

# MINUTES

## MEETING OF THE BOARD OF EXAMINERS

April 8, 2014

The Board of Examiners met on Tuesday, April 8, 2014, 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  
Julia Teska, Clerk

### **Others Present:**

Gloria Callahan, Member of the Public  
Scott Sisco, Department of Corrections  
Chuck Schardin, Department of Corrections  
Mike Willden, Department of Health and Human Services  
Katie Armstrong, Office of the Attorney General  
Cheryl Tyler, Office of the Military  
Colonel Castagnola, Office of the Military  
Captain Dana Grigg, Office of the Military  
Karissa Neff, Office of the Attorney General  
David Stewart, Division of Welfare and Supportive Services.  
Michael McMahon, Division of Welfare and Supportive Services  
Kunal Shah, Deloitte Consulting  
Ivy Bela, Deloitte Consulting  
Deb Saha, Deloitte Consulting  
David Hamilton, Xerox  
Carol Sweeney, Administrative Services Division  
Sue Sands, Administrative Services Division  
Dave Prather, Department of Forestry  
Pete Anderson, Department of Forestry  
Vicki Radford, Military  
Douglas McEldowney, Army National Guard  
Rakesh Duttagupta, Deloitte Consulting  
Julie Kidd, State Public Works Division  
Teri Preston, State Public Works Division  
Janet Murphy, Aging & Disability Services  
Julie Balderson, Aging & Disability Services  
Todd Rich, Department of Insurance  
Sandi Bailey, Business & Industry  
Clark Leslie, Attorney General's Office  
Bill Hoffman, Department of Transportation  
Dennis Gallagher, Attorney General's Office  
Leah Lamborn, Department of Health Care, Finance & Policy

Jim Earl, Enterprise IT Services  
David Gustafson, Enterprise IT Services  
Ellen Crecelius, Department of Health & Human Services  
Sue Smith, Department of Welfare & Supportive Services  
Lorne Malkovich, R&R Partners

## 1. PUBLIC COMMENTS

**Comments:**

**Governor:** Good morning, everybody.

**Attorney General:** Good morning.

**Governor:** Can you hear us loud and clear in Carson City?

**Attorney General:** Yes, we can.

**Governor:** We can hear you loud and clear, so we will -- if everyone's ready, we'll commence the meeting, Meeting of the Board of Examiners. Agenda Item No. 1 is public comment. Is there any member of the public here in Las Vegas that would like to provide public comment to the Board? Is there anyone present in Carson City that would like to provide comment to the Board?

**Attorney General:** Actually, Governor, I think we have somebody here who wants to come forward.

**Governor:** All right.

**Gloria Callahan:** Hello.

**Attorney General:** Good morning.

**Gloria Callahan:** I apologize, I'm not prepared to speak. I'm going...

**Secretary of State:** And if you could just grab a seat.

**Gloria Callahan:** Excuse me. I didn't know what the procedure was.

**Secretary of State:** Oh, sure. There's a microphone in front of you if you just want to state your name for the record.

**Gloria Callahan:** Gloria Callahan.

**Governor:** And good morning, Ms. Callahan.

**Attorney General:** See the Governor down there.

**Gloria Callahan:** Good morning.

**Governor:** Please proceed.

**Gloria Callahan:** I'm not prepared to speak, so I apologize if I'm not as articulate as I'd like to be. I understood that the state per diem employee problem was going to be on the Agenda, and it was pulled this morning. And I drove up from Las Vegas to attend. I am a state employee. And I have a letter from per stating that the state defined my nursing position as a critical -- if the state defined my position as a critical needs position, then retroactively they would remove the requirement for reimbursement to pers. This is a huge financial burden on my husband and I. And I request this decision or discussion be made as reasonably -- as soon as possible. Also the income that we have paid tax -- this income we've paid taxes on and we cannot receive that money back. I'm not sure if that made sense.

**Governor:** All right, Ms. Callahan. What I would suggest is perhaps after the meeting if you could chat with Ms. Teska who is the Budget Director. This item isn't on the Agenda, so we can't have that discussion. And I apologize that you traveled all the way from Las Vegas to Carson City. And if there's an opportunity in the future, we are always meeting jointly both in Las Vegas and Carson City so that you don't have to make that trek up north. But if you have a copy of that letter or we can make a copy for you, and if you would provide that to Ms. Teska, and then perhaps we can put you together with some of the people who could talk to you a little bit more in detail about the contents of that letter.

**Gloria Callahan:** I don't have it with me. I wasn't prepared to speak. I was just thinking that it was going to be on the Agenda and would be handled today, but I can meet with her after the meeting.

**Governor:** All right. Thank you very much. Is there any other public comment from Carson City? Okay. Before I get to Agenda No. 2, I did want to welcome Julia Teska, the Budget Director. This is her first Board of Examiners' meeting. And she's very well known to everybody, but, Ms. Teska, I don't know if you had any words that you'd like to provide to everyone.

**Clerk:** Thank you, Governor. It's a Julia Teska. I guess I wouldn't -- I don't have any prepared comments. I just wanted to say thank you to the Governor for this opportunity, and I'm grateful that this is not a very long BOE Agenda, because I don't know how long it's been since I've been to a Board of Examiners' meeting, so I'll try not to mess things up here as we go through this meeting. But grateful to be here, and anything that any of the members need, I'll be happy to get that for them.

**Governor:** Well, and thank you, Julia. And I will say publically what I told you privately is I'm thrilled that you've accepted the position. I think you're going to do a wonderful job. I think you have the experience that will do great things for the State of Nevada. So I appreciate your service and I very, very much look forward to working with you.

**Clerk:** Thank you.

**\*2. FOR POSSIBLE ACTION – APPROVAL OF THE MARCH 11, 2014 BOARD OF EXAMINERS’ MEETING MINUTES**

**Clerk’s Recommendation: I recommend approval.**

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

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**Comments:**

**Governor:** All right. Let’s move on to Agenda Item No. 2, which is approval of the March 11, 2014 Board of Examiners’ Meeting Minutes. And we’ll also take on Agenda Item No. 3, which is approval of the March 18, 2014 Special Board of Examiners’ Meeting Minutes. Have the members had an opportunity to review the minutes, and are there any changes?

**Attorney General:** I’ll move for approval.

**Secretary of State:** Second.

**Governor:** The Attorney General has moved for approval of Agenda Items 2 and 3. The Secretary of State has seconded the motion. Any questions or discussion? If there are none, all those in favor say aye.

**Attorney General:** Aye.

**Secretary of State:** Aye.

**Governor:** Aye. Motion passes 3-0.

**\*3. FOR POSSIBLE ACTION – APPROVAL OF THE MARCH 18, 2014 SPECIAL BOARD OF EXAMINERS’ MEETING MINUTES**

**Clerk’s Recommendation: I recommend approval.**

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

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**Comments:**

**\*4. 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.

<b>AGENCY NAME</b>	<b># OF VEHICLES</b>	<b>NOT TO EXCEED:</b>
Department of Conservation and Natural Resources – Division of Forestry	3	\$99,712
<b>Total:</b>	<b>3</b>	<b>\$99,712</b>

**Clerk’s Recommendation: I recommend approval.**

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

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**Comments:**

**Governor:** We will move on to Agenda Item No. 4, State Vehicle Purchase. Ms. Teska.

**Clerk:** Thank you, Governor. On the Agenda for approval today there’s three vehicles for the Department of Conservation and Natural Resources, Forestry Division. This is paid for by a grant from the U.S. Forest Service. If there are any other questions.

**Governor:** Thank you very much. I have no questions. Board members, any questions?

**Attorney General:** Nope. I’ll move for approval of Agenda Item No. 4.

**Secretary of State:** Second.

**Governor:** The Attorney General has moved for approval of Agenda Item No. 4. The Secretary of State has seconded the motion. Any questions or discussion? If there are none, all in favor say aye.

