

MINUTES

MEETING OF THE BOARD OF EXAMINERS

February 10, 2015

The Board of Examiners met on February 10, 2015, 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 Adam Paul Laxalt
Julia Teska, Clerk

Others Present:

Bryan Nix, Victims of Crime Program
Rebecca Salazar, Victims of Crime Program
Claudia Vecchio, Department of Tourism and Cultural Affairs
Steve Fisher, Department of Health and Human Services, Welfare and Supportive Services
Jim Lawrence, Department of Conservation and Natural Resources
Jennifer Newmark, Department of Conservation and Natural Resources
Colleen Cripps, Department of Conservation and Natural Resources, Environmental Protection
Frank Woodbeck, System of Higher Education
Dennis Perea, Department of Employment, Training and Rehabilitation
Don Doderberg, Department of Employment, Training and Rehabilitation
Dr. Tracey Green, Department of Health and Human Services, Public and Behavioral Health
Julia Peek, Department of Health and Human Services, Public and Behavioral Health,
Informatics and Epidemiology
Chelsea Szklany, Department of Health and Human Services, Public and Behavioral Health
Terri Albertson, Department of Motor Vehicles
Amy McKinney, Department of Motor Vehicles
Jeff Morrow, Department of Health and Human Services, Child and Family Services
Scott Sisco, Department of Corrections
Matthew Dillon, Department of Conservation and Natural Resources, Water Resources

1. PUBLIC COMMENTS

Comments:

Governor: Good morning, ladies and gentlemen. I will call the Board of Examiners meeting to order. The Secretary of State is not able to participate, so it will just be the Attorney General and me. We will commence with Agenda Item No. 1, 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 to the Board? Are you muted there, 'cause we can't hear you?

Unidentified Female Speaker: I don't believe there's anyone here.

Governor: All right. Thank you.

*2. FOR POSSIBLE ACTION – APPROVAL OF THE JANUARY 13, 2015 BOARD OF EXAMINERS' MEETING MINUTES

Clerk's Recommendation: I recommend approval.

Motion By: Attorney General Seconded By: Governor Vote: 2-0

Comments:

Governor: The next Agenda item is No. 2, which is approval of the January 13, 2015 Board of Examiners' Meeting Minutes.

Attorney General: I move to approve.

Governor: All right. The Attorney General has moved to approve the minutes. I will second the motion. Any questions or discussion? All in favor say aye.

Attorney General: Aye.

Governor: Aye. Motion passes 2-0.

*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 – Division of Public Works – Buildings and Grounds	1	\$3,689
Total	1	\$3,689

Clerk's Recommendation: I recommend approval.

Motion By: Attorney General

Seconded By: Governor

Vote: 2-0

Comments:

Governor: We will move on to Agenda Item No. 3, State Vehicle Purchase. Ms. Teska, good morning.

Clerk: Thank you, Governor. Item 3 is a -- there's only one vehicle request this month to come before you. It is for the Department of Administration, Division of Public Works, Buildings and Grounds. It's for the purchase of a pickup truck. It's a used vehicle. These are used to do the actual -- as maintenance vehicles. And this was included in our legislatively approved budget.

Governor: I have no questions. Mr. Attorney General?

Attorney General: No questions, Mr. Chairman.

Governor: All right. The Chair will accept a motion for approval.

Attorney General: I move to approve.

Governor: Attorney General has moved to approve Agenda Item No. 3. I will second the motion. Any questions or discussion? All in favor say aye.

Attorney General: Aye.

Governor: Aye. Motion passes 2-0.

***4. FOR POSSIBLE ACTION – VICTIMS OF CRIME FISCAL YEAR 2015
2ND QUARTER REPORT AND FISCAL YEAR 2015 3RD QUARTER
RECOMMENDATION**

A. Department of Administration – Victims of Crime

NRS 217.260 requires the Board of Examiners to estimate available revenue and anticipated claim costs each quarter.

The 2nd Quarter fiscal year 2015 Victims of Crime Program report states all approved claims were resolved totaling \$6,782,707 with \$2,468,368 paid out of the Victims of Crime Program account and \$4,314,339 resolved through vendor fee adjustments and cost containment policies.

The program anticipates future reserves at \$5.3 million to help defray crime victims' medical costs.

Based on the projections the Victims of Crime Program recommends paying Priority One, Two and Three claims at 100% of the approved amount for the 3rd quarter of FY 2015.

Clerk's Recommendation: I recommend approval.

Motion By: Attorney General

Seconded By: Governor

Vote: 2-0

Comments:

Governor: We'll move on to Agenda No. 4, Victims of Crime Fiscal Year 2015 2nd Quarter Report and Fiscal Year 2015 3rd Quarter Recommendation.

Clerk: Thank you, Governor. This is an item that, as the title indicates, is a report that you see quarterly that provides some information on our Victims of Crime program. And I believe there are representatives from the program that are supposed to be here to present. In Las Vegas, it's Mr. Nix.

Governor: Good morning, Mr. Nix.

Bryan Nix: Good morning, Governor, and Mr. Attorney General. With me is Rebecca Salazar. She's a program manager for the Victim of Crime program. And we're happy to answer any questions you may have about this report. As you can see we are in very sound financial position. We're recommending continuing to pay the victim claims at 100 percent for the next quarter. We'll still be in very sound financial condition when we do that.

Governor: All right. I have no questions, except keep up the good work.

Bryan Nix: Thank you, Governor. We're working hard at it.

Governor: I know you are. Mr. Attorney General, any questions?

Attorney General: No questions.

Governor: All right. Thank you very much.

Bryan Nix: Thank you, Governor.

Governor: Do we need a motion to approve that?

Clerk: I believe so.

Governor: Yes, so the Chair will accept a motion to approve the reports that are described in Agenda Item No. 4.

Attorney General: I move to approve.

Governor: Attorney General has moved to approve. I will second the motion. All in favor say aye.

Attorney General: Aye.

Governor: Aye. Motion passes 2-0.

***5. FOR POSSIBLE ACTION – AUTHORIZATION TO APPROVE A PROVIDER AGREEMENT**

A. Department of Health and Human Services – Division of Public and Behavioral Health

The Division of Public and Behavioral Health is requesting Board of Examiners' approval of the Targeted Case Management provider agreement form to enable them to enter into an agreement with providers to provide services for individuals with serious mental illness.

Clerk's Recommendation: I recommend approval.

Motion By: Attorney General

Seconded By: Governor

Vote: 2-0

Comments:

Governor: We'll move on to Agenda Item No. 5, Authorization to Approve a Provider Agreement. Ms. Teska.

Clerk: Thank you, Governor. Much like you saw last month, we have a request for authorization for a provider agreement. We discussed this, I think, at length what the concept behind these are at last meeting, and indicated that there are a number of these, particularly for the Department of Health and Human Services, as they've got an array of services that they provide to their clients. This one is specifically related to Public and Behavioral Health targeted case management for severely mentally ill patients. And I believe there are -- if there are additional questions, there are representatives from the agency if there are any questions.

Governor: And as you said, this is pretty standard. I have no questions, and, again, in the name of efficiency to allow those services to get to those who need it in the most efficient and quickest way possible, this is a good procedure to follow. Mr. Attorney General, any questions?

Attorney General: Yes, Mr. Chairman. Question is just, this is the same thing we did last meeting, now it's just kind of a different kind of service?

Clerk: Yes.

Attorney General: Okay. No further questions.

Governor: All right. Then the Chair will accept a motion to approve the provider agreement described in Agenda Item 5A.

Attorney General: I move to approve.

Governor: Attorney General has moved to approve. I will second the motion. Any questions on the motion? All in favor say aye.

Attorney General: Aye.

Governor: Aye. Motion passes 2-0.

***6. FOR POSSIBLE ACTION – LEASES**

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

Clerk's Recommendation: I recommend approval.

Motion By: Attorney General

Seconded By: Governor

Vote: 2-0

Comments:

Governor: We'll move on to Agenda Item No. 6, Leases. Ms. Teska.

Clerk: Thank you, Governor. There are eight leases for consideration by the Board on this month's Agenda. And we can answer any questions if you have any. There's really nothing unusual about this particular lease.

Governor: I have no questions. Mr. Attorney General?

Attorney General: I have no questions, Mr. Chairman.

Governor: The Chair will accept a motion to approve Leases 1 through 8 as described in Agenda Item No. 6.

