mr. Mohlenkamp. As we look through this Agenda and I see funding source, federal, federal, federal. I just want to make sure as we approve these that they don't come back and bite us several months down the line if the worst case scenario were to occur, and that we're planning upfront that that may happen, and we'll be able to handle all these contingencies. So that's all I have. Board members, any questions?

Secretary of State: No, Governor.

Governor: Thank you very much.

Stacy Johnson: Thank you.

Governor: Agenda Item No. 30, Department of Public Safety. Good morning.

Chris Perry: Good morning, Governor. Chris Perry, for the record. I'm the director of the Department of Public Safety. With me is Jen Barra. She's our Contract Services manager for the Department.

Governor: Thank you. Madam Attorney General, you had asked for this one to be held.

Attorney General: I did. Thank you, Governor. Chris, just a couple of questions. One, the Nevada Threat Analysis Center, that has been identified as a federal fusion center site, correct, by Homeland Security?

Chris Perry: Yes, Madam General. That's one of 72 that are currently recognized throughout the United States.

Attorney General: Are there any other here in the state of Nevada, other than...

Chris Perry: There is the Southern Nevada Counterterrorism Center; is also a recognized center.

Attorney General: Okay. And so, clearly, this is an important software program that you need to carry out the mission of your -- of your center, correct?

Chris Perry: Yes. It actually helps us manage the risk of CFR Part 23 for civil liability that currently exists with our current system. It literally is a bunch of Excel spreadsheets. So this would eliminate the human error. This particular program, the way it's configured, would have auto-updates for any type of file maintenance that's required. It wouldn't fall to a human to, maybe, purge a portion of the system or purge information out of the system.

Attorney General: Chris, is there any concern about competing for funds between your center and the one in Southern Nevada?

Chris Perry: Well, specifically dealing with this, Madam General, this comes from the 2011 state Homeland Security grant. This was approved by the finance committee for the Homeland Security Commission and was approved by the Homeland Security Commission body in general form as well. So for this particular instance, there isn't any.

Attorney General: Right. But in the future, do you see or anticipate any concerns about that?

Chris Perry: Well, actually, I think there is going to be some reduction of funding certainly to the UASI in Las Vegas. That's a separate funding source that the Las Vegas Metropolitan Police Department and the Southern Nevada Counterterrorism Center are able to access. If they fall off the UASI list, which is the Urban Area Security Initiative -- it's, basically, a ranked structure that tells an individual whether or not their city is significant risk of terrorist or terrorism-type plots or issues. If they fall off that list, there will be a significant issue with state Homeland Security grants, because there will only be the one funding source of the SHSV.

Attorney General: Okay. And let me just say, I support this and I think it's an important mission, what the Senator is providing for the state of Nevada. So the other concern I have, is I want to make sure that you have all of the needed support that -- all the support that you need for your mission. And so I'd want to make sure that we were aware of that and are able to support you in any manner that we can.

Chris Perry: I appreciate that, Madam General. We're pretty good right now. We have a couple of bodies in the current budget cycle. If we are able to fund them through the legislative process, we'll be in pretty good shape for the NTAC.

Attorney General: Okay. Thank you very much.

Governor: Thank you, Madam Attorney General. And we -- I serve as the Chair of the Homeland Security Commission, and the sheriff also serves on that commission as well, so we're constantly discussing this. But I agree with you that this is very valuable, and we intend to do everything we can for them to maintain their mission. Any further questions?

Secretary of State: No, Governor.

Governor: Thank you.

Chris Perry: Thank you, Governor. Thank you, Madam General.

Governor: If we have anybody with CNR. Good morning.

Colleen Cripps: Good morning, Governor, members. My name is Colleen Cripps. I'm the administrator for the Division of Environmental Protection.

Governor: And you've heard the conversation...

Colleen Cripps: Yes.

Governor: ...with regard to sequestration and funding. And as I said, the funding sources for the contracts that you have up here are federally funded. And I called you up to ask you if there was any sequestration impact on those contracts?