**Attorney General:** Aye.

**Governor:** Aye.

**Secretary of State:** Aye.

**Governor:** Motion passes 3-0.



**Secretary of State:** Aye.

**Governor:** Those opposed say no. Motion passes 3-0.

**\*6. FOR POSSIBLE ACTION – REQUEST FOR GENERAL FUND ALLOCATION FROM THE INTERIM FINANCE COMMITTEE CONTINGENCY FUND**

**A. Department of Administration**

Pursuant to NRS 353.268 on behalf of the Department of Business and Industry (B&I), the Department of Administration, Division of Budget and Planning, is seeking an allocation of \$26,755 of the \$8,300,000 appropriated to the IFC Contingency Fund pursuant to subsection 4 of Section 1 of AB 474 (2013) to replace unsupported operating system software, computer monitors and productivity software. In order to receive the requested allocation from the IFC Contingency Fund, B&I will complete individual work program revisions as depicted in the following table:

<b>Budget Account</b>	<b>Title</b>	<b>Allocation Amount</b>
3823	Real Estate	\$12,895
3952	Athletic Commission	\$3,465
3900	Labor Relations	\$10,395
<b>Total</b>		<b>\$26,755</b>

**B. Department of Business & Industry – Transportation Services Authority**

Pursuant to NRS 353.268 the Department of Business & Industry - Transportation Services Authority requests an allocation of \$66,942 from the Interim Finance Contingency Fund for Highway Funds to provide for a projected shortfall in personnel costs and mailroom costs.

**C. Department of Corrections – Prison Medical Care**

Pursuant to NRS 353.268 the Department of Corrections requests an allocation of \$2,168,005 from the Interim Finance Contingency Fund to fund a projected shortfall in the Prison Medical Care budget for inmate medical claims.

**D. Office of the Military**

In accordance with NRS 353.268, the Office of the Military is requesting an allocation of \$209,443 from the IFC Contingency Fund to provide for a projected shortfall in Category 01 – Personnel Services as a result of changes to Military Leave benefit.



## **E. Treasurer's Office**

Pursuant to NRS 353.268, the Nevada State Treasurer's Office is requesting an allocation of \$64,946 from the Interim Finance Committee's Contingency Fund for a total of \$37,806 in fiscal year 2014 and \$27,140 in fiscal year 2015 to cover unanticipated expenditures due to upgrades required to prevent an extended interruption in connection to the SilverNet network that were not known by the agency prior to the FY 14/15 budget closings, and to provide funding for a contract that was included in the Governor's Recommended budget and legislatively approved, but was inadvertently left out of the agency's final budget.

**Clerk's Recommendation: I recommend approval.**

**Motion By: Attorney General**

**Seconded By: Secretary of State**

**Vote: 3-0**

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### **Comments:**

**Governor:** All right. We'll move on to Agenda Item No. 6, which is Request for General Fund Allocation from the Interim Finance Committee Contingency Fund. We'll commence with 6A, which is Department of Administration. Ms. Teska.

**Clerk:** Thank you, Governor. This is -- while this says it's an allocation to the Department of Administration, this is really to cover the costs, I believe there was an item approved previously, of the outdated -- the computers with the outdated operating systems. This is for some remaining items with the Department of Business and Industry, as well as once they did some of the computer replacements, they no longer had monitors that would work with the new computers, and so it's also adding those components. Hopefully this is the last that we'll see of these requests for the year.

**Governor:** All right. Any questions with regard to Agenda Item 6A? Let's move on to 6B.

**Clerk:** This is another request from the Department of Business and Industry. This is for the Transportation Services Authority. This is to cover some shortfalls, in particular, in the salary area, in personnel costs. There was an error in the approved budget for one of the unclassified positions, as well as they were filling vacant positions during the last session, and those folks that they hired ended up at different steps than were originally budgeted. And this has created a shortfall in their payroll personnel services category, and this will -- this allocation will help cover that shortfall.

**Governor:** Okay. Do we have somebody from TSA to answer questions?

**Clerk:** There does not appear to be anyone here from the Transportation Services Authority.

**Governor:** And I'll ask you the question then, Ms. Teska, 'cause at least from my review of this is these were budgeted at step one and they were hired in at step seven or nine. Do we know where the issue resolved with regard to that delta, how it was budgeted at one and then hired in at a seven or a nine?

**Clerk:** I can speak in terms of it's a practice in the state that vacant positions are budgeted as step one, which is a practice that I've already had some discussions with the staff about, in particular, in the smaller accounts. Perhaps we might want to look at modifying that. And then when -- especially when we're hiring employees who are already state employees, there are rules in place in the personnel system regarding how the steps which, you know, if you're being promoted from one position to another, you generally retain your steps as long as you're not increasing more than two grades. So this kind of thing actually where a position is budgeted at one level and then the -- when the position is filled, it's filled at a different level than -- or different steps than what was budgeted is fairly common place. It just creates problems when we're talking about these position -- these budget accounts that have a small number of positions.

**Governor:** So would it -- to avoid this in the future, should we just not budget at the step -- the higher steps rather than at the step one?

**Clerk:** That's one of the things that I'm having a discussion with my -- with the Budget Office staff about, in particular, setting a threshold for the number of positions in an agency and identifying the types of positions where these types of incidents are occurring. So I would look for us to be modifying that practice going forward.

**Governor:** Okay. Good. And given that we're building a budget, you know, we're starting the beginnings of building a budget, I would like to avoid these types of issues in the future.

**Clerk:** Absolutely.

**Governor:** Okay. Board members, any questions with regard to Agenda Item 6B?

**Secretary of State:** No, Governor.

**Governor:** All right. Let's move on to Agenda Item 6C, Prison Medical Care, Department of Corrections.

**Clerk:** Thank you, Governor. This is a request from the Contingency Fund from the Department of Corrections for \$2.1 million. This is due to a significant increase in the hospitalization costs as well as shortfall in the eligible billings for Medicaid for the inmate claims. And I believe there are folks here from Corrections if there are additional questions.

**Governor:** Okay. I do have questions, so I'm not sure who's there, but if they'd come to the table, please.

**Scott Sisco:** Thank you, Governor, members of the Board, for the record, Scott Sisco, Deputy Director of Department of Corrections and with me is Chuck Schardin who is our Medical Administrator.

**Governor:** Mr. Sisco, if you could give us a little bit more detailed background as to how we got here.

**Scott Sisco:** Thank you, Governor. Again, for the record, basically what happens is we end up - - and the Department of Corrections has somewhat of a unique budget because we have a category within that -- within our budget that allows us to pay claims for -- stale claims from the prior year. And already this year we've had two of our programs where we've had to move current year medical reimbursement money from current year money to prior year money to pay last year's medical bills. We had several catastrophic cases near the end of last year. We consider catastrophic cases, those cases that are over \$100,000. And we've had those, so that's a big part of it. And then our projections for medical costs through the end of the year is part of it.

And then the third part of this is during the close of the budgets, the legislature looked at the Affordable Care Act as they were closing our budgets, and they estimated how much possible savings they might have as those inmates that leave the institution for 24 hours or more would be picked up by the Affordable Care Act. And they took -- they moved that money out to utilize for other purposes. But when they did that, they didn't realize that some of that money comes from the inmates themselves and the Inmate Welfare Account. And they did not deduct that, so they took the whole amount and credited it to the General Fund instead of crediting part of it to the General Fund and part of it to the Inmate Welfare Account. And since, again, the way the statute is written is that the inmates will reimburse the state for costs that the state incurs since there would be no cost that the state incurs, that portion of the money would then not be reimbursed by the inmate. So it's kind of those three things there that are causing this shortfall for this year.

As far as the Medicaid itself is still on track. We're still successfully submitting their Medicaid claims. We're still on track. We're not seeing any problems with that. It's just every now and then we have years where we have catastrophic cases that end up hitting us hard.

**Governor:** Okay. What is the -- do you know what the amount is off the top of your head for that inmate portion of the...

**Scott Sisco:** Yes, I do.

**Governor:** ...of the Affordable Care Act?

**Scott Sisco:** Yes, I do. The revenue transfer shortfall portion of this is \$435,287.

**Governor:** So that amount likely will never be recovered, correct?

**Scott Sisco:** Yes, that amount -- yes.

**Governor:** So that was the amount that the legislature assumed would be recovered, but won't be going forward?

**Scott Sisco:** Well, that was the amount that the legislature removed from the budget assuming that the Affordable Care Act was going to pick it up, but didn't realize that it was a different funding source than the General Fund. So they overestimated the savings to the General Fund and didn't -- underestimated that portion or didn't count on that portion at all.

**Governor:** Okay. No, and I'm not -- I don't want this to be interpreted like I'm trying to point fingers or anything. I just want to make sure that going forward, again, as we budget, we can be more accurate in terms of what we think we're going to recover or not. Now, with this amount, and we're looking at \$2,168,005, do you think we're going to be okay through the rest of the biennium, or will you be coming back for more?