Attorney General: I move to approve.

Governor: Attorney General has moved to approve. I second the motion. All in favor say aye.

Attorney General: Aye.

Governor: Aye. Motion passes 2-0.

***7. FOR POSSIBLE ACTION – CONTRACTS**

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

Clerk's Recommendation: I recommend approval.

Motion By: Attorney General

Seconded By: Governor

Vote: 2-0

Comments:

Governor: We'll move on to Contracts, Agenda Item No. 7.

Clerk: Thank you, Governor. There are 16 contracts for approval on this month's Agenda. Based on feedback from the Board members, the Board would like to hear testimony on Contract No. 1, Commission on Tourism; Contract No. 3, Health and Human Services, Welfare and Supportive Services Division; Contract No. 5, Department of Corrections, Prison Dairy; Contract No. 11, which is Department of Conservation and Natural Resources. Also Contract No. 12 for Department of Conservation and Natural Resources. And Contract No. 15, which is the Department of Employment, Training and Rehabilitation.

Governor: All right. Thank you. Any others that you wanted to hold, Mr. Attorney General?

Attorney General: No, Mr. Chairman. Thank you.

Governor: Contract No. 1, Commission on Tourism. Good morning, Director Vecchio. How are you?

Claudia Vecchio: Governor, I'm well. How are you?

Governor: I'm very well. Thank you. So will you kinda take us through this contract, what its purpose is for, and what the process was to retain this contractor?

Claudia Vecchio: Absolutely. For the record, this is Claudio Vecchio, Director of the Department of Tourism and Cultural Affairs. The Division of Tourism has a major contract with a integrated marketing agency that really is a partner in what we do in terms of developing and executing the advertising, public relations, social media side of our marketing equation.

Two years ago we did a similar process to select an agency. That agency didn't work out particularly well. They didn't exactly meet the needs of the division. So we underwent this process to find a marketing agency partner to help us do those programs. The process is definitely in coordination with State Purchasing, and so just as we do with the State Purchasing process, determined a selection committee of which I was not part. And the selection committee reviewed both the technical and the cost proposals of these eight proposers this time, selected three finalists and then whittled it down to Fahlgren, and they are in partnership with The Abbi Agency, which is a Reno PR and social media company, to provide these services for us.

Governor: Okay. Yeah, there are some that will ask or say why aren't we (inaudible) in-state advertising firm, because this one is based in Ohio I think.

Claudia Vecchio: Yeah, they're based in Columbus, Ohio, but, again, they're in partnership with The Abbi Agency, and I would come back with two remarks about that. The Division of Tourism knows the State of Nevada as well as any agency out there, but 94 percent of our visitors are from out of state, and those are really the ones that are the most valuable. They stay longer.

They spend more money. They provide a greater revenue back to the state. So it's imperative that we partner with a group that knows those feeder markets and knows how to attract people in Los Angeles, and knows how to attract people in Chicago. And this group is arguably one of the best tourism marketing agencies in the country. They've won national awards. They drive tourism for their clients, many of whom I know being this industry. So I'm very confident that they will help us with our knowledge of Nevada, combined with The Abbi Agency's knowledge of Nevada, and their knowledge of our feeder markets to drive tourism. We have a tremendous campaign in the Don't Fence Me In campaign that we have going on now.

Governor: Greatest song ever.

Claudia Vecchio: It's a great song. And so, you know, we believe that they will continue to help us drive that message to these key markets, so that's incredibly important. The second piece really was in the cost. We looked at the cost of the agencies. And this is, you know, provided in their -- on that second cost proposal piece of this, but in a -- I had to write this down 'cause I'm not a numbers person. But the media buy is estimated at \$9.6 million over this two and a half year contract.

Governor: So that's built into this 20 million?

Claudia Vecchio: That's built into the 20 million. That's a big part.

Governor: Because there's some confusion about that, yeah.

Claudia Vecchio: Yes. That is 9.6 million of that is media buy. There is a great proportion of the rest of that that are not direct fees to the agency, but that go out for various projects that we do. For example, a media mission into New York, they pay for all the expenses surrounding that mission. So their fees are not the totality of the rest of this contract. But out of the \$9.6 million, the difference between the cost of Fahlgren Mortine and the other finalists, and this is factoring in a 33 to 1 return on investment which our paid marketing does provide, it's a -- I mean, the cost alone would change the revenue back to Nevada by more than \$9 million. So from a cost standpoint, Fahlgren was highly -- was much under the cost of the other group, and we believe will provide a greater return on investment for the state.

Governor: And speaking of return on investment, our return has increased over the past few years, has it not?

Claudia Vecchio: It has. When we did our budget presentation to the legislative session the last session it was 19 to 1. And then with the new brand and the new campaign, we're now up to 33 to 1. For every dollar that goes into this, \$33 comes back to the state. And that's in our paid media only. So when we look at cost and when we look at the fees that these agencies were proposing, you know, we need to -- we need to look at how that impacts this return on investment. And it was significant with the Fahlgren group.

Governor: Now we have two years of data and the World Within, State Apart is working.

Claudia Vecchio: It is working. It's a tremendous foundational brand. The language around the brand -- it's not only that slogan, but it's the way we convey the personality of the state. It's the way we talk about who we are as Nevadans and how we connect. But we connect in a way that's different from other states, and that's really our key selling point. That's what breaks to the clutter and makes us who we are. So that is working from a tourism standpoint. Don't Fence Me In is resonating people. The song is great. This idea of having personal freedom and coming to Nevada is really resonating too. So we're on a good path. We just need the right partner to help us, you know, go ever further.

Governor: Yeah, and I'll share publically the comment that I told Ms. Vecchio privately is I was in California a while ago on a speaking engagement, and I had an opportunity to meet with somebody who's pretty prominent. And they said, "Please stop playing that commercial because it's killing us, you know, 'cause it's so good." And I thought that was the best validation that we could possibly ask for. And so keep up the good work. Mr. Attorney General, any questions?

Attorney General: Yes, Mr. Chairman. Just one question. So for the media buy, is the savings -- are they just taking less a percentage of the buy? Is that where it comes from?

Claudia Vecchio: Correct. In the RFP we asked them to provide a commission for the media buy. And that's a just straight commission. And the Fahlgren -- am I allowed to say this? The Fahlgren commission was 4 percent, the other finalists were 7 percent or more, so that's a significant savings. And 4 percent is an incredibly low commission rate. Generally it's 15 percent. Obviously all agencies came in wanting our business, but when you look at sheer cost, that's a significant savings.

Attorney General: Great. Thank you.

Claudia Vecchio: Thanks.

Governor: And the Attorney General prompted another question on my part. Given that this is a new vendor, will we be paying to reinvent the wheel on anything that's been done?

Claudia Vecchio: No, absolutely not. They have committed, and we've made this clear, and we made it clear in the RFP, that we are moving forward building on the foundation that we have now. All brands go through evolution, and it's time for us to take a look at this campaign and how we are positioning our brand and our campaign. So they will take it now to phase two, which we have some thoughts about how we can do that, but it really is building on a great foundation. They know that's what they're doing. They're not (inaudible).

Governor: And will they be able to finish the app that I've been hoping for?

Claudia Vecchio: Yes. They will finish that app. And we will do additional types of apps as we move forward in other projects. And so we will say they know that is the priority for this year. We promise you.

Governor: I mean, I know that you recognize that that's what people use these days and to have that Nevada tourism app would be wonderful.

Claudia Vecchio: And a key reason why the old agency isn't with us any longer.

Governor: Yeah. All right. Any further questions?

Attorney General: No, Mr. Chairman. Thank you.

Governor: Thank you.

Claudia Vecchio: Governor.

Governor: Thank you, Ms. Vecchio. Let's move on to Contract No. 3 which is DHHS and Deloitte. Good morning, Mr. Fisher.

Steve Fisher: Good morning, Governor...

Governor: How are you?

Steve Fisher: ...Attorney General Laxalt. I'm good. How are you?

Attorney General: Good morning.

Governor: Good, thank you.

Steve Fisher: For the record, I'm the administrator for the Division of Welfare and Supportive Services. This is an amendment, an \$8 million amendment to the current contract we have Deloitte Consulting. Just to step back a little bit, a little bit of history on this, for the Affordable Care Act we built what's called an eligibility engine. So we took the business rules out of old antiquated system and moved -- the Medicaid rules, and moved them over to an eligibility engine, so we externalized the business rules.