Colleen Cripps: We did do that analysis, and there is not any sequestration impact. All of those contracts are based on prior year grant funding.

Governor: So that's good news. Yeah. Do you have anything else here that could be affected? I don't think you do. Those are the only...

Colleen Cripps: No.

Governor: No?

Colleen Cripps: And as a matter of fact, the director of our department, Leo Drozdoff, who has the entire department do that analysis as well, and the determination was made by all the administrators that there could be contracts that would be impacted, but...

Governor: Wonderful. Thank you. Any further questions from Board members? All right.

Colleen Cripps: Thank you very much.

Governor: You're welcome. We'll move on to 43 and 44.

Steve Hill: Good morning, Governor, members of the Board. I'm Steve Hill. I'm the director of the Governor's Office of Economic Development. I'll let Frank and Greg introduce themselves here shortly. Before you today is an inter-local agreement that we hope to sign that basically backstops the lease that DRI and NSHE have entered into with IBM for some significant technology that IBM provides both on the data storage side of the equation, as well as the application and basically the software around the utilization of that data. I'll provide a brief background, and then open it up for Frank and Greg to talk.

Kirsten Heiser, who is Technology Commercialization manager, worked with IBM. They were interested in Nevada, but we kind of recruited them to come to the state last August. We had a rather large meeting at DRI, where IBM wanted to know what Nevada wanted to do in economic development; how we saw that moving forward and compare notes on how our roles and our interests may interact. We talked about -- I think we made a list of about 17 different topics that might be of interest to both IBM and the state. At the top of that list, though, was water. And Nevada has great expertise in water. It's obviously an issue that is very important of the state. And IBM has their Smarter Planet initiative, of which smart water is a part of that. So we began to work with them on how we might advance technology in that area, as well as economic development.

One of those initiatives was the Smarter City's initiative, where if Reno recently received a Smarter City's grant, IBM has committed over \$400,000 to that program and are in the process of actually completing that and helping to move that forward. They've also spent well over half a million dollars on a couple of other programs, primarily in conjunction with a proof of concept that was run at DRI from late October until just before Christmas. Basically, the technology platform that is the subject of the lease was between IBM and DRI was taken for a test drive for two months. The platform was intended for business applications. They wanted to make sure that it would work in a scientific and research environment. And I'll let Greg talk about this, but

the results of that were much better than they originally expected them to be, and led to the conversation about a contract for this equipment.

The equipment provides, basically, big data analysis, and it's at a level that we have not had in most places in the state at DRI. It's allowed DRI and their basic research and their climatology studies to really advance the field there. What it allows in addition to that from an economic development standpoint is the development of the Center of Excellence, based on this technology platform. This directly addresses one of the state's five objectives in the state economic development plan, one of our missions, and we really feel excited about that. I'll explain that briefly here in just a minute. It also allows workforce training across the broad spectrum of the workforce. For example, one of the initial seed projects we're looking at would allow the Center of Excellence to hire between three and six employees who would be responsible for installation of really smart mechanical equipment in the water system, so that we could measure pressures, we could measure temperatures, we could measure water quality; do a kind of a pilot study around that equipment and around the data that it collects, and then grow that from there. It's an opportunity to get people hired who are not employed right now, and we hope to grow it certainly much more robustly than three to six employees, but that's one of the original pilot projects.

It also allows workforce development on the data analytic side, which is a very big and growing industry. UNLV has expertise in this area; now they'll be able to teach from this program. CSN will be able to do the same. And then, as a truly advanced workforce development, those trained and data analytics off this technology will be able to train on the specifics of industry. So in this example, it would be the water industry; how to apply the expertise around data analytics to water. And while I was sitting here, I just listed seven or eight topics, just to give you a since of what is available from a topical standpoint and how these things can be combined. But water availability is one. Energy is also one. As I'm sure you know, delivering water to our citizens is one of the largest energy users of any industry out there. I believe the Southern Nevada Water Authority, for example, is the largest customer of NV Energy. So the water and energy nexus is important. Water quality is an issue. Both policy around water, and law around water are important components, and I think, over time, the Center of Excellence will be able to combine law and policy and water knowledge; system knowledge to create really a replacement workforce for very few people who understand all those different components. The products and services that go around delivering water and managing everything in that ecosystem, as well as workforce development, are all topics that may be available as this Center of Excellence grows.