**Scott Sisco:** We are continuing to watch it closely. These are the best estimates that we can get. One of the things that's unique about the Affordable Care Act and this Medicaid is we're no longer seeing those bills. Once an inmate is determined to be eligible for it, they're turned over to Medicaid and we no longer see it, so we really don't know. So we're doing the best job that we can to estimate it. We are watching our payroll costs and other costs within the department real close, but I'm not 100 percent confident that we might not be back to you one more time before the end of the year, but it might not be about medical. It might be about salary costs, 'cause we're a little tight on salary this year.

**Governor:** Well, that shouldn't be a mystery figure. Wouldn't you be able to go over to Mr. Willden's department and figure out how much money is being paid out of Medicaid account for those inmates?

**Scott Sisco:** Presumably yes. The problem -- I think the issue that we're seeing right now is when an inmate goes in, as soon as we identify the fact that they're going to be there, we apply for the Medicaid. And then once the 24 hours kicks in, the application is sent off. Again, my understanding is that Medicaid is struggling like crazy and doing the best job they possibly can with catching up with a backlog of the people signing up for it and everything else. And, again, our situation is somewhat unique to them because we're signing them up -- we're signing up. They may only be in the hospital for one, two, three days, and then they come back off. A lot of times they're back in our institutions two, almost three months before they're even determined whether they were eligible in the first place.

**Governor:** And do you know what that specific figure was for what those stale claims that you talked about that had to be paid?

**Scott Sisco:** Let's check here real quick.

**Chuck Schardin:** It was like 900,000.

**Scott Sisco:** Yeah, it was real close to \$900,000.

**Governor:** All right. So a significant portion of what we're talking about today is something that essentially was from the last biennium?

**Scott Sisco:** They were catastrophic claims from 2013...

**Governor:** Okay.

**Scott Sisco:** ...that carried forward.

**Governor:** And I have no further questions. Board members, any questions with regard to Agenda Item 6C?

**Secretary of State:** No, Governor.

**Attorney General:** No.

**Governor:** And, Mr. Sisco, if you would just keep Ms. Teska apprised as to how this develops over time so that we can be ready for it.

**Scott Sisco:** Absolutely. We are feeling better about how Medicaid is working out. It's just with it starting on January 1, like I say, many of the claims won't actually wash out until we're almost into the next fiscal year. But we do plan on continuing the budgeting through that process, and hopefully -- the anticipated savings to the General Fund this year I believe was about 2.5 million, and then 5 million in 2015. We probably will have a similar situation in 2015 with the Inmate Welfare Account, but hopefully as we -- as Medicaid catches up and as we get better at getting the applications in and everything else, we'll have a good feeling as we prepare our budgets for the 2016/2017 biennium.

**Governor:** Yeah, and I guess the point I would make, Mr. Sisco, is I feel like we're kinda flying blind here a little bit, and there has to be a way to be able to figure out what those savings are. And you're telling me you can't do it, but you would be able to do it through the Medicaid Division and Mike Willden's shop. So, as I said, I really wanted to make sure that we're tracking this, because right now it doesn't sound like we know exactly what those figures are.

**Scott Sisco:** Right. Hopefully, and, yes, we can work with Mr. Willden's shop and find out what Medicaid ended up paying. Unfortunately it's just probably going to be after the fact, meaning almost to the point of after the fiscal year is closed to some degree.

**Governor:** Why does it take that long?

**Scott Sisco:** Well, again, prior to this for most of our claims we'd go into the hospital. Within a certain amount of time the hospital would create a bill to us. It would go through our third-party administrator who would take the deductions that we have contracted with that hospital. And then we would get hit with a bill. So we would know right then and there what our actual costs were, what we saved and everything else. In this case, when we apply for Medicaid, we no longer see the bill. They're just -- once they're accepted, Medicaid pays the bill and nothing comes back to the Department of Corrections to tell us even what that inmate ended up costing. Again, there was an assumption in the legislative process that as a result of the Affordable Care Act we were going to save a certain amount of money. And I guess we're just now realizing that we really don't know until Medicaid tells us later on. And that's kind of a process that we haven't set up with them to tell us later on what they actually paid on behalf of each of these inmates.

**Governor:** Okay. Is Mr. Willden in the audience there?

**Scott Sisco:** Yes, he is. We'll slide this down to him and let him take a shot at this.

**Mike Willden:** Good morning, Governor.

**Governor:** Good morning. How are you, Mike?

**Mike Willden:** Good. So I can't add a number or a savings, but I can add the process. So when an inmate leaves the correctional facility and goes to a hospital, it's generally done here in Carson City. The hospital then does not bill the Correction's system. They bill Medicaid, just like any other claim would be billed to Medicaid. Providers have 180 days -- up to 180 days to bill what we call a clean claim. And so that's part of the delay. As for taking the applications, it's my understanding that there's actually -- these aren't done electronically. They're not in our electronic queue. They're in a paper process.

**Chuck Schardin:** No, we do electronically.

**Mike Willden:** Electronically. Okay.

**Chuck Schardin:** Yeah.

**Mike Willden:** So they're processed out of Carson office though and there's a team dedicated to processing these Medicaid Prison Correction's applications. So the delay is how quickly a hospital gets a claim in to Medicaid to be paid. And I didn't bring the numbers, but we are paying a significant number of claims on behalf of inmates.

**Governor:** And perhaps at a later point you can put that in document form so we can see where we are. And I get that it's really the responsibility of the provider then to get that bill in in a timely manner, and there's not anything you can do if they do it on the 179<sup>th</sup> day. But as much information as we can get at this point would be very helpful.

**Mike Willden:** Governor, we can provide you what we'd call a billing pattern to see how many are billing in 30, 60, 90, 120 days.

**Governor:** And as you say, if all of its coming out of one place, which would probably be the Carson Tahoe hospital I would imagine...

**Chuck Schardin:** Both, yeah, we do Valley and...

**Mike Willden:** Yes, most of it's in Carson Tahoe, but there's also births that are in Valley Hospital...

**Chuck Schardin:** Right.

**Mike Willden:** ...in Las Vegas.

**Governor:** Okay.

**Mike Willden:** But they won't be in Valley Hospital after the 17<sup>th</sup> of this month 'cause they're closing their OB Center, so I assume those births will be moved to another Las Vegas hospital.

**Chuck Schardin:** Centennial.

**Mike Willden:** Centennial.

**Governor:** Okay. Like I said, hopefully we can -- there's not a big universe here of individuals that are involved and we can get a pretty firm handle on where we're going with it. Okay. I have no further questions. Board members?

**Secretary of State:** No, Governor.

**Attorney General:** No.

**Governor:** Thank you, Mr. Willden.

**Mike Willden:** Thank you.

**Governor:** Thank you.

**Scott Sisco:** Thank you.

**Governor:** We'll move on to Agenda Item 6D, which is Office of the Military.

**Clerk:** Thank you, Governor. This is a request from the Office of the Military to cover projected shortfall in Personnel Services that results from military benefit leave coming in the -- there was a bill, AB364, from the last session that changed provisions to the Military Leave Benefit. I want to -- before we go any further, I want to say that the amount has been revised as of yesterday to \$296,356 to ensure that it includes not just the salary portion, but also associated fringe benefits. And there are folks here from the Department of Military to -- or the Office of the Military to speak to this in great detail. But this is largely a combination of several things, one of which was some changes on the federal side in terms of what they are reimbursing for, changes related to AB364 and its interpretation versus the initial understanding of the way the intent of the bill and the scope of the bill.

In reviewing the testimony, when this was presented to the Assembly Ways and Means during last session, this was really talking a lot about the -- was referencing by the bill sponsor that this was really talking about the two weeks and one weekend a year to fulfill the duties of National Guard and Reservists. And the interpretation from LCB Legal has expanded that significantly to where the -- to the point where, at least it's my understanding, it's also including costs associated with some of the deployment. So the Executive Branch understanding of the bill and the way it was presented during the session versus the way it's been interpreted are a little bit different, as well as then there were some issues with how the feds are reimbursing this and that is creating

this shortfall of almost \$300,000 in the Office of the Military budget. And, again, there are folks here from the office if you have any more questions.

**Governor:** Okay. I'd like to ask them to come to the table, but just one question. Do we have any open meeting law issues if the amount of 296,356 is different than the amount that is in Agenda Item 6D, which is \$209,443?

