

Governor Brian Sandoval
Chairman

James R. Wells, CPA
Clerk of the Board



Attorney General Adam Paul Laxalt
Member

Secretary of State Barbara K. Cegavske
Member

STATE OF NEVADA BOARD OF EXAMINERS

209 E. Musser Street, Room 200 / Carson City, NV 89701-4298
Phone: (775) 684-0222 / Fax: (775) 684-0260
<http://budget.nv.gov/>

MINUTES

Date and Time of Meeting: November 8, 2016, 10:00 AM

Place of Meeting: Capitol Building
101 N. Carson St. Old Assembly Chambers
Carson City, NV. 89701

Video Conference Location: Grant Sawyer State Office Building
555 East Washington Ave,
Suite 5100
Las Vegas, NV 89101

MEMBERS:

Governor Brian Sandoval
Attorney General Adam Paul Laxalt
Secretary of State Barbara Cegavske
James R. Wells, Clerk

OTHERS PRESENT:

Stanley Parry, Walker Furniture Representative
Daryl Alterwitz, Walker Furniture Representative
Dr. Georgene Chase, Member of Public
Zach Decal, Member of Public
Fred Voltz, Member of Public
Dr. Adrian Ruiz, Member of Public
Dawn Williford, Member of Public
Tina Tsou, Member of Public
Christina Navarro, Member of Public

Andrea Brooksby-Smith, Member of Public
Erin Negrette, Member of Public
Dr. Erika Smith, Member of Public
Philip Palencero, Member of Public
Christina Pham, Member of Public
Nahid Mohammadi, Member of Public
John Hunt, Nevada Board of Dental Examiners
Rudy Malfabon, Nevada Department of Transportation
Dennis Gallagher, Nevada Department of Transportation
Roger Rahming, Department of Education
James Smack, Controller's Office
Haydee Meeker, Controller's Office
Colonel Osborn, Department of Public Safety
Brett Kandt, Attorney General's Office
Brett Barley, Department of Education
Scott Anderson, Secretary of State's Office
Bart London, Secretary of State's Office
Tom Federici, Buildings and Grounds
Kristen Coulombe, Division of Public and Behavioral Health
Priscilla Colegrove, Division of Child and Family Services
Donnell Barton, Department of Agriculture
Katrina Peters, Department of Agriculture
Garrett Weir, Public Utilities Commission
Debra Schaffer-Kugel, Nevada Board of Dental Examiners
William Horne, Nevada Board of Dental Examiners
Kay Scherer, Department of Conservation and Natural Resources

1. Call to Order

The Governor called the meeting to order at 10:05 am. A quorum was present. Secretary of State Barbara Cegavske was present until agenda item number 5 when she left the meeting.

2. Public Comment (No action may be taken upon a matter raised under public comment period unless the matter itself has been specifically include on an agenda as an action item)

Mr. Parry made the following comments on behalf of Walker Furniture. *On behalf of Walker Furniture, we'd like to—I'd like to thank the Attorney General's Office for working with us on this case. And, Bill Coulthard who is in the Las Vegas Office. It was a hotly contested matter because lots of issues were presented in this rather significant case. We felt that we had to resolve this matter so we were able to do arbitration and then mediation. As an attorney, on behalf of the company, we're deeply appreciative that we got this matter resolved.*

Mr. Alterwitz made the following comments on behalf of Walker Furniture. *Thanked the Governor's Office and Joe Reynolds in particular for promoting the arbitration and settlement. This is a very intrusive and destructive project because of our proximity, putting at risk not only a 60-year business but hundreds of employees and their families. I just want to thank NDOT, because ultimately, although it was—they presented a formidable defense, we were able to come to a resolution. I appreciate the creativity and accommodation of Director Malfabon, Ruth Borelli, Ed Moranda and Dennis Gallagher. I thank you for this opportunity to give us a shot.*

The Governor said that he would make detailed comments during the agenda item, and said he truly appreciated their attendance and presentation today.