So we're very excited about this. We think it directly addresses one of the highest priorities for economic development in the state. I've talked about this in several locations, but this is not only a Knowledge Fund-like project. Ultimately, we would like this to be funded, if possible, with Knowledge Fund funding. But we felt that it was important enough from our office to participate now, and if need be from our general fund budget moving forward, we would do that. So we entered into a verbal agreement that we hope to have certified today or approved today to backstop the investment that the System of Higher Education and DETR are making in this investment. So I'll let Frank say some words, let Greg say some words and answer any questions you may have.

Frank Woodbeck: For the record, Frank Woodbeck, Director of DETR. In looking at this particular project, the work -- the economic development aspect of it, we looked at it also as attracting companies that need big data analysis to Nevada. And as those companies need big data analysis, they also need to have a workforce that understands the analysis of that particular data and supports that particular company. And taking it a step further, I have a -- there's a bit of a diagram I've done here, but I'll explain it first. In many cases, across our industry sectors and across our Sector Councils, they are charged with coming up with the industry pipeline of jobs for the future in that particular industry. And some of the stumbling blocks there are companies that are going into their next generation of technology, and developing a workforce that understands that technology. And we feel that at the Center of Excellence and the data analytic capability of that Center of Excellence allows us to develop programming to teach that next generation of workforce.

And in that process, one of the industry norms now in manufacturing, for example, are career -- are certificate -- stackable certificates in which an employee can be trained in a basic skillset and allowed to go to work in that particular skillset, and let's say we support that particular employee while they're being trained in a 16 or 26-week program or whatever. They go to work and the company then takes them to the next level by training them again in the next certificate that brings them to the next level of career enhancement. And they can do that all the way up through wherever they'd like to stop, in terms of their particular career. But in creating those stackable certificates and creating those training programs, a Center of Excellence allows us to do that and send it through the community college system through higher education to be able to create this career pathway. So I diagramed this out for companies that we would have coming to us that would go through the Sector Councils and, obviously, through -- also through economic development. So our existing industries can benefit from this Center of Excellence, in terms of the workforce development aspects of this. So it was a good investment for us on a secondary basis, even going beyond what Steve has just described. So I'll share this with you. And, Madam Attorney General, I will send this to you electronically.

Greg Bortolin: Thank you, Frank. Thank you, Steve. For the record, Greg Bortolin. I'm the Director of Communications and Government Affairs at the Desert Research Institute. And I think probably a good place to start to support what Frank was just saying; the Pacific Institute report on sustainable water jobs issued a study in which they found that an investment of \$1 million in an alternative water supply project shields, 10 to 15 jobs in storm water management, 5 to 20 jobs in urban conservation and efficiency, 12 to 22 jobs in agricultural efficiency and quality, 14.6 jobs in restoration and remediation. So upwards of \$1 million, could mean creation of upwards of 70 to 75 jobs. I think, you know, just for context, we've -- I've shared with you, Madam Attorney General, the two-pager on our Center of Excellence. It's important for everybody to understand that there was a water energy nexus that was -- that we were working on long before IBM showed up or, you know, this Center of Excellence, you know, agenda.

Southern Nevada Water Authority, MECRA, the Water Authority of Israel, the Milwaukee Water Council are all part of, you know, the larger picture here. And, again, to kind of go back to where we were talking about, the IBM pure systems; DRI has been a client of IBM for the past six months, and I think that the important thing to understand here is that this advanced computer technology sorts and analyzes massive amounts of data that, you know, would take hours. Hours

get reduced to minutes and seconds. So it's time. It's an amazing new technology that we're using at DRI, you know, through IBM, and this has come forward. And I think because of IBM's application data systems are these cloud-based training, the exchange of information can occur at DRI also UNLV. And we're also, you know, thanks to Steve Hill, I think we're working with Switch as well; the world's largest data center in Las Vegas.