As part of this contract, what we'd like to do is we would like to take our SNAP rules, as well as our TANF rules, and take those out of our old antiquated system and move those over to the eligibility engine so we're leveraging that technology that's already been built.

Governor: And that was the technology that worked, right?

Steve Fisher: Yes, sir. Yes.

Governor: Now, while you're here, February 15th is just around the corner, and I was hoping that you could update us on what's going on with the enrollment through the Silver State Exchange and everything else that has to do with that.

Steve Fisher: Sure. As of last week, there have been just over 56,000 Nevadans who have signed up for an insurance plan. And there's approximately 50,000 of those have actually paid for a plan. So we're sitting around 50,000. On the Medicaid side, we have received since November 15th approximately 65,000 Medicaid applications have come to us. So that just kinda gives you an idea of number of Medicaid applications that have come to us, and then the number of individuals who have enrolled in the insurance exchange.

Governor: Well, it brings a couple thoughts to mind. Let me start with the Medicaid piece first, is that, that seems like it is plateauing compared to what the numbers were last year.

Steve Fisher: Correct. Yes. We were -- yes, absolutely. I think we added almost 300,000 individuals to the Medicaid rolls during that last open enrollment period in that last year.

Governor: And what is the contrast between the enrollments and the paid enrollments versus a year ago?

Steve Fisher: Last year we ended the open enrollment period with approximately 36,000 individual enrolled and paid for a plan last year.

Governor: So you're almost 20,000, or could be 20,000 above that.

Steve Fisher: Correct.

Governor: So do you expect between now and the 15th a big rush of individuals...

Steve Fisher: We do.

Governor: ...seeking to sign up? Are we ready for that?

Steve Fisher: We are. Yes, absolutely. Yeah, we have additional staff that we've put in (inaudible) store fronts where individuals can come in and get assistance to enroll, both in Las Vegas and in Reno. We've added additional staff to those store fronts so that we're prepared from that perspective. And so, yeah, we're ready for the additional enrollees coming in.

Governor: In contrast to last year, I mean, my understanding is experience has been very positive, that the wait times are de minimis and that navigating through the sign-up process has been improved as well.

Steve Fisher: Absolutely, yes. No news is good news. So we have not heard any negative news with regards to enrolling, either through the Medicaid process or through the federal process.

Governor: Good. Mr. Attorney General, any questions?

Attorney General: Yes, Mr. Chairman. Just one question. So is this contract the only Deloitte contract, or is this one of multiple?

Steve Fisher: This is the only Deloitte contract. It's an amendment to the existing Deloitte contract.

Attorney General: No further questions.

Governor: Okay. And speaking of that, you ask a question, it prompts a question. We finished that Deloitte contract in terms of the oversight on what Xerox was doing?

Steve Fisher: We did. We finished the supported state based marketplace transition. Yes, we finished that in November. We do still have a maintenance contract, maintenance and operations contract with Deloitte that goes through September of 2016, so that's still part of this contract. So they're still maintaining, making changes, modifications, any fixes, bug fixes, that kind of stuff.

Governor: Okay. Thank you, Mr. Fisher.

Steve Fisher: Sure.

Governor: Appreciate it. The Attorney General's asked for Contract No. 5. It's one of my favorite contracts. It comes up every year.

Attorney General: My first.

Governor: Yeah.

Unidentified Male Speaker: Thank you. Would you like me to go ahead and summarize the contract?

Governor: Yes.

Unidentified Male Speaker: This particular contract...

Governor: I'm sorry, I didn't hear you.

Unidentified Male Speaker: ...it's about poop. We have lots of it and more than we know what to do with. This particular contract provides for four years' worth of hauling extra horse manure from the wild horse program at Northern Nevada Correctional Center down to a company in Minden that then turns it into biodegradable fuels. We do what we can with the composter that we have there onsite that has a contract with us, but we just have more than we know what to do with. So it's the wild horse program. Currently, just real fast, the numbers, we have about 1705 horses from the BLM (sp?) and about 15 to 30 from the state, Department of Agriculture, that we board.

Governor: And could I ask someone in Las Vegas to mute the microphone. There's a little bit of feedback on this end. Anything further?

Unidentified Male Speaker: Nope, that's pretty much what I have to offer.

Governor: Mr. Attorney General?

Attorney General: Yes, Mr. Chairman. Could you repeat those two numbers for me, 1700 BLM and I missed the second one.

Unidentified Male Speaker: About 1705 horses from the BLM and somewhere between 15 and 30 at any given time that the State Department of Agriculture picks up or other state agencies pick up and need a place for.

Attorney General: And it says that it's 100 percent federal funds. Is the BLM paying for this or...

Unidentified Male Speaker: Yes, we get a per diem rate from the BLM for every horse that we board every day. We get a per diem rate (inaudible) that rate.

Attorney General: Great. No further questions, Mr. Chairman.

Governor: Thank you. No, and I like the idea that we're keeping it in Nevada and it's being put to good use in Douglas County. Who would've thought, you could generate energy from that? All right. We'll move on to Contract No. 11, which is Department of Conservation and Natural Resources and environmental incentives. Good morning.

Jim Lawrence: Good morning.

Governor: So I'd asked -- I guess you could take us a little bit through this contract, but I was even more interested on what's going on with the entire plan and any details that you could provide.

Jim Lawrence: Perfect. I'm happy to do so. So good morning, Governor. For the record, Jim Lawrence. I'm the Special Advisor for the Department of Conservation and Natural Resources. And with me to my right is Jennifer Newmark. She's been the Contract Manager for this, and she's the administrator for the Nevada Natural Heritage Program.

I'm really excited to be able to have this opportunity to talk about this in front of you this morning. It's been -- 2014 was a very busy, challenging and productive year for the program. A lot of great milestones were accomplished. As you know in October the state plan was unanimously adopted by the Sage Brush Ecosystem Council. That state plan is an alternative being evaluated by the Bureau of (inaudible) Management, in their Resource Management Plan EIS update.

Part of the state plan, and a real cutting edge component of it, is the Conservation Credit System. And that Conservation Credit System was also unanimously adopted by the council after a two-day workshop in December with all of the stakeholders regarding the Credit System. And that was unanimously adopted, and this is a copy of it here. It's a manual, and the last half of it is all of the scientific basis for the development of the Credit System. So this is a scientifically based system, and it's very exciting.

When we started out on this, two concerns regarding mitigation programs were constantly explained to us. One concern was that traditional mitigation programs aren't necessarily consistent and transparent. When you have somebody that's a project proponent wanting to do a project, that sometimes developing the mitigation and coming up with mitigation measures takes a long time, and certainly industry needs certainty.

The flipside is we heard a lot of criticisms in some ways that traditional mitigation programs do not direct mitigation to the most appropriate areas to gain conservation. So this system is kind of taking the mitigation system one step further. It is a system based on science and has a habitat quantification tool that evaluates the habitat on functional acres. So what that does is it creates this market-based system so that when conservation projects are being proposed, they will be directed to the most important areas for habitat gain, because those are going to be rewarded with the highest level of credits, which are then available to be transferred or purchased to offset mitigation projects. So the flipside is, is the mitigation projects using the habitat quantification tool provide strong incentives to do habitat disturbances in those areas that are the most able to absorb those things. So the most critical habitat will have the highest debit ratio, and the less critical habitat will have the lower debit ratios. So that will kind of provide the incentives to disturb the least important areas, but then on the conservation side, the conservation projects will go to the most important habitat areas in order to generate the highest credits.

It is very exciting. It's been kind of a long road in some areas, but we are getting buy-in from all of the federal agencies on the system. And it is starting to be recognized at a national level on being the next step in mitigation programs. So it's very exciting. The current contract is just about wrapping up. We spent a lot of work getting buy-in from the federal agencies and from stakeholders. And that's been done. What we want to do now with this contract amendment is move into implementation. So the next step in the contract is going to focus on getting pilot projects. We've been working with mining community, ranchers on identifying actual projects out on the landscape to basically test out the system, because this is scientifically based. It is relatively new, and so we want to do pilot projects to test it out. And then it's going to be an adaptive management type of component that we will then kind of adjust as we move forward.