**Katie Armstrong:** Thank you, Governor. This is Katie Armstrong. And, yes, I believe that you do have an open meeting law issue and you can only approve what was agendized is the 209,443 at this point.

**Governor:** So that begs the question that means we would have to have this on the Agenda again to make up the difference. So are we in a time crunch where this portion of 209 needs to be approved today and then we have to put it on the Agenda again, or can we do it all at once and continue this matter?

**Cheryl Teller:** For the record, this is Cheryl Tyler, ASO of Office of the Military. Good morning, Board members. Good morning, Governor Sandoval. And with me...

**Governor:** Good morning.

**Cheryl Teller:** ...is Colonel Castagnola, RUSPFO. And he's able to answer any federal questions. And also our JAG Captain Dana Grigg who can answer any policy questions. To answer your question, sir, I do believe we need the 209,000 at least 'cause we currently have stopped paying our military personnel. We have some firefighters -- majority of fire -- deficiency right now is because of the firefighters getting deployed back in October. And because of this shortfall we have stopped allowing them to use military leave. So we do appreciate if you could approve the portion of 209,000 first and then we'll come back for the additional funds.

**Governor:** Okay. Well, then we'll go ahead and do that. I mean, we'll discuss this Agenda item. Will you kind of walk us through how we got here in the first place?

**Cheryl Teller:** Basically when AB364 was being discussed in the legislative hearings, it was calculated the -- they increased the -- militarily from 15 days to 39 days. And how they calculated the 39 days is based on weekend drills and the two week animal trainings that the active Guardsmen have to go through to still be active -- considered active Guardsmen. So with that definition we were under the assumption that the original master cooperative agreement of 30 days that the feds will reimburse the state will cover those specific trainings. Because not all of our firefighters work both a Saturday and a Sunday or any other personnel. This covers all active Guardsmen in the Office of the Military, and the majority of them are firefighters, but we do have some security officers and other personnel that also qualify for military leave.

So for this type of case it's not all of them work two, again, days. So, for example, if a person works Saturdays only, they would only get the Saturday reimbursement which is the 12 days, plus 15 days of UTA, which would amount to 27 days for that fiscal year. However, now that



we understood that deployment should be included, so, for example, our current firefighters were deployed from October until December, they could easily use up the 39 days per calendar year, and January until March they used up another set of 39 days, 'cause that's another discrepancy too. In the state -- per state policy military leave is tracked per calendar year. Federally we are reimbursed by federal fiscal year. And federal NGB are now reimbursing us up to 168. It was clarified that the 30 days was misconstrued and that we will be reimbursed by the Federal Government National Guard Bureau for 168 hours of military leave only. So the two sets of 39 now falls into one federal fiscal year and one state fiscal year. So that generated the shortfall right there.

**Governor:** So do you -- this will be a -- this is a one-time issue, do you believe?

**Cheryl Teller:** Well, sir, it depends if a lot of our members will continuously get deployed or not. Like in this case, we have seven firefighters that were deployed starting October 1<sup>st</sup> until March, so that created the majority of this. So we can't tell exactly if we will -- if some of our personnel would get deployed in the future or not. But if they do get deployed, then this would be an ongoing situation.

**Governor:** And what would be the fix going forward in your opinion?

**Cheryl Teller:** Speaking to our budget analysts, we would budget in -- we would use this year as the base year to budget in for state fiscal year '16 and '17. Just as a basis of how much approximately we would have. But, again, that's not going to be a concrete amount. It would just be based on the current history that we have.

**Governor:** Okay. Any other questions from Board members on this Agenda item?

**Secretary of State:** No, Governor.

**Governor:** Thank you very much. Ms. Teska, we'll move on to Agenda Item 6E, Treasurer's Office.

**Clerk:** Thank you, Governor. This is a request from the Treasurer's Office for Contingency Funds. The majority of this, it's \$64,946 for the remainder of the biennium, \$37,806 for 2014 and \$27,140 for 2015. The majority of these costs are for a contract that was included both in the Governor's recommended budget and in their -- it was legislatively approved during their budget hearings. However, there was a technical error and it was inadvertently left out of the final budget figures for the Treasurer's Office. That contract is funded -- is supposed to be funded 100 percent with General Funds and the Treasurer's Office does not have General Funds in any of their other budgets that could cover this.

The other piece of this, a much smaller component, is that they have some I think it's switches that need to be replaced to be upgraded in order to continue connection with the Silver Network. These were not included in their budget last biennium. They did not -- there was a -- I think there was a miscommunication in terms of trying to get the -- between the agency in terms of

whether these were at the end of their useful life or not. So in order for them to continue to have Silver Net access, they would need to have those items replaced.

**Governor:** I have no questions on this Agenda item. Board members?

**Attorney General:** No.

**Secretary of State:** No, Governor.

**Governor:** Are there any other questions with regard to Agenda Item 6A through E? If there are none, the Chair will accept a motion for approval.

**Attorney General:** Move for approval.

**Secretary of State:** Second.

**Governor:** The Attorney General has moved for approval of Agenda Item No. 6A through E. Secretary of State has seconded the motion. Any questions or discussion? All in favor, please say aye.

**Secretary of State:** Aye.

**Attorney General:** Aye.

**Governor:** Aye. Motion passes 3-0.

**\*7. FOR POSSIBLE ACTION – SALARY ADJUSTMENTS**

The 2013 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 2014 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
3922	Transportation SVCS Authority		\$35,115
	<b>Total</b>		<b>\$35,115</b>

**Clerk's Recommendation: I recommend approval.**

**Motion By: Attorney General**

**Seconded By: Secretary of State**

**Vote: 3-0**

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**Comments:**

**Governor:** We will move on to Agenda Item No. 7, Salary Adjustments. Ms. Teska.

**Clerk:** Thank you, Governor. This is a request for salary adjustment funds for the Department of Business and Industry, Transportation Services Authority. This is in connection with the item that was just approved, 6B. They are eligible for salary adjustment funds and we are using those to help bridge the shortfalls. These are actually to pay for the increased costs of existing employees given the difference between the cost of what was included in the budget and the implementation of the restoration of the two and a half percent and the six days of furlough.

**Governor:** I've already asked my questions previously in regard to this Agenda item, so any questions from the other Board members?

**Secretary of State:** No, Governor.

**Governor:** If there are none, the Chair will accept a motion for approval of Agenda Item No. 7.

**Attorney General:** Move for approval.

**Secretary of State:** Second.

**Governor:** The Attorney General has moved for approval. The Secretary of State has seconded the motion. All those in favor, please say aye.

**Attorney General:** Aye.

**Secretary of State:** Aye.

**Governor:** Aye. Motion passes 3-0.

**\*8. 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 – \$65,000**

The department requests settlement approval in the amount of \$65,000 to resolve a direct condemnation action to acquire real property located on the northeast corner of Cactus and the I-15 in Las Vegas, Nevada for the Cactus/I-15 Interchange. The sum of \$477,293.02 was previously deposited with the Court, which was comprised of the total amount of NDOT's appraised value of the property during litigation plus accrued interest through December 31,

2013. Approval of this additional amount would bring the total amount paid to the landowner to \$542,293.02.

**Clerk's Recommendation: I recommend approval.**

**Motion By: Attorney General**

**Seconded By: Secretary of State**

**Vote: 3-0**

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**Comments:**

**Governor:** We'll move on to Agenda Item No. 8, Approval to Pay a Cash Settlement. Ms. Teska.

**Clerk:** Thank you, Governor. This is a request from the Department of Transportation for \$65,000. This is related to the I-15 Interchange in Las Vegas. This is an additional amount in addition to the \$477,293 previously approved. This is to add an additional \$67,000 [sic] to settle this claim, and it brings the total to \$542,293.02.

**Governor:** All right. Thank you. And if you'd identify yourself for the record, please.

**Karissa Neff:** My name is Karissa Neff, and I'm from the Attorney General's Office. And I am the Senior Deputy Attorney General that's been working on this case.

**Governor:** All right. Thank you, Ms. Neff. And if you'd just kinda take us through the process, please.

**Karissa Neff:** Okay. This is a direct condemnation action that was needed to acquire real property located on the northeast corner of I-15 and Cactus for the Cactus Interchange Project. Approximately .45 acres of real property needed to be acquired in fee, along with quite a few permanent easements from about a 2 gross acre parcel. And the land that was acquired is undeveloped property. All of the other named defendants in this lawsuit, except for the present landowner, all of their interests have already been accounted for. And basically during litigation our appraiser appraised the property at 470,000, our acquisitions of the property. We increased the deposit with the court to an additional 7,000 to cover the interests that they're entitled to on that deposit. And we're now looking to settle with the investors that have since acquired titles to the property, after the initial landowner, Ad America, went into default and was foreclosed on. And so we're asking for the Settlement Authority to settle for an additional \$65,000.