So, you know, the upshot of all of this is, is that this will form an institution in Las Vegas that is expected to become a global authority in developing and managing the world's most precious resource, water. And there is no more precious resource in our state, as all you know, than water. It's a public/private joint venture, and I think it'll yield jobs. It'll create a new -- and I think this is with Steve Hill's leadership. This is going to create a new job sector and a new industry for Southern Nevada. And those of you who are familiar with the Milwaukee Water Council, you know, Milwaukee -- the problem in Milwaukee is they've got too much water; in Nevada, we have just the opposite problem. And I think Las Vegas is the perfect place to do this where, you know, water is such a precious resource. And, you know, if Johnson Controls can do things in Milwaukee, you know, think about the possibilities in Las Vegas, which is the center of the southwest. So with that, any questions, I'd be happy to answer.

Governor: So do you envision this one year, three years, five years, ten years down the road that there's an opportunity for Nevada, as you say, to become the hub of water research, perhaps not just the USA, but for the world?

Greg Bortolin: Yeah, I'll take a stab at that. I think -- you know, you have to envision Las Vegas in a larger picture than Nevada. I mean, it's the Colorado River. You know, think of all the people that are putting straws into the Colorado River from the Rockies all the way to Mexico. And, you know, and if you hear Pat Millwright talk about this much more eloquently than I ever will be able to, you know that -- and this is with the certification -- you know, this is a global issue. And we could be on the forefront of developing industries and processes, you know, with technology to address these problems globally.

Steve Hill: Yeah. One of the things that I didn't mention and is, kind of, a follow up to your question, Governor, probably the real benefit or the largest benefit to this is the commitment that we've gotten from IBM, and we're seeing them follow through with that. Getting them engaged in Nevada on this is what allows this, really, to happen. And we've had several conversations with them recently. They've provided us with their foremost experts in water. And so we are, with their help, working through where the hole in the line is for Nevada to excel. Most of the water center of excellences in the world deal, as Greg pointed out, with water in abundance. There's one in Ottawa. There's one in Milwaukee. There's one in Lansing. There's one in Dublin. This does not exist in -- around water and aridity. It's where DRI's expertise is. As Greg said, they've been doing this for a long time. We feel like we have an opportunity, and I think, maybe, more importantly, IBM does as well -- feels that we have an opportunity to be the place in the world where people look for answers around water and aridity. And we do have great expertise there now to build on, and with the help of IBM and other industries and our partners that have been developed over the years, we think that's a real possibility.

Governor: Frank, did you have anything to add?

Frank Woodbeck: No.

Governor: So is there anyone else -- any other state that has -- would have a setup like this?

Greg Bortolin: Milwaukee.

Governor: Milwaukee has an IBM...

Greg Bortolin: Well, it's not IBM, but its industry. Its industry and Milwaukee is known as the water center of the country for -- and, you know, Johnson Controls is one company that comes to mind. And they're all based in Milwaukee. Their university system -- the University of Wisconsin, Milwaukee has a water division and it's world-renowned. And with the expertise and hydrology that we have at DRI, UNR, and UNLV, you know, this is clearly something that we could be a leader in.

Governor: So this -- I mean, we have, say, very well-respected programs, but this technology is a little bit of the missing link that we're really...

Greg Bortolin: It'll attract...

Governor: ...be the catalyst.

Greg Bortolin: Yeah.

Governor: Yeah, mm-hmm.