The contract that we have before you would go through the next year. We want to do pilot projects. We also want to develop handbooks and tools so that folks in our conservation districts, for example, can work one-on-one directly with landowners to get them kind of excited about the system and to kind of reward the good land stewardship that the Nevadans have been doing all these years. So I could go on forever.

Governor: No, I'm sure you could.

Jim Lawrence: I'm sorry.

Governor: That's all right, Mr. Lawrence. I like your enthusiasm. Ms. Newmark, anything you wanted to add?

Jennifer Newmark: No, but I would like to second that the -- to me, from the resource side, I think it's really key that this is based on that scientific HQT and that it is based in functional acres, so it is new and very innovative. And I think it's going to set itself up for very good success because it's based on that functional acreage. So it has been -- like Mr. Lawrence said, it's been a road, and it's been a good one, and we're really looking forward to now moving into implementing it.

Governor: Because it is, as you've identified, a catch 22 because this is new, it's innovative, and my humble opinion, will prove out to be a national model in years to come, but as you say, it doesn't provide that certainty that typically the federal government relies upon. And so that's been part of the discussion with the federal government, is they're like, "Well, Nevada, this is a great plan, but we don't really have any history to be able to get behind this." But at the same time I think the harder we work, they're starting to recognize that this truly could work and is in the best interest of the bird, and the environment. I mean, I think the other thing that -- for those that aren't real familiar with the process, the Sage Brush Ecosystem Council is about as diverse a group as you can get. And to achieve unanimity on that council to support this plan was a huge achievement.

And so, you know, we're gonna continue to push forward. You know, I'll continue to have my conversations with Fish and Wildlife and BLM and the Department of Interior and all the interested parties to continue to show that this is truly going to be a national model. As you said, I think we're starting to hear some encouraging words associated with that. Because we all -- we want to protect the environment, but we also want to balance the business interests and avoid that listing. And putting all this together I think is going to allow us to accomplish all those things. So I really appreciate your hard work and getting this going and then moving to the next step. Mr. Attorney General, any questions?

Attorney General: No questions, thank you.

Governor: All right. Thank you, Mr. Lawrence.

Jim Lawrence: Thank you.

Governor: It's good to see you off the trail.

Jim Lawrence: Yeah, I know. Good seeing you.

Governor: All right. The next contract is No. 12, the Department of Conservation and Natural Resources and Broadbent & Associates.

Colleen Cripps: Good morning, Governor.

Governor: Good morning.

Colleen Cripps: Good morning, Mr. Attorney General.

Attorney General: Good morning.

Colleen Cripps: My name is Colleen Cripps. I'm the Administrator of the Division of Environmental Protection. The amendment you have before you is to amend our existing environmental mitigation assessment and response contract at \$350,000 of funding that we're getting from the U.S. Environmental Protection Agency. That funding is to support the identification and environmental evaluation of Legacy abandoned mine lands. The current contract is one that's shared between Broadbent & Associates and McGinley & Associates. What you have before you today is actually only one of the contracts that we had put forward. The second one will probably be -- you'll probably see it at the next meeting, but basically we have two contractors sharing the same contract.

We do that because this contract provides for the mitigation and cleanup of environmental contamination of all different kinds, and we want to make sure we have adequate resources and expertise for the different projects that we cleanup under this fund. So with that I'll be happy to answer any questions.

Governor: Okay. Mr. Attorney General?

Attorney General: No further questions, Mr. Chairman. Thank you.

Governor: Thank you. That's it. All right. We'll move on to 15, which is DETR and the Board of Regents.

Frank Woodbeck: Good morning, Governor, Attorney General.

Governor: Good morning, Mr. Woodbeck.

Attorney General: Good morning.

Frank Woodbeck: And the...

Dennis Perea: Good morning, Governor. Good morning, Mr. Attorney General. For the record, Dennis Perea, Deputy Director for the Department of Employment, Training and Rehabilitation. We could give you a rundown of the system or we can answer any questions you might have.

Governor: Let's begin with the rundown, please. I think it's a great program, so we need to hear about it.

Dennis Perea: Yes, Governor. At DETR we're excited about this. It'll completely change the way that we deliver services through our JobConnect office and from our workforce investment partners. You know, in essence, this is a unique agreement between NSHE and DETR where we're partnering together to get the data that we need and the service modules to service the Nevadans the best we can.

For DETR the big change is this focused career part of the platform and it hasn't been discussed a lot up to this point. But what it does, it allows our folks in our JobConnect offices to better assist clients. It has a self-service module where people can go in and search jobs in our database, upload resumes, and it has a resume crawling ability to match those individuals with those jobs. It also gives our folks in the JobConnects the ability to search many websites instead of a website at a time. Right now if somebody comes and let's say that they're a dealer or cocktail server, our folks will have to go to each and every casino website to see what's out there, to see if they can find a place to place this individual. With this system they can go into one system and it'll crawl 40,000 websites and bring back all of the results all at once so that we can better match those individuals up with those jobs.

It also has -- and this is, I believe, where NSHE really starts to lick their chops, it really focuses on Careers rather than jobs. If somebody comes in and looks at a job, they can actually upload their resume and the system will tell them that it appears that they're missing something and be able to tell them where they can go and get that training. So it'll assist them in doing that.

The career focused platform, I know this is dear to your heart, Governor, it also does the MOS SOC (sp?) crosswalks for veterans coming out of the service. So they will be able to bring in their military service information. And Burning Glass actually goes a step further than other systems where it will say, you know, these are where it matches up cleanly, but this is where -- other areas where you would likely make a good fit in the job market, and refer those veterans out to those services.

It has a employer self-service piece as well. Employers will be able to go in and list jobs with us and actually be able to search databases, set up an account to where they can actually receive information back from the system on an ongoing basis for a talent that it sitting out there that they may be able to hire.

One of the things that I'd like to mention is that this system hooks up to our one-stop operating system, our case management system for DETR. The beauty of this particular system is it is known as the best system in the country, and also it is hooked up to our consortium partners. We belong to a consortium of three other states, Kentucky, New Jersey and New York, who have already hooked up to this system. So when we actually went out to Burning Glass, they agreed not to charge us an installation fee on this one because down the road as people leave this consortium, we're going to be forced to move to a different system, so they're charging us one installation fee instead of two. So we were able to save a lot of money.

And through some tough negotiations with Frank over there, we convinced Burning Glass -- they wanted to charge us to licensing fees, one for NSHE and one for DETR. And since we showed them that we're essentially in business to do the same thing, the state would pay once, not twice, so we were able to go with one licensing fee. With that I'd pass it to Frank.

Governor: Mr. Woodbeck.

Frank Woodbeck: For the record, Frank Woodbeck from the System of Higher Education. We negotiated this, as Dennis alluded to, as a joint agreement for statewide license. And did it through NSHE because part of -- about of our base cost for the system is being paid for by a tack grant that we got from Department of Labor for the four community colleges. So about three-quarters of a million dollars of it is being paid via that tack grant. So we actually put the agreement through NSHE and did an inner local with DETR.

As far as NSHE's concerned, we will be using this system for a number of different things, including the expansion of our veteran's resource centers at all four community colleges and also curriculum development to match skillset demand. And that would yield to a demand driven workforce over at (inaudible) quite frankly. And we'll be able to use this particular system in that respect. So it's a -- in a joint deal with DETR, we couldn't have done any better than this.

Governor: So a couple questions, Mr. Perea, is one way to think about this, to simply it, is it's kind of like a Travelocity for job search, because it searches all those websites and brings it all into one place?

Dennis Perea: Yes, sir. Yes, Governor. That's the big part of it. It has a matching engine that goes out and matches for employers as well as job seekers what is out there and makes those matches. It uses the big term "big data," but it uses lots of data points and whatnot to get that. It also uses pretty sophisticated technology to make sure that the people don't get duplicates and whatnot, and remains clean.

You know, one of the big complaints that we would have with the JobConnect is people would come. They would wait their turn in line, and then they would meet with one of our folks. We'd help them brush up their resumes and get them some job leads. And then they would leave the facility and never hear from us again. With this system we'll be able to stay tethered to them so that we can continually try to assist them after they leave our offices as well.

One of the pieces that we haven't talked about is the labor insight piece, the ability to get real-time data. As an anecdotal example, when I was looking at the system a year or so ago, they brought up software engineers in the State of Nevada, and it said that Ely had a high demand for software engineers. And I being from Ely, you know, cried foul. And it turns out that the mines were actually hiring software engineers at the time. So it gives us that real-time data that we can't see otherwise, and obviously the value to NSHE on that is huge as well.