**Governor:** Okay. And does that resolve at least this case once and for all?

**Karissa Neff:** It resolves this case once and for all, yes.

**Governor:** And do you believe that this settlement amount is in the best interest of the state?

**Karissa Neff:** I do.

**Governor:** Any questions from Board members?

**Attorney General:** No.

**Secretary of State:** No, Governor.

**Governor:** Thank you, Ms. Neff.

**Karissa Neff:** All right. Thank you.

**Governor:** If there are no further questions, the Chair will accept a motion for approval of -- to pay a cash settlement in the sum of \$65,000 as described in Agenda Item No. 8.

**Secretary of State:** Governor, before we get there, I just have one quick disclosure to make. One of the investors and a party to this litigations is Michael O'Callaghan, who's a contract employee with my office. I don't believe it poses a conflict.

**Governor:** All right. Thank you, Mr. Secretary.

**Attorney General:** Governor, I'll move for approval.

**Secretary of State:** Second.

**Governor:** The Attorney General has moved for the approval of Agenda Item No. 8. The Secretary of State has seconded the motion. Any questions or discussion? All in favor say aye.

**Attorney General:** Aye.

**Governor:** Aye.

**Secretary of State:** Aye.

**Governor:** Motion passes 3-0.

**\*9. FOR POSSIBLE ACTION – LEASES**

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

**Clerk's Recommendation: I recommend approval.**

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

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**Comments:**

**Governor:** We'll move on to Agenda Item No. 9, Leases. Ms. Teska.

**Clerk:** Thank you, Governor. For your consideration today we have four leases. These are all extensions of existing leases for state agencies.

**Governor:** And I'd like to note at least in Leases 1 and 3, there's a savings between the two of them of over \$200,000, so that's a good result. But I have no questions with regard to any of these leases. Board members?

**Secretary of State:** No, Governor.

**Governor:** Is there a motion to approve Agenda Item No. 9?

**Attorney General:** Move for approval.

**Secretary of State:** Second.

**Governor:** The Attorney General has moved for the approval of the Leases 1 through 4 as described in Agenda Item No. 9. The Secretary of State has seconded the motion. Any questions or discussion? All in favor please say aye.

**Attorney General:** Aye.

**Governor:** Aye.

**Secretary of State:** Aye.

**Governor:** Motion passes 3-0.

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

Twenty Eight independent contracts were submitted to the Board for review and approval.

**Clerk's Recommendation: I recommend approval.**

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

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**Comments:**

**Governor:** Let's move on to Agenda Item No. 10, Contracts. Ms. Teska.

**Clerk:** Thank you, Governor. There are 28 contracts for your consideration at today's meeting. I believe you had indicated you wanted to hear testimony on Item No. 20.

**Governor:** Yes.

**Clerk:** And are there any other items that the members would like to hear?

**Governor:** And, I guess, for the record, I'm going to make a disclosure with regard to Agenda Item No. 28. The principal in that contract is the Ferraro Group, the contractor. I have a friendship with Greg Ferraro who is the principal in that entity, so to avoid any appearance of impropriety, I will not be participating in the vote on Agenda Item No. 28. But I will say that it was unclear what board and commission that contract is with. Did we find out who that is?

**Clerk:** Yes, sir. It is with Contractors Licensing Board.

**Governor:** Okay. All right. Then let's go back to Agenda Item No. 20, which is Department of Health and Human Services, Welfare and Support Services, Child Support Program and Maximus Human Services.

**David Stewart:** For the record, this is David Stewart, Deputy Administrator, Information Systems for DWSS.

**Michael McMahon:** Good morning, Governor, members of the Board. And for the record, Michael McMahon, Administrator, Division of Welfare and Supportive Services.

**Governor:** Okay. And the only question here was I understand that these type of services are necessary, just the amount of a million dollars seemed like a lot. And I was wondering if you could give some background on why the contract costs a million dollars.

**David Stewart:** Governor, this process went through the RFP process of the State of Nevada. The low bid for the services came in at 960,000 with the high bid of about two and a half million. This contractor, their bid was at \$1.3, \$1.4 million, and I was able to negotiate them down to the \$1 million budget for this project.

**Governor:** Well, thank you for doing that. What is the service that's going to be provided? I mean, this is -- I'm not in the technology world, so, as I said, when I saw \$1 million for a feasibility study, I just wanted to get a little more background on why it costs that much.

**David Stewart:** According to the Office of Child Support Enforcement, a federally mandated feasibility study is required to obtain federal funding for any replacement system that would be identified by this feasibility study. So in order for us to get the 66 percent federal funding matched, we have to do this study. And the study consists of working with all of our county partners in the state developing requirements, going through our existing applications. As part of this we have to consider two different transfers from two different states. They look at hybrid solutions, which may be, you know, a hybrid might be some in-house development coupled with transfers of components from different states, or commercial off the shelf software that's available. Also included in this RFP is the vendor will help the state write the -- what they call the advanced planning document, which is kind of like the technology improvement request for the State of Nevada. That's how they look at the scope of the project and the approved funding based upon that. The vendor's also going to assist the state with writing the RFP for the design, development and implementation vendor, as well as the independent verification and validation vendor.

**Governor:** Okay. And, as I said, it sounds like it's very complex and necessary, and I appreciate the background. And I also, again, want to thank you for being a tough negotiator and saving that money. All right. Board members, any...

**David Stewart:** Well, it was fairly easy. It was fairly easy. The second place vendor was a \$960,000 bid.

**Governor:** Okay. All right. Any other questions from Board members on Contract No. 20?

**Secretary of State:** No, Governor.

**Governor:** Thank you, Gentlemen. All right. Board members, do you have any questions with regard to Contracts 1 through 28?

**Attorney General:** No.

**Secretary of State:** No.

**Governor:** Then the Chair will accept a motion for approval of Contracts 1 through 27.

**Attorney General:** Move for approval.

**Secretary of State:** Second.

**Governor:** The Attorney General has moved for the approval of Contracts 1 through 27. The Secretary of State has seconded the motion. Any questions or discussion on the motion? All in favor say aye.

**Attorney General:** Aye.

**Secretary of State:** Aye.

**Governor:** Aye. Motion passes 3-0. As I stated previously, I will not be participating on the vote for Contract No. 28. So if one of the other Board members would handle that for me, I'd appreciate it.

**Secretary of State:** Turning to Contract No. 28, are there any questions or concerns about Contract No. 28?

**Attorney General:** No.

**Secretary of State:** Hearing none, is there a motion to approve Contract No. 28?

**Attorney General:** I'll move for approval.

**Secretary of State:** I'll second. Any comments or questions about the motion? Hearing none, all those in favor signify by saying aye.

**Attorney General:** Aye.



**Secretary of State:** Aye. Opposed nay? The motion passes 2-0.

**Governor:** Thank you, Mr. Secretary.

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

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

**Clerk's Recommendation:** I recommend approval.

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

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**Comments:**

**Governor:** We will move on to Agenda Item No. 11, Master Service Agreements. Ms. Teska.

**Clerk:** There's one master service agreement for approval today. It is with Triple 7 Movers. It is for moving services, packing, storage and general freight. Any questions?

**Governor:** Yeah, I have on questions on this Agenda item. Board members?

**Secretary of State:** No, Governor.

**Governor:** Is there a motion for approval?

**Attorney General:** Move for approval.

**Secretary of State:** Second.

**Governor:** The Attorney General has moved for approval of the Master Service Agreement No. 1 in Agenda Item No. 11. The Secretary of State has seconded the motion. All in favor say aye. Aye.

**Secretary of State:** Aye.

**Governor:** Motion passes 3-0.

**12. INFORMATIONAL ITEM**

Pursuant to AB 41 of the 2013 Legislative Session, the Clerk of the Board may approve all contract transactions for amounts less than \$50,000. Per direction from the August 13, 2013 meeting of the Board of Examiners, the Board wished to receive an informational item listing all approvals applicable to the new threshold (\$10,000 - \$49,999). Below is a list of all applicable approvals for contracts and amendments approved for the month of March.