Steve Hill: Maybe, as an analogy, Governor, if you think about being the expert in the medical field, you start to slice it a little bit. I mean, if you're thinking about cancer treatment, you're treating about MD Anderson in Houston. There is a slice of the water industry that Nevada has an opportunity to lead the world in, and it's a big slice. Most of these other centers deal with issues that are not similar to what Nevada deals with. And Nevada deals with issues that, as you look around that, you know, same basic longitude around the globe, a lot of people in a lot of countries, other states have similar issues. So I think it's the reason for the initial partnership with MECRA and Israel; very similar climates, very similar issues. Learning how to run just the water supply system in those environments is a huge topic, and it's one that we are looking to explore.

Governor: And so not only are we getting -- would we get all that, but we also get the workforce development...

Frank Woodbeck: Correct, mm-hmm.

Governor: ...benefit on top?

Frank Woodbeck: Right. Exactly.

Governor: Okay.

Frank Woodbeck: And I'm working with the people from IBM also regarding that, and they'll be here in Carson City, hopefully, in April to meet and to talk about the manufacturing sector and what we can do there. So we'll carry that on to agriculture sector. Probably we'll have another, you know, set of benefits we can explore, certainly the IT sector. Sustainability will also.

Governor: And if -- as technology improves, will we be the beneficiary of that? I mean, is that built into the contract?

Steve Hill: It is built into the contract for the first three years. We envision the center being able to license products that have been developed from the center, licensed software that is written as a part of the pure systems, and actually become, kind of, a consulting service for other water municipalities or others in the private sector that provide products or services. So we intend it to be a revenue generating organization, that over time, we'll be able to reinvest that money and finance its growth rather than relying on the government entities to have to fund it all along the way.

Governor: Well, in that, you anticipate where I was going, is that we can actually recoup many, if not all or maybe, more than the costs than we're approving today as other, as you say, government entities or even private entities see the value in using the Center of Excellence that we will have created.

Steve Hill: Yeah, Governor, we actually consider this, kind of, seed funding to provide the original platform for this to grow, but it should grow up and be a sustaining entity.

Governor: Okay. I have no further questions. Board members?

Attorney General: Governor, thank you. Just some comments and a couple of suggestions. First of all, let me just say, I think this is such an innovative business model and public/private partnership. So I'm glad to hear you guys coming forward today to talk about this. And then as the Attorney General of the State of Nevada and the Governor appreciates this, the western states, clearly we all have something in common in the western states, which is to manage our water resources. Most often as you've already said, Mr. Hill, our concern here in the western states are conserving, whereas in the eastern states, they have over abundance of water. So I think this would be innovative for the western states in general, let alone internationally.

Suggestion though; CRC, have you thought about pulling in the Colorado River Commission and the expertise already available through their employees? And the reason why I say that, is I've got a couple of attorneys there, and if you're looking at expertise on the legal side of the water law issue, particularly when it comes to the Colorado River, we're happy to support whatever your needs are there on the legal side of building that capacity. And I know the Colorado River Commission has similar individuals with that type of knowledge that can bring that technical expertise to your business model as well.

The only question I have is the contracts are four years. Is there some sort of benchmarks or performance measures that you have in place for the end of the four years or at any time to, kind of, gauge how successful or you're -- how you're doing within this partnership or this business model?

Steve Hill: Madam Attorney General, Steve Hill. I appreciate the suggestion and the offer, and we'll certainly take you up on that, as I'm sure, you know, others may not. Our deputy attorney general is also the deputy attorney general for the Colorado River Commission, so we share Ann and she does a great job, and I'm sure she'll be helpful in tying the two organizations together. We have physically nine metrics that we'd be happy to share around what we would use to measure success for this project and other technology commercialization projects. It includes the workforce training aspect, the number of students involved. It includes the number of patents that are created as a result of the work; licensing of intellectual property that is developed so the center may get all or a portion of the revenue from licensing technology that comes from the work of the center, usually in partnership with private industry. And then it moves all the way to companies that are created and spun out and the number of jobs that are created. So there's a -- there's a list of nine that we have; we'd be happy to share that.