Governor: Yeah, and a follow-up, and first that was no endorsement for Travelocity, but just using that as an example. But secondly, you know, you had -- your office had briefed me on this, but one of the items about this program that really made an impression on me was that when, as

you mentioned, somebody comes in and you send them off and you don't hear from them again, whereas with this new program, it'll identify who is hiring people with that skillset, and it will show them the exact location so you'll be able to provide them with a list of employers where they can go interview at that moment and, as you say, still have the follow-up as well.

Dennis Perea: Yes, Governor.

Governor: And that's something we can't do right now?

Dennis Perea: No. Right now, especially as you know in the height of the Great Recession, no follow-up is even remotely possible with the staffing levels that we have with our federal funding. Having this system, you know, being able to get their information and continually reapply that against the data and give them the job leads and whatnot necessary is huge. It will be able to keep people in touch with the system without actually walking into our facilities. And that goes for employers as well.

As a side note, we actually had been Burning Glass in the State of Nevada briefly in the north where the local board up north actually contracted with it for a while. And it was a success, but the problem was from the Department of Labor standpoint is it was a duplication with the state system, so they decided to shut it down and wait for us to go statewide with this. But as a side note, the biggest outcry when they shut that down was actually the employers that were starting to see the value in being able to go in and do big searches off of our data in our job system, so it has a huge employer component as well.

Governor: And last question, when do you expect this to go online?

Dennis Perea: We're having our initial conversations in March to talk about the governance and structure of it. We'll have our IT folks there and their IT folks to talk about. Part of the system, the labor insight piece, the labor data, is a flip of the switch. They're turning that on now and getting people set up to go in and get that data. But actually it'll take a little bit of time to hook the system up to our database so that we can do those job searches and crawls.

Just as soon as I say this, I'll regret it later. I don't believe it's going to take a great deal of time for our IT folks to hook this up because it's been done three times before with the same system. But I'm hoping to have that up quickly after we have those initial conversations.

Governor: Okay. I'm going to hold you to that. And, Mr. Woodbeck, I mean, we have our clients at Nevada JobConnect, but this will be just as beneficial to the students at the community colleges as well, correct?

Frank Woodbeck: Exactly, exactly. And it will finally actually give us a tool to be in the placement business also for the community colleges. So there are a lot of attributes that we're not even identifying as yet until we get into the workings of the system, but it's going to be great.

Governor: Thank you.

Frank Woodbeck: This is the first of its kind by the way in terms of workforce development and education anywhere else in the nation really, Burning Glass has told us at least. It's the first time they've ever done it.

Governor: So we're leading the nation.

Frank Woodbeck: Leading the nation.

Governor: All right. I'm sorry, I didn't hear you.

Frank Woodbeck: We are leading the nation, yes.

Governor: No, thank you, Mr. Woodbeck. Mr. Attorney General, any questions?

Attorney General: No, Mr. Chairman. Thank you.

Governor: Thank you, Mr. Woodbeck. Thank you, Mr. Perea. All right. Before I take a motion, any further questions with regard to Agenda Item No. 7, Contracts 1 through 16?

Attorney General: No, Mr. Chairman. I move to approve.

Governor: Attorney General has moved to approve Contracts 1 through 16 as described in Agenda Item No. 7. I second the motion. All in favor say aye.

Attorney General: Aye.

Governor: Aye. Motion passes 2-0.

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

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

Clerk's Recommendation: I recommend approval.

Motion By: Attorney General

Seconded By: Governor

Vote: 2-0

Comments:

Governor: We'll move on to Agenda Item No. 8, Master Service Agreements.

Clerk: Thank you, Governor. There are six Master Service Agreements for approval today. And we discussed these also at our last meeting, that these are essentially statewide contracts that any agency can utilize for these services. And there's a representative from State Purchasing if there are any specific questions.

Governor: I have none. Mr. Attorney General?

Attorney General: I have no questions.

Governor: The Chair will accept a motion to approve the Master Service Agreements 1 through 6 as described in Agenda No. 8.

Attorney General: I move to approve.

Governor: Attorney General has moved for approval. I second the motion. All in favor say aye.

Attorney General: Aye.

Governor: Aye. Motion passes 2-0.

9. 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). Attached is a list of all applicable approvals for contracts and amendments approved from December 23, 2014 through January 20, 2015.

Twenty-seven independent contracts were submitted to the Board for review.

Comments:

Governor: Agenda Item No. 9, Information Items. Ms. Teska.

Clerk: Thank you, Governor. The items that fall under No. 9 are contracts that are approved that exceed \$10,000 and are less than \$50,000. This goes back prior to when the threshold for approval by this body was increased to \$50,000. I think there are a couple of these items that we wanted to hear just some additional information on. Items No. 18 and 19, just for information, they are both with the Department of Health and Human Services, Public and Behavioral Health.

Governor: Yes. I understand that Dr. Green is here. Good morning, Dr. Green.

Dr. Tracey Green: Good morning.

Governor: I don't have any questions really with regard to the contracts themselves, but I saw Contract 18 as an opportunity to update us on with what's going with measles and communicable diseases. And then with regard to Contract 19, what is happening out there with Rawson-Neal.

Dr. Tracey Green: Absolutely. So for the record, Dr. Tracey Green. I serve as your Chief Medical Officer for the Division of Public and Behavioral Health. With me today is Julia Peek.

She's the Manager of the Office of Public Health Informatics and Epidemiology. And Chelsea Szklany who is the Deputy Administrator of our Clinical Services. And so I'll ask each of them to assist me in the presentations and then I'd be happy to answer questions.

Governor: Thank you.

Julia Peek: So I'll start with a little background on Office of Public Health Informatics and Epi because it's a long title. So what we do, we do a few things. So from the epidemiology side, that's where the measles fits in. We do everything from get the initial reports, investigate, ideally prevent the spread of infection further. With the measles what we're doing is we get word from the physician that we potentially have a measles case. We're able to link that immediately to the immunization record to see what's going on. We can also look more broadly at the community and see what the immunization rate is in the community to know if we have a potential risk of further spread.

In regard to this, we are responsible for collecting all the data statewide and then sending it to the Centers of Disease Control and Prevention. Because of the high tech act, the federal act, we have electronic lab reporting and electronic health records much more available to us. So what this contact is going to do, it's going to allow us to connect with those EHR and ELR vendors to get that information electronically. Right now it's all faxed to us. So that takes another human turning it and faxing it to the local health department before investigation can occur and we can mitigate that situation.

The Public Health Informatics part of it, that title, we also look at other data sources. Right now we're focusing a lot on behavioral health. Some of the projects we're working on is getting criminal justice (inaudible) and linking it to look at the frequent utilizers. We also are getting ER data to look at how many are using ER, welfare, potential homeless services, so we're able to link that and tell the big story of what that looks like. So we do everything from infectious disease to chronic disease to behavioral health. This particular contract, if supported, it's going to help us establish electronic lab reporting with the state public health lab, and they're the ones who are doing the measles testing right now.

Governor: Thank you. Very thorough. Dr. Green, any observations about the current situation in the state?

Dr. Tracey Green: For the record, Dr. Tracey Green. Yeah, so first I want to say that we are at 91 percent rate of immunization for measles, mumps and rubella, 95 percent for the first dose, and we exceed 95 percent for the second dose. So we do have a very high vaccination rate for measles. Where I think you're seeing some of these gaps are travelers coming to our state from out of the country are predominately where we're seeing it, or in unvaccinated children. In our state we only have a religious and medical exemption, so we do not have a large population unvaccinated children. It is a requirement to both report to our data system as well as to have a completed or up to date vaccination schedule for school entry. So currently we have two positives that are confirmed. They're both in Southern Nevada. We have addressed the schools in which those children are. We are protecting other children that are unvaccinated. And we have started a public service campaign to really address those that are unvaccinated.

You know, I'm happy to say that we are doing well with not only addressing the unvaccinated children by getting our children vaccinated, and I really would like to just state finally to please get your children vaccinated.

Governor: Thank you, Dr. Green.