CONTRACT #	STATE AGENCY	CONTRACTOR	CONTRACT/ AMENDMENT	AMOUNT
15357	Attorney General's Office	Clark County Office of District Attorney	Contract	\$25,000
<b>Contract Description:</b>	This is a new revenue contract to provide prosecution services for the Office of the District Attorney, Clark County.			
15277	Attorney General's Office	Parkside Associates, LLC.	Contract	\$49,999
<b>Contract Description:</b>	This is a new contract to provide ongoing forensic accounting services to the Bureau of Consumer Protection in matters pertaining specifically to mortgage lending services cases.			
15346	Department of Administration – State Public Works Division	Vegas Valley Locking Systems	Contract	\$15,000
<b>Contract Description:</b>	This is a new contract that continues ongoing installation, repair, and re-keying to doors and door hardware to various State buildings in the Las Vegas area.			
15345	Department of Administration – State Public Works Division	JBA Consulting Engineers, Inc.	Contract	\$21,500
<b>Contract Description:</b>	This is a new contract to provide professional architectural/engineering services for the server room air conditioner installation at the Las Vegas Readiness Center, Project No. 13-M21; Contract No. 94251.			
15322	Department of Administration – State Public Works Division	Paul Cavin Architect	Contract	\$15,800
<b>Contract Description:</b>	This is a new contract to provide professional architectural/engineering services for the Stewart Building #3 Americans with Disabilities Act Upgrades; Project No. 13-S02-5; Contract No. 94240.			
15438	Department of Administration – State Public Works Division	Lumos & Associates	Contract	\$22,400
<b>Contract Description:</b>	This is a new contract to provide professional architectural/engineering services for the Camp Stead DFAC Drainage Improvements, Project No. 14-A013 (2); Contract No. 95010.			
15436	Department of Administration – State Public Works Division	RO Anderson Engineering, Inc.	Contract	\$13,405
<b>Contract Description:</b>	This is a new contract to provide professional architectural/engineering services for the Nevada State Railroad museum Americans with Disabilities Act Upgrades; Project No. 13-S02; Contract No. 96984.			
15344	Department of Administration – State Public Works Division	GML Architects, LLC.	Contract	\$44,100
<b>Contract Description:</b>	This is a new contract to provide professional architectural/engineering services to remove and replace culinary and infirmary flooring at the Ely State Prison, Project No. 13-M46; Contract No. 95759.			
14156	Department of Administration – Nevada State Library and Archives	Charter Fiberlink-CCVII, LLC.	Amend	\$25,560
<b>Contract Description:</b>	This is the first amendment to the original contract, which provides new dedicated 20Mbps synchronous fiber internet access services to the Nevada State Library. This amendment extends the termination date from May 31, 2014, to May 31, 2017, and increases the maximum amount from \$9,520 to \$35,080 due to the continued need for this service.			
15413	Department of Administration – Nevada State Library and Archives	Beatty Library District	Contract	\$30,635
<b>Contract Description:</b>	This is a new cooperative revenue agreement which continues to maintain a regional network of libraries (per NRS 379.147-379.150) known as CLAN (Cooperative Libraries Automated Network) through joint agreement for the improvement of library services and the sharing of resources.			

<b>CONTRACT #</b>	<b>STATE AGENCY</b>	<b>CONTRACTOR</b>	<b>CONTRACT/ AMENDMENT</b>	<b>AMOUNT</b>
15416	Department of Administration – Nevada State Library and Archives	Tonopah Library District	Contract	\$24,430
<b>Contract Description:</b>	This is a new cooperative revenue agreement, which continues to maintain a regional network of libraries (per NRS 379.147-379.150) known as CLAN (Cooperative Libraries Automated Network) through joint agreement for the improvement of library services and the sharing of resources.			
15418	Department of Administration – Nevada State Library and Archives	Sierra Nevada College	Contract	\$28,225
<b>Contract Description:</b>	This is a new cooperative revenue agreement, which continues to maintain a regional network of libraries (per NRS 379.147-379.150) known as CLAN (Cooperative Libraries Automated Network) through joint agreement for the improvement of library services and the sharing of resources.			
15414	Department of Administration – Nevada State Library and Archives	Esmeralda County Libraries	Contract	\$41,235
<b>Contract Description:</b>	This is a new cooperative revenue agreement, which continues to maintain a regional network of libraries (per NRS 379.147-379.150) known as CLAN (Cooperative Libraries Automated Network) through joint agreement for the improvement of library services and the sharing of resources.			
15381	Department of Health and Human Services – Director’s Office	Kohn & Company, LLP.	Contract	\$40,000
<b>Contract Description:</b>	This is a new contract that continues ongoing fiscal reviews of the Department of Health and Human Services Grants Management Unit grantees. These outside fiscal reviews will provide assistance to the agency in meeting a requirement that all grantees are to be reviewed once every two (2) years.			
15380	Department of Health and Human Services – Director’s Office	Bradshaw, Smith & Company, LLP.	Contract	\$40,000
<b>Contract Description:</b>	This is a new contract that continues ongoing fiscal reviews of the Department of Health and Human Services Grants Management Unit grantees. These outside fiscal reviews will provide assistance to the agency in meeting a requirement that all grantees are to be reviewed once every two (2) years.			

<b>CONTRACT #</b>	<b>STATE AGENCY</b>	<b>CONTRACTOR</b>	<b>CONTRACT/ AMENDMENT</b>	<b>AMOUNT</b>
15378	Department of Health and Human Services – Director’s Office	Johnson and Burt CPA’s, LLC.	Contract	\$40,000
<b>Contract Description:</b>	This is a new contract that continues ongoing fiscal reviews of the Department of Health and Human Services Grants Management Unit grantees. These outside fiscal reviews will provide assistance to the agency in meeting a requirement that all grantees are to be reviewed once every two (2) years.			
15379	Department of Health and Human Services – Director’s Office	Ellsworth, Gilman & Stout, LLC.	Contract	\$40,000
<b>Contract Description:</b>	This is a new contract that continues ongoing fiscal reviews of the Department of Health and Human Services Grants Management Unit grantees. These outside fiscal reviews will provide assistance to the agency in meeting a requirement that all grantees are to be reviewed once every two (2) years.			
12255	Department of Health and Human Services – Public and Behavioral Health	Deborah E. Keil, PhD.	Amend	\$25,569
<b>Contract Description:</b>	This is the first amendment to the original contract, which continues ongoing medical laboratory supervision services. This amendment extends the termination date from February 28, 2014 to February 28, 2015 and increases the maximum amount from \$72,327.12 to \$97,896.72 to continue funding the fees for ongoing services through the extension date.			
13246	Department of Health and Human Services – Department of Child and Family Services	Kathy N. Carlson	Amend	\$14,960
<b>Contract Description:</b>	This is the first amendment to the original contract, which continues ongoing barber services at Nevada Youth Training Center. This amendment extends the termination date from June 30, 2014, to June 30, 2016, and increases the maximum amount from \$19,440 to \$34,440 due to the continued need for this service. Beginning July 1, 2014, the cost per haircut will increase from \$9 to \$10.			
14664	Department of Corrections	Board of Regents – UNR	Contract	\$14,964
<b>Contract Description:</b>	This is a new Interlocal Agreement with University of Nevada, Reno to provide an independent review of the Purpose, Respect, Integrity, Determination, and Excellence (PRIDE) program to be submitted to the Department of Employment, Training and Rehabilitation (DETR) to ensure the effectiveness and compliance of the program.			
15313	Department of Agriculture	MIA Consulting, LLC.	Contract	\$15,396
<b>Contract Description:</b>	This is a new contract to create a custom Geo-database using the Early Detection & Distribution Mapping System (EDDMAPS) to establish a real-time web-based catalog of invasive weed infestations throughout Nevada. This database will allow for smartphone access of pictures of various types of weeds and their locations. The database will be supported and hosted for 12 months after acceptance.			
15422	Department of Agriculture	M3 Planning	Contract	\$12,870
<b>Contract Description:</b>	This is a new contract to provide meeting facilitation services for two development meetings within the Food and Nutrition Division. There will be an updating of the "Nevada School Wellness Policy" for the Child Nutrition Program and the initial development of the "Nevada USDA Food Distribution Plan" for the Commodity Food Program. Facilitation services are needed to bring together the diverse stakeholders for each meeting, so that a common, efficient strategy can be formulated and agreed upon. The vendor will facilitate 6 meetings (3 for Nevada School Wellness Policy and 3 for Nevada USDA Food Distribution Plan) over the balance of fiscal year 2014.			
15311	Department of Wildlife	Flight Check, Ltd.	Contract	\$33,000
<b>Contract Description:</b>	This is a new contract to provide annual training to NDOW Helicopter pilots.			
15350	Department of Conservation and Natural Resources – Forestry Division	Plumb Line Mechanical, Inc.	Contract	\$25,000
<b>Contract Description:</b>	This is a new contract to provide ongoing preventative maintenance, repairs and parts to the HVAC system at the Nevada Division of Forestry's Northern Region Office/Shop and Elko Interagency Dispatch Center in Elko, NV. Services will include annual and semi-annual schedule maintenance and general repairs services, as needed.			