Dr. Georgene Chase made the following comments. *I'm here on behalf of a non-profit dental organization that I began three years ago. I'm commenting on Section 33 and 34. I'd like to speak as a dentist of 27 years in the State but also and more importantly, I'd like to speak as a native Nevadan.*

I went to dental school because of a great need in my community. I came from the wrong side of the tracks in Sparks, Nevada. I really have it in my heart to provide care for people that can't otherwise get it. I've been singled out by my Boards on several occasions lately. In particular a year after I formed a non-profit, I was brought up by the Boards and I quit the Dental Society because they took our local meeting of the Nevada Dental Society to Hawaii, where most people couldn't afford, if they're struggling young dentists, could not afford to go. I'm here just to say I think we can do a better job by electing people to our Board, both the dentists and the attorneys, that we have become stale and maybe stagnant to the extent where we've become a little bit, maybe even corrupt. I'd just like to bring that to the attention to the Governor. I've had several patients that have written your office letters that were

unheard. Today, I've brought one of the patients that has gotten care at my clinic and I'd like to have you hear from him.

Zach Decal made the following public comments. I'm a patient of Dr. Chase's. I had a history of drug use and as a result my teeth and everything in that area, [pause] kind of had some complications of neglect, whatever you may call it. Thanks to Dr. Chase, I've been able to fix all of the problems I've had. Whereas I've gone to other places and they've rejected me because I do not make the efficient funds. Yeah, I'd just like to end on that note.

The Governor said he appreciated Zach's attendance at the meeting.

Dr. Chase made this last comment: just would like to say, the Dental Board of Examiners is the beginning place for a lot of how we improve care, including introducing new concepts that may not be the standard of care but maybe are new care. I'd just like to bring that to the attention of the Governor and maybe we can do something about this, one little piece at a time.

The Governor said he appreciated Dr. Chase's comments. He went on to say with regard to agenda item 33 and 34 which are relevant to the Dental Board. This will be the third month that this has been on our agenda. He assured the Dental Board is something that is front and center with his office and the Board. He apologized if some individuals contacted his office and didn't receive a response. His staff will look back and try to follow-up. He asked his staff to get the names and they will be contacted by his office. Lastly, he said that he is from Sparks too, and is very proud of being from Sparks.

Dr. Chase said that the Governor would be proud of the fact that she has given away over \$700,000 worth of care to our community.

The Governor thanked Dr. Chase for what she does and thanked her for being at the meeting today.

Mr. Voltz read (attachment A) public comments.

Secretary of State Barbara Cegavske told the Governor that the board room was full in Las Vegas to make public comments regarding the Dental Board.

The Governor asked those who were providing public testimony to limit their comments to three minutes and provide staff in Las Vegas with their written testimony if they had it.

Dr. Adrian Ruiz provided testimony (attachment B)

Dawn Williford made the following comments: This is my fourth—my name is Dawn Williford. This is—I'm just a stay-at-home mom and a wife. I'm nervous. I spoke last time to you sir and to this young lady here and another man that was sitting here. I

heard that within the 30 days, I was supposed to get contact from Debra Shaffer-Kugel. Today—November 11th, my son's birthday will be 30 days and I still didn't contact from the Dental Board. So, I'm the one with the husband that almost died. I'm speaking for Trace Williford. What's really sad is that I started this journey in June thinking someone would listen or respond. I have not yet received a phone call, no mail, no emails, nothing from anybody. I'm thinking like this is a bad nightmare today. I don't get this. I take what I'm speaking very serious. Since my husband of 20+ years almost died back in—whatever, I have the dates, due to a stupid dentist—and I'm sorry, I'm not as educated as you guys are, Dr. Tan. Not knowing—he kept pawning my husband off numerous times with general practitioner for antibiotics because it seemed every time Dr. Tan worked on Trace, he was infected later—to find out from his workers, that I ended up telling Ms. Shaffer-Kugel, I told her about this. That Dr. Tan wasn't sterilizing his tools, that he was just washing them.