Chelsea Szklany: Good morning, Governor and Attorney General. For the record, I'm Chelsea Szklany, Deputy Administrator with the Division of Public and Behavioral Services. The contract that is specifically for two temporary trailers on the West Charleston campus. It's Southern Nevada Developmental Health Services. And the two trailers are providing dietary services while the drain and the pipes in the kitchen are being repaired on the campus. And that kitchen serves all the hospital buildings on the West Charleston campus. A functional kitchen is necessary for both our certification by the Centers for Medicare and Medicaid services and for our accreditation by the Joint Commission.

And then if I may, Governor, I'd like to share some news with the Board and yourself. In January Southern Nevada Developmental Health Services was surveyed by the Joint Commission. The process is such that we won't get our letter of accreditation decision until 45 to 60 days, but I'm optimistically -- I'm cautiously optimistic that that decision will be favorable. The surveyors at the exit survey acknowledged many improvements within our organization. They acknowledged and complimented our medical staff for their engagement and leadership at all levels throughout the agency. Thanks to the Governor and the support of Behavioral Health, we've seen many improvements in the care and treatment for Nevadans with mental health needs.

If I may I'd like to just identify a couple of those. With Medicaid expansion and an increase in paid reimbursement, this has led to an increase in the development of more in-patient psychiatric beds in Southern Nevada, including at our agency. It's also led to more services and community expansion of those services for Nevadans with mental health needs in Southern Nevada. So at this time I'd like to thank the Governor, his office and his staff for all your support of our agency, the division and Nevadans with mental health needs.

Governor: No, I appreciate your saying so, but you're the one that deserves the credit, and Dr. Green, for persevering through all this. I mean, you were there and you responded and stayed strong and made sure that all the improvement that were recommended were accomplished. And so I -- you know, this is a day of showing you appreciation and thanks, both of you, for what you've done out there. And at the end of the day, you know, it has benefited the individual, the patients, that you describe and the quality of care there has -- you know, if we indeed receive this accreditation, it will close the door, if I'm correct, on that chapter of what happened out there with Rawson-Neal; is that correct?

Dr. Tracey Green: That is correct.

Chelsea Szklany: That is correct.

Governor: And when do we hope to receive that?

Chelsea Szklany: We should receive it in about 45 to 50 days.

Governor: Okay. Well, we'll be waiting for that. And what's the census like out there now, because I know we've added a lot of private beds in the community? Has that had a positive effect as well?

Chelsea Szklany: It's had a positive effect in that the emergency room numbers are lower. We've had a high of around 160 to now I think this morning it was 51, if I looked at it this morning. So it was very good. Our hospital beds, of course, are still full.

Governor: But in terms of how many patients are in the emergency rooms, that's as low as it's been historically before any of this happened, so we've...

Chelsea Szklany: Exactly.

Governor: ...hopefully gotten back to some degree of normalcy when it comes to the waiting in the emergency rooms and the response.

Dr. Tracey Green: Absolutely. I think -- for the record, Dr. Tracey Green. I think what we've seen is an increased capacity for the community to provide the services. I think this is going to continue to the trend to reduce numbers even further, and start moving clients out of Rawson-Neal into private sector. We're seeing more hospitals interested in expanding their units. Medicaid has now provided a reimbursement for managed care beds in hospitals that are freestanding psychiatric hospitals. So we're going to see this shift, and ultimately this will affect our census as well in Rawson-Neal.

And I did want to add that this was one of the first times when Joint Commission exited our facility that they were not as focused on the issues, but more on complimenting us and Chelsea and her staff on the improvements that they had seen, and that's why, again, we'd like to say we're consciously optimistic, but we've had nothing but positives moving forward. And we've also had some beginning accreditation, so we were given the accreditation for our behavioral health services, and this is the incremental way in which we'll receive our complete accreditation. And we are cautiously optimistic, but optimistic.

Governor: Yeah, well, we don't want to jinx anything.

Dr. Tracey Green: Right. We believe. Right.

Governor: All right. I have no further questions, but, again, thank you very much for your hard work and commitment. Mr. Attorney General?

Attorney General: No further questions, Mr. Chairman.

Governor: Thank you. All right. This just is an information item. Any other of the contracts you wanted to hold out of there?

Attorney General: No, Mr. Chairman.

Governor: All right. Then we'll move on...

Attorney General: I move to approve.

Governor: We don't -- it's information.

Attorney General: Oops, sorry about that.

Governor: The Director, my understanding, has approved these already.

Clerk: Absolutely.

Governor: All right.

10. INFORMATION ITEM

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

NRS 321.5954, 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, 2014.

- **1989 Tahoe Basin Act**
 - There were no transfers of lands or interest in lands during the quarter.
- **Lake Tahoe Mitigation Program**
 - The agency reports that there were no acquisitions of land or interest during the quarter. However, one land coverage transaction did occur during the period. The transaction resulted in \$5,698 in proceeds for the Nevada Land Bank.

Comments:

Governor: Then let's move on to Agenda Item No. 10, which is another Information Item. Ms. Teska.

Clerk: Thank you, Governor. There are actually three items here. I would take each of them a little bit -- take them each separately. The first one is a quarterly report from Department of Conservation and Natural Resources, State Lands regarding activity conducted related to the Tahoe Basin Act Program. There's not been a lot of activity there, but there's a representative here from State Lands if there are any questions since this is the first report.

B. Department of Motor Vehicles – Complete Streets Program

Pursuant to NRS 482.480, Subsection 11, the Department of Motor Vehicles shall certify monthly to the State Board of Examiners the amount of the voluntary contributions collected for each county by the department and its agents during the preceding month, and that the money has been distributed as provided in statute. The department began accepting contributions on December 15, 2014. This report is for the period beginning December 15, 2014 and ending December 31, 2014.

Comments:

Governor: Go ahead and proceed, please.

Clerk: Okay. The second item is a new item from the Department of Motor Vehicles for the Complete Streets program. And I asked them actually to be here today because this is the first time we're receiving this report, so that they could talk about the program and then what these funds are for.

Governor: All right. Is there a representative from DMV? Good morning.

Terri Albertson: Good morning, Governor, Mr. Attorney General. For the record, I'm Terri Albertson, Administrator of the Management Services and Programs Division for the Department of Motor Vehicles. And to my right with me today is Amy McKinney who is our Chief of Administrative Services.

So the Complete Streets program actually came about as a result of AB145 at the 2013 legislative session. So what we agreed to do was to offer individuals who live in counties where there are Complete Streets programs to give a voluntary nonrefundable \$2 contribution each time they renew a vehicle for the first time or they complete a first-time registration through our MyDMV portal and through our web services, and eventually we will add this to our kiosks as well. So we have identified three counties that currently have a Complete Streets program in effect. They are Clark, Washoe and Carson City. So those are the three counties under which if your vehicle is based on those vehicles, then you have the option to give a \$2 nonrefundable contribution that then goes to their agencies. And, again, in statute it's very specific what they can use these funds for. It has to be to include services for pedestrians, bicyclists, persons with a disability, person who use public transportation and motorists.

So, again, that's -- we provide the money -- I mean, we collect the money on behalf of these agencies. And Amy can give you some further details as far as what we've collected so far.

Amy McKinney: For the record, Amy McKinney, Chief of Administration for the Department of Motor Vehicles. For the month of December we actually began collections of this revenue on December 15th, collected \$3,006 during the month of December. The department maintains one percent of that for the cost to us for collecting that. And we distributed \$2,975.94 to Carson City County, Clark County and Washoe County.

Governor: Do you know what kind of projects they're using the money for?

Terri Albertson: The Department of Motor Vehicles has no oversight for that, other than, again, it's very specific in statute what they can use those funds for. But we don't have any oversight over, you know.

Governor: But in future meetings we can get an update of where that money's being programmed, I'd be interested in that. Pedestrian safety is a priority for me.

Terri Albertson: That information would have to come from those counties, either their regional transportation commissions or their Complete Streets program individuals. Again, our purpose is to simply collect the money and pass it on to those counties. So this will be coming to you on a monthly basis. It's required in statute that we submit the financial reports to the Board of Examiners on a monthly basis.

Governor: Is that \$3,000 about what you expected for half a month?

Terri Albertson: That is much more than -- we didn't think we would get that in a year.

Governor: Wow. Really?

Terri Albertson: Yes. It has absolutely exceeded our expectations as far as what we thought people would contribute, again, because this is on a limited scope at this time, because you have to do your renewal or your vehicle registration on the web or the MyDMV portal. And we will be adding this to our kiosks I'm hoping within the next two to three months. So there will be an expansion of this.