CONTRACT #	STATE AGENCY	CONTRACTOR	CONTRACT/ AMENDMENT	AMOUNT
15292	Business and Industry – Real Estate Division	Michael L. Matuska	Contract	\$25,000
<b>Contract Description:</b>	This is a new contract to impanel the contractor to the Real Estate Divisions Alternative Dispute Resolution panel. The panel will mediate disputes between parties concerning common interest communities, including, without limitation, the interpretation, application and enforcement of covenants, conditions and restrictions pertaining to residential property and the articles of incorporation, bylaws, rules and regulations of an association. AB 370 gives authority to the Division to create this program and impanel mediators.			
15389	Department of Motor Vehicles	Image Access Corporation	Contract	\$42,000
<b>Contract Description:</b>	This is a new contract to provide end user technical support to the Kovis File 360 scanning software being currently used within the department. This includes onsite software support services, system administration support, application development support, software upgrade support and training. The Kovis File 360 Imaging System is integrally linked to the DMV Mainframe Application which required custom programming by Image Access.			
15315	Department of Employment, Training and Rehabilitation – Rehabilitation Division	General Cleaning Service Corporation	Contract	\$19,560
<b>Contract Description:</b>	This is a new contract to provide as-needed cleaning and detailing of heavy duty commercial kitchen equipment and facilities, air conditioning and ventilation systems, trash chutes, loading docks, dumpster areas, awnings and rooftop grease and oil at all existing Business Enterprises of Nevada (BEN) locations in Northern Nevada.			
15296	Department of Employment, Training and Rehabilitation – Rehabilitation Division	Paul Edwin Watson	Contract	\$30,000
<b>Contract Description:</b>	This is a new contract to develop a training class with a workbook/handout and conduct training classes to provide current and potential Business Enterprises of Nevada (BEN) site operators (OPERATOR) tools to prepare for business ownership, operations and management, business plan development and on-going consulting/coaching.			
14483	Department of Employment, Training and Rehabilitation – Employment Security Division	Emcor Services dba Mesa Energy Systems	Amend	\$20,000
<b>Contract Description:</b>	This is the second amendment to the original contract which continues ongoing HVAC service works for the Department of Employment, Training and Rehabilitation facilities in Las Vegas, Nevada on an as needed basis. This amendment increases the maximum amount from \$49,500 to \$69,500 due to anticipated repair needs for the term of the contract.			
12942	Licensing, Boards & Commissions	Lorylynn, Ltd.	Amend	\$26,400
<b>Contract Description:</b>	This is the second amendment to the original contract to provide Executive Director services. This amendment increases the contract amount from \$172,295 to \$198,695 to fund additional services as required by the Board.			

**Governor:** Agenda Item No. 12 which are informational items. Ms. Teska.

**Clerk:** I believe there are 30 contracts that were administratively approved by the Clerk of the Board. These are contracts between \$10,000 and \$49,999. If there are any questions on any of these items.

**Attorney General:** I just have...

**Governor:** Any questions, Board members?

**Attorney General:** Yeah, Governor, I just have one clarification for the same reason that you identified before. The last item, which is Licensing, Boards and Commissions, that actually should be the Audiology Therapy.

**Unidentified Female Speaker:** Hang on.

**Attorney General:** And I guess in the future, for the same reason the Governor stated, we should probably clarify what Board. And my understanding, it's the Board of Examiners for Audiology and Speech Pathology.

**Katie Armstrong:** Yes.

**Attorney General:** Okay. Yes, that was -- yes, that is Audiology and, yes, we will make sure that these Agenda items are clearer in the future. Thank you.

**Governor:** And thank you, Madam, Attorney General, 'cause I agree that it just -- from those two Agenda items you had no idea -- or I had no idea what board and commission was going to be contracting. So, again, Ms. Teska's already said, so as we move on, we'll know specifically what board and commission is involved. Okay. Because this is an informational item, there won't be a motion with regard to those.

## 13. INFORMATIONAL ITEM

### A. Silver State Health Insurance Exchange

Update from Deloitte Consulting, LLP. on its assessment of the Silver State Health Insurance Exchange Business Operating System functionality.

**Governor:** So why don't we move on then to Agenda Item No. 13, which is another informational item with regard to the Silver State Health Insurance Exchange. Do we have representatives here today from Deloitte and Xerox? All right. Before we begin, I've been -- I've just been handed a Board of Examiners' status update dated April 8, 2014 from Deloitte. Do the Board members have a copy of the same document that I have here?

**Attorney General:** Yes.

**Secretary of State:** Yes, Governor.

**Governor:** All right. So why don't we begin with Deloitte. And we've begun with your review of the system and we'd like to know how it's going.

Do you mind? Sorry about that.

**Governor:** He was going to give me his notes.

**Deb Saha:** For the record, I'm Deb Saha, I'm with Deloitte. And with me Kunal Shah who's the project manager for the system project, Ivy Bela, she's the functional business manager.

**Governor:** Good morning.

**Deb Saha:** Good morning.

**Deb Saha:** So flipping over to slide one for you, Governor. We talked about the background in the last meeting. So we are engaged in doing an assessment for the SSHIX solution. We are focusing on one thing, which is as this situation today, not looking at the past, and then going through our findings, then provide recommendation. So in the approach, as we discussed earlier, that we have six threads. We're looking at project management governance, looking at the solution functionality. On the technology piece we look at the SDLC, which is basically looking how the solution has been implemented, are being modified as well. And the infrastructure, which is the data center component. We're looking at the security aspect of it and also the call center aspect.

On the next slide, on the project approach, we have two phase approach. One is the discovery phase, which is the two weeks. And then we have analysis for the third week and the fourth week. Two weeks each. We are at the end of the discovery phase. And we have completed 19 interviews with stakeholders that includes Exchange executives, staff, Xerox project management, technical staff, brokers, carriers, infrastructure architects from the Xerox team as well as the EITS team. We collected 88 documents, reviewed 88 documents. We have...

**Governor:** And if I don't -- if you don't I'll interrupt you there. When you say 88 documents...

**Deb Saha:** That's the 88 documents that's needed for us to do the assessment. 88 documents that we gathered from the Xerox team, from the Exchange team.

**Governor:** 'Cause that doesn't seem like a lot of documents. Is that sufficient to accomplish your task?

**Deb Saha:** Yeah, we actually requested 188. Out of that we are still -- we are waiting for 28 documents that we have not got. We have not received. I think truly there are two sets of documents that are overdue. And there's one set of documents that's due on the 9<sup>th</sup>. So really from the perspective of 18 documents that we -- that's overdue, if you will, from the Xerox team. There are 88 documents we have reviewed. We actually received 160 documents, but some of the documents are unavailable. So, I'm sorry, the total set up documents that we looked at or tried to look at is 160. Some of it's unavailability from the Xerox team or the Exchange team.

**Governor:** And when you say it's unavailable, what does that mean?

**Deb Saha:** That means -- I probably would let the Xerox team respond to that, but my understanding is, you know, every company has their own way of collecting documents, building solution and documents that are necessary for building. So in some cases where we felt that document is needed perhaps was not available.

**Governor:** Okay. And we'll get to Xerox in sec. When you say you're waiting for 28 documents, if you don't get those documents in a timely manner, will that inhibit your ability to perform the analysis?

**Deb Saha:** Yes, I think we'll just have to -- that would be blank, that data.

**Governor:** Okay. And if we don't have those 28 documents and you're not able to complete your work, will that leave us with, at the end of the day, an incomplete answer as to what's going on if we don't have those documents?

**Deb Saha:** Yes, yes.

**Governor:** Okay. And what has been -- and I'll give Xerox a chance to talk about this. Do you know what the explanation is for why those documents haven't been provided yet?