Now, with all of this information that I've been finding out from going to all these meetings, I'm like, oh my word! I'm finding out more than I can handle. My take in this, as just a mother, an old construction worker, is that the Board just don't care and they're picking and choosing who they want to benefit from. They lie because Ms. Shaffer-Kugel told the Secretary of State and the Attorney General and Mr. Brian Sandoval, that she would get back to me in 30 days. Again, November 11th will be 30 days, I've gotten nothing from her. She said she would get back to me, okay, well, we never did. Okay. I said that.

What I don't understand is like—that's stupid, I can read, the requesting a raise while they're putting out families that are dentists. My very first meeting, I saw this gentleman, I don't know him but I know he's a dentist and I don't know her, and she's a dentist—one of them don't live here anymore because nobody supported them and then this one right here is almost homeless if not homeless now. I mean, this is what I'm getting, this is what I'm listening to.

As I come to find out, oh—whew, god. I come to find out [pause] that Dr. Hansen is a very good friend of mine and a very good man and a very good husband, a very good everything. I can't emphasize enough. He took care of my son and my daughter right there. Kyle and Tory. He did their braces. We went to several gatherings and stuff because he does a lot of things for his patients. Tory knew the little girl, she's passed away in August. I don't know if you know this sir, I don't know if anybody else knows this, but she passed away from getting her wisdom teeth taken out, which makes no sense to me. It was by Dr. Johnson. Then I find out that Dr. Johnson is on the Board. So that made me a little bit more confused. Dr. Hansen—okay, got that. And, God knows why she passed away like I said.

I'm hearing that Dr. Hanson—I already said that. He did—oh, he did my son over four years ago and it's ironic that it was the same doctor and he over medicated my son. Like, literally over medicated my son—I was like, okay I'm taking my son, I'm leaving. You know, you guys—what the heck, you know. And, he over medicated my son after he took out a tooth here and the rest of the four wisdom teeth.

It's unacceptable. I have never been so upset and disappointed in the system. Prior to this, I was just trying to find a new dentist after Tan. A dentist found out that I was doing some of this stuff with the Board and that person refused to see me and my family. So, I'm like, okay. Because of the fear of Ms. Shaffer-Kugel and Mr. Hunt and Dr. Roberts, which now I know it all ties in, okay. That's the same doctor that the child passed away from his care.

We are giving too much control to the Board. They get raises and I don't know what. They have not helped me and I still haven't gotten my letter. Because of—okay, I'm going ahead of myself. Never once went out of the way—okay, you're getting me confused. They're clearly not listening. I said, the government officials, the last time, which was almost a month ago, you know, stated earlier that they needed to contact me. They didn't and I have to say, everybody be very scared whoever is in your mouth because like, now, I'm like freaking out like, giving everybody like this, this, this and this. I need to know. Because now I'm really getting scared because all the good people are leaving and now we're getting all the poo-poo doctors. I never wanted money. I don't know—I think that after reading all this stuff, I never wanted money. I put the price on there of what the bills were and I never asked for that. Dr. Tan did agree to pay whatever the insurance company didn't pay, that he would pay. That's what I would've pay, that's what he said he would pay. I'm sorry, I'm emotional and I'm not a good speaker. I'm sorry. Thank you.

Tina Tsou made comments that are attached (Attachment C)

Christina Navarro made comments that are attached (Attachment D)

Andrea Brooksby-Smith made comments that are attached (Attachment E)

Erin Negrette made comments that are attached (Attachment F)

Dr. Erika Smith made comments that are attached (Attachment G)

The Governor thanked Dr. Smith and said that he was he was sorry for what she is going through and he appreciated her being at the meeting.

Philip Palercero made comments that are attached (Attachment H)

Christian Pham made comments that are attached (Attachment I)

Nahid Mohammadi made comments that are attached (Attachment J)

The Governor asked for anyone that referenced correspondences that they had received subsequent to making public testimony in reference to the Dental Board, he asked to receive copies of those as well, if they were willing to provide them.