Governor: Can you determine what the math is on the percentage of people that are expecting to voluntarily contribute that money?

Terri Albertson: We could do that, yes. We could provide you with that information if you'd like that in your next monthly report. We can let you know the total number of renewals or first-time registrations and then what percentage actually contributed in those counties which the program is available.

Governor: And do you expect that other counties will begin to participate?

Terri Albertson: We reached out to everybody in the state prior to implementing the system to ask them if they had created their Complete Streets program and what they needed to do if they

hadn't. We've not received any feedback yet from the other counties as far as any interest in adding this to their programs.

Governor: And do you break up proportionately the amount of money that, for example, comes to Clark, Washoe and Carson City and distribute the money accordingly?

Terri Albertson: Correct. It's all based on where your vehicle is based in. So if your vehicle base is in Clark County, then 100 percent of the money would then go to Clark County for those that donated there, and also for Washoe and Carson.

Governor: All right. Any questions, Mr. Attorney General?

Attorney General: Yes, Mr. Chairman. Just general question of you listed what the statute says you can spend it on, but what's the overall program? Is it safety or -- I didn't hear what the...

Terri Albertson: Again, that information, Mr. Attorney General, would have to come from the respective counties and their Complete Street representatives. Again, there's no jurisdiction -- the Department of Motor Vehicles has no jurisdiction over that, other than I can say that statute is very specific about what they can expend those funds for. They can't purchase equipment with it. But, again, it's pretty wide open as far as pedestrian safety, persons with disabilities, so it would be up to those county representatives then to follow those statutory requirements for spending their funds.

Attorney General: When people go to contribute to this, what's the disclaimer? What's it saying people are contributing to?

Terri Albertson: I can show you from what we proposed to put on to our kiosk screen. And, again, the way that the bill was drafted or the law is written, is we had to give people the option to opt in for the \$2 donation or not. And so it's a yes, no question. So this one would be what we would show on the kiosk. It says, "Complete Streets Donation. Would you like to contribute \$2 to the Complete Streets program in the county in which your vehicle is based? The Complete Streets program promotes the retrofitting of roads to benefit pedestrian, bicyclists, disabled persons and motorists. Your contribution is voluntary, nonrefundable and is in addition to any other applicable registration fees." So this would be verbiage that is also similar on our kiosk -- excuse me, on the web and the portal transaction, so then the customer says yes or no.

Attorney General: Great. Thank you.

Amy McKinney: For the record, Amy McKinney. I'd like to add further clarification. The initial report that you received states that these funds are distributed to the counties on a quarterly basis. They are in fact distributed on a monthly basis. So we're making the distribution this week for the month of January.

Governor: I guess you have to follow the statute, but I saw that the administrative is \$30. Wouldn't we just go ahead and contribute all of it to make sure that it...

Terri Albertson: The one percent commission to the department?

Governor: Yes.

Amy McKinney: We're maintaining the one percent.

Terri Albertson: Yeah, we're maintaining the one percent.

Governor: All right. I have no further questions. Thank you very much.

Amy McKinney: Thank you.

C. Department of Administration – Budget Division – Update on the Fiscal Year 2015 projected ending fund balance

Pursuant to subsection 1 of section 67 of Assembly Bill 507 of the 2013 legislative session: if projections of the ending balance of the State General Fund fall below the amount estimated by the 2013 legislature for fiscal year 2015, the Director of the Department of Administration shall report this information to the State Board of Examiners.

A report was presented to the Board of Examiners at the December 9, 2014 meeting. This item provides an update to the December 9, 2014 report based on the solutions being presented to the 2015 legislative session.

Comments:

Governor: All right, Ms. Teska, Agenda Item 10C.

Clerk: Thank you, Governor. And I'm hoping this is the last time I have to talk about this particular item since it's been twice at IFC and now twice at Board of Examiners. Back in December we presented the report on the state status of the 2015 projected ending fund balance for the General Fund. And the Board made a determination that absent any corrective action we were going to be below the \$80 million, and so we have brought forward our corrective action. This was presented to the Interim Finance Committee on January 22nd. Just as a little history, in the handout that's provided, there's three basic causes for these shortfall that we have in the General Fund in 2015. Gaming revenue is coming in below forecast. That's about \$50 million. The net proceeds of minerals, the mining taxes, also coming in below forecast. That's a pretty significant amount. That's about \$141 million. And then increased enrollment in the Distributive School account, both actual increase in enrollment as well as a significant increase in the Hold Harmless enrollment that we're paying for there. And that total's about \$90 million.

Governor: So what's the all-in number for those shortages?

Clerk: Well, if you take everything that's on this page, we're very close to \$300 million.

Governor: Right.

Clerk: Which fortunately we have had -- we started with a higher than was projected beginning balance to start the biennium. And we have had some of our revenues outperform their projections. Notably I believe the insurance premium tax has done very well. That's related to the information Mr. Fisher gave you earlier.

Governor: And that being the new signups through the portal and the Medicaid signups?

Clerk: Yes. And the sales tax has also been fairly strong.

Governor: But essentially all those gains were offset by these shortages.

Clerk: Yes, yes. The next page, Page 3, shows you where, absent any corrective action, where we land for 2015. And prior to our correct action, we're currently projecting based on the December economic forum numbers as well as the required supplemental appropriations that were included in the Governor's recommended budget. We're projecting to have about \$12.5 million at the end of the biennium. To meet our 5 percent ending fund balance requirement, we should have \$169 million, almost 170. That leaves us \$157.1 million short. We do have \$28 million in the Rainy Day Fund currently. We are submitting a bill for consideration by the legislature to transfer those funds to the General Fund, which would leave us with \$40.6 million.

The next page talks about how we further close this gap. We don't get quite to -- currently we do not get quite to the 5 percent. We get to about 4 and a half percent, but that is significantly better than we had originally projected. We're proposing to get there by having two rate holidays for the active employee group insurance. That is actually funds that have been paid by state agencies into a fund. They're not actually -- they have not been drawn by the health program. They've just been paid by the state agency budget into this aegis fund. And that fund has an excess balance right now that we could go two months without paying those premiums without negatively impacting the program. That will save us around \$20 million.

We also have had favorable claims experience in our unemployment insurance. We've actually just turned that rate off for the remainder of this fiscal year. Both of these changes were contemplated when the budget was prepared, so where this leaves our reserves in these accounts, we're taking into account when the rates for '16 and '17 were set. There's also some increased billings from Department of Health and Human Services. Taxation has been working on some cleanup in some of their accounts. They've identified some overpayments that were unclaimed that under statute can revert to -- are supposed to revert to the General Fund.

System of Higher Education has agreed to not request their salary adjustment funds this year. That does not negatively impact them. Those funds were approved to bridge the gap between what was approved in the legislatively approved budget versus what was proposed in the Governor's recommended budget. They have agreed to not draw those funds. Those would've been in addition to what they were appropriated during the last legislative session.

And the single largest contributor is almost \$80 million of what we've been referring to as reserve sweeps or reserve transfers. These are funds that agencies have in largely non-General Fund budgets that while they may have had other plans to expend, they can forego these reserves and transfer them to the General Fund upon approval of the legislature. And that is a preferable course of action then to make General Fund operating reductions at this point in time.

Taking all of those into account, we get to a revised ending fund balance of \$154.5 million, which is about \$15 million short of our target. I will tell you that the folks in my office have not stopped looking. We're still shaking all of the couch cushions, et cetera, looking for the additional \$15 million to get us to the 5 percent, but 4.5 percent is a much better starting point for us than we were looking at back in December.

Governor: So will you go into a little bit of what the alternative is or what the consequences are if we weren't to do this?

Clerk: We have tomorrow (inaudible) call, and this is going to be a big topic of conversation there as far as how we have addressed this, not only solving our problem in 2015, because they're looking for us to maintain 5 percent balance, but also how we have addressed this in '16 and '17, which we have really taken a hard look at the factors that led us to where we are not. And we feel that we have addressed those going forward so that the '16 and '17 budget puts us in a much better position. And you never want to make an absolute, but I would say it significantly reduces the likelihood that we find ourselves in this position again.

Governor: And why does it do that?