Attorney General: Great. Thank you. I don't have any further questions. Thank you, Governor.

Governor: Thank you. Any questions?

Secretary of State: No.

Governor: Okay. Before I take a motion, do Board members -- thank you, gentlemen.

Frank Woodbeck: Thank you.

Governor: I appreciate it, yeah. Board members have any questions with regard to the contracts -- to Contracts 1 through 44 as described...

Attorney General: Actually, Governor, I think you just -- excuse me, somebody muted so I could not hear what's going on and thank you.

Steve Hill: I did that.

Governor: Sorry, Madam Attorney General, I just asked if you or any of the Board members have any questions with regard to Contracts 1 through 44 as described in Agenda Item No. 10. The Secretary of State...

Attorney General: No.

Governor: ...has made a motion for approval.

Attorney General: I'll second the motion.

Governor: Second by the Attorney General. Any questions? All in favor, please say aye.

Secretary of State: Aye.

Governor: Aye.

Attorney General: Aye.

Governor: Motion passes unanimously.

***11. FOR POSSIBLE ACTION – MASTER SERVICE AGREEMENTS**

Four master service agreements 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: We'll move on to Agenda Item No. 11, master service agreements.

Clerk: Thank you, Governor. There are four master service agreements for consideration by the board. All four of these are for temporary employment services. The total of all four contracts is in the amount of \$24 million. As you know, we end up contracting for a lot more than we use in the form of aggregate services, but this allows agencies to go to any of these four entities to hire temporary labor without having to execute another contract, so...

Governor: I have no questions. Board members, any questions? The Chair will accept a motion to approve Master Service Agreements 1 through 4 as described in Agenda Item No. 11.

Secretary of State: Move for approval.

Attorney General: Second the motion.

Governor: The motion by the Secretary of State for approval. Second by the Attorney General. Any questions? All in favor, please say aye.

Secretary of State: Aye.

Governor: Aye.

Attorney General: Aye.

Governor: The motion passes three to zero.

12. INFORMATIONAL 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 December 31, 2012 (reference NRS 321.5954).

BRIEF DESCRIPTION

- **1989 Tahoe Basin Act**
 - The agency reports there were no transfers of lands or interests in lands during the quarter.
 - There were no acquisitions of lands or interests in lands during the quarter; however the agency indicates that a transaction is pending to acquire an environmentally sensitive half-acre parcel in Douglas County using funds from the Tahoe Environmental Improvement Program (EIP).
- **Lake Tahoe Mitigation Program**
 - There were no transfers of lands or interests in lands during the quarter.

There was one EIP restoration project completed in October 2012, which was on a state owned conservation easement in Incline Village, restoring the affected area to a more naturally functioning ecosystem to be managed as open space for the public.

Governor: We'll move on to Agenda Item No. 12, which sounds like there's nothing to report, but Mr. Mohlenkamp.

Clerk: Governor, you're right. Informational item is that there's no information to report.

Governor: All right. No land transfers.

13. BOARD MEMBERS' COMMENTS/PUBLIC COMMENTS

Governor: Board members comments. Any Board member comments? Is there any public comment in Carson City? Any public comment in Las Vegas?

***14. FOR POSSIBLE ACTION – ADJOURNMENT**

Motion By: Secretary of State

Seconded By: Attorney General

Vote: 3-0

Comments:

Governor: Is there a motion for adjournment?

Secretary of State: So moved.

Attorney General: Second.

Governor: (Inaudible) by the Secretary of State. Second by the Attorney General. All in favor please say aye.

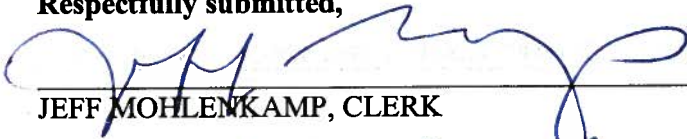
Secretary of State: Aye.

Governor: Aye.

Attorney General: Aye.

Governor: Motion passes unanimously. 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