**Deb Saha:** At this point I would say that they're not available because of, in some cases, they're gathering the data. And I would say that there's a lot of collaboration and cooperation from the Xerox team. The first weeks have been a little bit rough, but things are getting better. So there's been a continuous dialogue between the teams to get the data.

**Governor:** Okay. And before I move -- before you move on to the presentation obviously I want to see if the other Board members have any questions. But this is what I want to continue this narrative that we have to have complete cooperation for us to be done in -- not only just to finish for the sake of finishing, but to have those answers that we need so that we can have a properly constructed Health Exchange. So it's very -- I mean, I want you to be really detailed in your response with regard to the provision of the documents and the information because that is obviously the threshold issue into being able to perform a proper analysis. And the last thing I want is for you to be coming back at the end of this and said, "Well, Governor, this is what we know, but there's a big gap here because we never got the documents that we needed or the information we needed to make a proper assessment." So that's where I am. Board members, any questions from you at least on this document piece?

**Secretary of State:** No, Governor.

**Attorney General:** No.

**Governor:** Okay. So why don't -- what I'll ask is Deloitte go through its presentation, then we'll move over to Xerox.

**Deb Saha:** Sure. So on slide two as I was describe that we're done with the first two weeks, phase one of discovery. We are in the process of working with the Exchange leadership team to go through our first draft of deliverable. And we expect approval on our deliverable first one. That's called the status report after two weeks, after discovery, at the end of Friday this week. So we...



**Governor:** So you're three days away?

**Deb Saha:** Yeah, that's for just the first part.

**Governor:** Okay.

**Deb Saha:** Yeah. And the second one, which is the analysis one, which will go for a couple of weeks, including this week, that's where all the compiling of the -- of what our findings are and our recommendations are. And so we will work through in the next week when we will be ready to start working -- have a dialogue with the Exchange team. On the third week, which is the week of the 21<sup>st</sup>, that Monday, we'll start looking -- working with the Exchange team. And finally submit our final deliverable that's supposed to be approved on the 25<sup>th</sup>, that Friday.

**Governor:** Is it fair to say that you're behind now because you don't have all the documents that you need?

**Deb Saha:** Yes.

**Governor:** And what will it take for you to get caught up?

**Deb Saha:** Just as much documents -- the documents that we can get from the Xerox team.

**Governor:** Okay. Anything else that you wanted to provide to the Board?

**Deb Saha:** No. Thank you, Governor.

**Governor:** Any questions for the Deloitte representatives from Board members?

**Secretary of State:** No, Governor.

**Attorney General:** No.

**Governor:** Why don't we move over to Xerox and hear what you have to say.

**David Hamilton:** Governor and Board, good morning. David Hamilton, Group President for Xerox, Government Health Solutions. Again, we're pleased to be participating with Deloitte. I think our teams are working well together. I would validate the numbers from Deb and his colleagues, 188 requests, about 28 outstanding that will come down we believe to about 12 as of probably now. These documents and requests are coming in virtually daily. The oldest outstanding from 3-26. There are a few documents, I think as the Deloitte team reflects, that they would have a perspective that in building a system you would have documents one, two and three, and Xerox might have a perspective that you need one, three and four, so we may have gaps. But I think we'll either close on that disagreement or build where we can anything that Deloitte needs to support their assessment. I think as you asked us last time we were here, we're all in to support the assessment and we'll work to get these last few straggling documents in within the next 24 hours.

**Governor:** Okay. So are you saying that all 28 outstanding documents will be provided in the next 24 hours?

**David Hamilton:** There may be one or two that we'll have to build because we literally don't have them, but we'll build them expeditiously.

**Governor:** Okay. I mean, I'm not a technical person. When you say that you have to build them, what does that mean?

**David Hamilton:** It basically means that Deloitte would request a certain artifact or diagram or something that would help them in their analysis that might not have been assembled by our team, so our team would literally have to build or make it. But, again, what I would recommend is we just literally work together to say is the time spent of our mutual teams most valuable in building that artifact or is it more valuable to do some other aspect of the interrogation and the assessment? But I think we can work together as I think we have over the last several weeks and close the door on this item.

**Governor:** Yeah, 'cause almost is not good enough.

**David Hamilton:** Yep.

**Governor:** I mean, it's -- I can't be any more clear that it feels like what we've heard before, in terms of we're getting there, we're almost there, we're working on it. And so what I want to hear -- what I've heard you say today that all 28 outstanding documents will be provided in the next 24 hours.

**David Hamilton:** Mm-hmm. Correct.

**Governor:** And then my questions for Deloitte is, if you have all those documents in the next 24 hours, will that allow you to perform the analysis that needs to be completed in a timely manner?

**Deb Saha:** Yes, Governor.

**Governor:** Okay. All right. Questions from Board members for Xerox?

**Secretary of State:** No, Governor.

**Attorney General:** No, Governor.

**Governor:** 'Cause, Mr. Hamilton, what I don't want to happen is I've already had one conversation with...

**David Hamilton:** I understand.

**Governor:** ...Ms. Burns and I'm riding hard on this.

**David Hamilton:** Absolutely understand. As is she on board. Yep.

**Governor:** Okay. All right. Mr. Willden or Director Willden, I see that you're there. Do you have any observations that you wanted to share?

**Mike Willden:** Not specifically, Governor, other than we, HHS and I know the Exchange Board, Mr. Fisher who is out this week and Ms. DeRousse, we continue to work with Deloitte and Xerox to get the documents in hand. We have stayed in almost daily contact with the Deloitte assessment team. We're having period meetings. So, again, I feel comfortable if we get all the 28 documents that we're talking about. As we've indicated, three of them are more than ten days old, some of them are very current requests. That if we get there, that we should be able to complete the assessment.

**Governor:** Okay. Has the state done everything that it's supposed to do associated with these tasks?

**Mike Willden:** To my knowledge, yes, Governor. I believe there are no outstanding documents that the Exchange would need to provide or that DHHS would need to provide. It is my understanding that they are all requests to Xerox and Xerox needs to provide the documents.

**Governor:** Okay. As I said, Mr. Hamilton, it's on Xerox.

**David Hamilton:** Completely understand.

**Governor:** And, as I said, this is a very short period of time and there's a lot riding on this.

**David Hamilton:** Completely right.

**Governor:** And in the meantime, you know, we've got the enrollment period that's been extended. How is that going? I don't know if you can respond to that or if you're prepared to respond to that.

**David Hamilton:** Not with anything substantive. Again, the teams are mobilized. We've obviously seen a really good run up to 331. And we're seeing a little bit of that positive momentum continue. But we'll have the more final numbers for the Board meeting on Thursday.

**Governor:** Okay. And with the other Board members' permission, I know we don't have another Board of Examiners' meeting for another month, but I may consider having a special meeting so that we can continue to have real-time updates on how this is going, because I don't want a surprise a month from now. So I'll obviously stay in close communications with the other Board members. But is there any objection from either of you of us doing that in the future?

**Attorney General:** No, Governor. I would support it.

**Secretary of State:** No, Governor.

**Governor:** Okay. All right. Thank you. Any other questions? 'Cause I'm going to check in 24 hours. So I would imagine that by the close of business tomorrow that all those documents will be in.

**David Hamilton:** Correct.

**Governor:** All right. Thank you very much.

#### **14. BOARD MEMBERS' COMMENTS/PUBLIC COMMENTS**

**Governor:** All right. Agenda Item No. 14, are there any Board member comments?

**Secretary of State:** No, Governor.

**Governor:** Is there any public comment from Las Vegas? Any public comment from Carson City?

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

**Clerk's Recommendation:** I recommend approval.

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

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**Comments:**

**Governor:** Move on to Agenda Item No. 15, which is adjournment. Is there a motion for adjournment?

**Attorney General:** Move for adjournment.

**Secretary of State:** Second.

**Governor:** Secretary of State has seconded. All in favor say aye.

**Attorney General:** Aye.

**Secretary of State:** Aye.

**Governor:** Aye. Motion passes 3-0. This meeting's adjourned. Thank you, ladies and gentlemen.

**Respectfully submitted,**

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JULIA TESKA, CLERK

**APPROVED:**

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GOVERNOR BRIAN SANDOVAL, CHAIRMAN

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ATTORNEY GENERAL CATHERINE CORTEZ MASTO

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SECRETARY OF STATE ROSS MILLER