Clerk: We actually did several things. The shortfall in the net proceeds of minerals is really -- I mean, that really could be identified as almost the single cause of this. We're \$150 million short. That revenue was \$141 million short on its own. That was a combination of sort of a perfect storm, is when the budgets were approved in 2013, gold prices were over \$1800 an ounce, they might've been at 19 or they were at record highs. And so gold drives a lot of our net proceeds. It's not the only thing we do in mining, but it is certainly the one that has the biggest dollars associated with it.

And so the revenue forecast, and this is one of the ones that's done by the Technical Advisory Committee through the economic forum. So we had -- not only did we have high gold prices at the time we approved the revenues, we have been doing for the last six years the prepayment of those taxes. And so essentially the mining companies are paying a year in advance. They're paying for the year before it's complete. When gold prices then drop in the middle of the recession -- I mean, in the middle of the biennium, then it has a multilayered effect. They've overpaid because their taxes due are going to be less because of the drop in gold prices. So their gross is going to be less because of what they're selling the ore for. There's also a reduction in the rate based on their net, which when your gross goes down, typically your net goes down because their costs are fairly static. And so we had lower taxes due, they'd already overpaid, so there were built up credits that had to be applied, and that's when we saw such a precipitous drop all at once.

Governor: And their production dropped.

Clerk: Exactly. And so what we have proposed in the budget is to extend the prepayment only through June 30th of 2016. So we will in this coming biennium, the way we've constructed budget, the prepayment of the net proceeds will end before the end of the biennium and should -- and you combine that with the fact that gold prices are at a much lower level when we're doing the revenue projections right now, and we also are aware of what those credit amounts are, those have all been factored into the revenue projections for 2016, '17. So that big component by itself should be addressed the way we've built the budget.

And the other biggest contributor to this was the increase in enrollment. And coming out of the -- during the recession we went from having significant enrollment growth to having a flattening, and actually in one year I believe we had a dip in enrollment on the K12 side. Now that economy is doing much better, we have jobs, the job growth has been great for the state's economy, but it also means that we're getting more people, and the increase in the population then drives increases in enrollment. Last biennium we used projections for enrollments that had come in in a report that the districts submit to the Department of Education, which projected less than 1 percent growth in each year. It was actually just slightly plus or minus a half a percent in each year. We ended up with 1.4 percent in the current year, and 1.3 percent I think last year. When we received that same report this year, it still showed only, like, .6 percent, .7 percent growth going forward. We did not use that for the growth percentages that are included.

Governor: But make those little percentages real. How many students is that?

Clerk: Well, the...

Governor: I know it says right here, but what's the total?

Clerk: Right, the difference -- you're talking about a potential difference of \$50 million a year if you go from a .6 percent to closer to the 1.4.

Governor: But that's about -- was it 10,000 more students than we thought?

Clerk: It's about 9500, yes. And as our overall student enrollment grows, the percentages generate even larger numbers. So we have done -- we've factored in 1 and a quarter percent growth when we did the trend line analysis, that looked like about the right number based on the informant we had for '16 and '17. So we should have -- we should be much closer to getting the enrollment numbers in the distributive school account reflecting what actually comes in this coming biennium.

And I'll tell you one of the things that we presented on Friday for my own department was adding an economist to our resources. We have one economist right now, and that person has their plate very full just tracking revenues. One of the things we want our new economist to be involved in is working with the Department of Education on refining enrollment projects so that

we get -- we realize that this is an area of significant vulnerability to the state. It's the single largest line item we have in the budget. And getting more accurate projections for that account is critical to budgeting accurately going forward. So we've actually put a lot of work into trying to make sure that we don't end up where we are right now again.

Governor: Yeah. And perhaps you said this, but back to the prepayment of mining, when you remove that in the second half to the biennium, you have to make it up with real revenue, correct?

Clerk: That is correct. The other piece of this is that it's very clear, and anyone who saw my budget presentations has heard this already, the last several years have made it very clear that there's a disconnect between our current economy and our current revenue structure. There's a proposal, obviously, in the budget that brings those two into better alignment. So we believe that the budget that we submitted is very sound, it has good methodology behind, and should put the state in good footing going forward.

Governor: All right. Thank you. And I'll stop leading the witness.

Clerk: The last two pages of the presentation are just some account of what we call the supplemental appropriations. Those are -- and one shot's for 2015. This is what makes up the shortfall as far as -- or helps contribute to the shortfall in terms of additional appropriations that are necessary to get through 2015. These are over and above the amounts that were budgeted. And then the last page is a summary by department of the almost \$80 million worth of reserve transfers. And I would say thank you to the Attorney General for the contributions from his office from some settlement funds that they had available.

Governor: Big hug on the record. That was a big help. And I guess just to be complete, Ms. Teska, and I don't mean to be flip about, because these budget issues are real, and is the gaming piece, is that we're below forecast on gaming, and that is another stream of revenue that is diminishing given the nature of the gaming industry today.

Clerk: Yes, sir. And as far as...

Governor: For diversification of the gaming industry, I should say.

Clerk: Yes. And I think what we're seeing is, and you hear this routinely from the folks at the Gaming Control Board, is that when folks come -- people are coming to Nevada still. The visitor volume is reaching all-time highs, but they're spending less on the traditional gaming, and they're spending more on other forms of entertainment.

Governor: I think my last report was that the gaming component of their total gross is only 38 percent.

Clerk: Yes, it was.

Governor: So it's been going down. And when you see those charts, you see that precipitous dip. So in any event, that's another contingency that we have to consider when we budget. All right. Anything else, Ms. Teska?

Clerk: No, I just wanted to -- we'd said in December that we would bring back an update as to the solutions that we proposed, and I wanted to make sure that we did that.

Governor: Yeah. No, and in all seriousness, my thanks to the Attorney General's Office and all the state agencies that contributed to closing this gap. And it was a very real problem, and by doing this, it allowed us not to have to go into General Fund and make some, I wouldn't say devastating, but some serious cuts to respective state departments. So that was truly a worthwhile effort, and, again, all those who contributed, you know, helped the state maintain its good credit status, et cetera. Any questions, Mr. Attorney General?

Attorney General: No, Mr. Chairman. Thank you.

Governor: All right. That completes Agenda Item No. 10.

11. BOARD MEMBERS' COMMENTS/PUBLIC COMMENTS

Comments:

Governor: We'll move to Agenda Item No. 11, Board Member comments. And I probably should've done this at the beginning of the meeting while the room was full, but this will be Ms. Teska's last meeting. And she is moving on and moving to the great state of Colorado and has a great opportunity to work there and also join her family. I cannot say how much I appreciate your hard work and your commitment to the people in Nevada, not only in this capacity, but in your other capacities during your service to Nevada. You're going to be greatly missed. And I cannot tell you how much respect and appreciation I have for you and your tenacity and your commitment and your loyalty and your love and passion for this great state of ours. So, Ms. Teska, on behalf of the people of the great State of Nevada, thank you for your service.

Clerk: Thank you. Thank you, sir. It's been a privilege to serve in your administration. And just to make it perfectly clear, this transition for me is difficult. It is entirely about my family. And I've loved the time that I have served here in Nevada and the work that I have been able to do here. In particular, the last several years have been really meaningful to me. And I appreciate having that opportunity and I will remember the time I spent here in Nevada for the rest of my life.

Governor: Thank you very much. All right. Any other comments?

Attorney General: No, Mr. Chairman.

Governor: Okay. Is there any public comment from here in Carson City? Any public comment from Las Vegas?

Unidentified Female Speaker: No, no one's left here.

***12. FOR POSSIBLE ACTION – ADJOURNMENT**

Clerk's Recommendation: I recommend approval.

Motion By: Attorney General

Seconded By: Governor

Vote: 2-0

Comments:

Governor: The Chair will accept a motion for adjournment.

Attorney General: I move to adjourn.

Governor: Second the motion. All in favor.

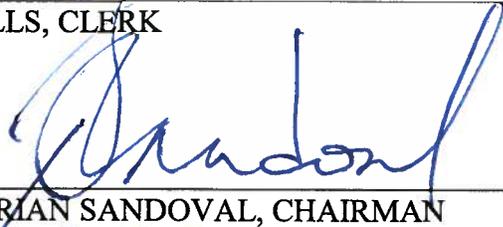
Attorney General: Aye.

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

Respectfully submitted,



JAMES R. WELLS, CLERK

APPROVED: 

GOVERNOR BRIAN SANDOVAL, CHAIRMAN



ATTORNEY GENERAL ADAM PAUL LAXALT