Philip Palercero: *Your Honor, I would like you to please take a look for the dentists who have been sent a pseudo-patient or you know, a fake patient, like an*

entrapment. I have suspected that two incidents in my office that have been sent by the Dental Board or by Debra acting like a patient in order to trap me. I will be very happy to provide all the information. Please take a look at that practice, Your Honor.

The Governor said that he would review the documents that were provided. He said that this isn't the forum to retry matters, but it's very important that they have been brought to the Boards attention. He went on to say that he appreciated the testimony that was provided today. He said that he would reserve his thoughts and comments until the agenda item. The Governor went on to say that he didn't want to diminish anything that has been brought to the Board's attention.

Dr. Chase added this additional comment: You may wonder Governor, why there aren't more people from Northern Nevada here and one of the reasons is some of my friends are dead, from suicide. You need to take this seriously. For the last five years, there have been three of my friends that have committed suicide that were undergoing a John Hunt investigation. He puts so much pressure on our lives, it is emotional. You're talking to very educated people. I have a license in California, Nevada, New York and Washington. I graduated from UNR, USC, UCLA and UW. I have never been treated with such remorse and such sarcasm and such force. I've been undergoing this for four years and have lost over \$250,000. If you'd care to speak with any of my five attorneys who always said, you have to settle, they're threatening to take your license. There's so much that you need to uncover. Please talk to us. Please.

The Governor thanked Dr. Chase for her comments.

The Secretary of State told the Governor that John Hunt has signed in and would like to speak. The Governor asked Mr. Hunt to comment but to keep it brief.

Mr. Hunt provided the following comments: Yes, your Honor. Governor, Madam Secretary, Attorney General. I just want to make it very clear here that every one of the individuals who has testified—and you as a Judge, former Federal Judge can probably appreciate this more than anyone—every one of the individuals that have testified today has committed great wrongdoings, acknowledged and admitted it in a stipulation. Each one of them, with the advice of counsel, from some of the most prestigious law firms in Clark County. I've practiced law and I am a prominent attorney. The Board recognizes that they're there to be remedial, not to be punitive. The Board has always tried to do that, with every single one of these individuals that are here, but they have done great harm to the citizens. If the Board ever looked at the stipulations that they entered into, you will see how they admitted how they harmed citizens in Nevada. From the serious bottom of my heart, I just wanted to say that because it's so important the citizens of Nevada, whether I represent the Board or not, are protected from individuals like this who acknowledge their wrongdoing, admitted their wrongdoing and harming citizens, multiple times. If anything the Board would have a problem is maybe they were too lenient. Maybe they should have taken—every single one of these people, and you as a former Judge know had the

opportunity to go have a full Board hearing. No one was ever threatened. Everyone was talked through their rights. All you have to do is—

The Secretary of State asked the public in Las Vegas not to interrupt the speaker.

The Governor asked Mr. Hunt to conclude his remarks. He told Mr. Hunt that this is an opportunity for him to provide public comment. The Board has received some very emotional testimony today. This is these individuals' rights to speak their mind.

Mr. Hunt concluded by saying: *I truly have empathy for every one of these individuals and tried to handle every one of their cases in a remedial fashion. I would also want every Member of this Board to know that in the entire length of the representation of the Board, none of these individuals have ever—had there ever been a case where they have sought Judicial Review, had found that the Board's process and the Attorney General's Office on three of these complaints that were submitted, each time vetted the Board's process as it being fair. The Nevada Dental Association has always stated that they believed in their Members who they represent the 4,400 other dentists and hygienists in the State of Nevada have always felt that this was a fair and equitable process. Thank you very much. I know it's emotional. At the same time, I felt I had an obligation to set the record straight from the standpoint of the Board. Thank you very much.*

The Governor again thanked everyone who made public comment and said he appreciated their testimony today. He assured the people who testified that he and the other Members of the Board have listened. He said that he appreciated their courage and willingness to speak publicly on this agenda item through public comment.

The Governor provided for the record a written document from Angel De Fazio regarding agenda item 6. He told the other board member that he would provide them with a copy. He thanked Ms. De Fazio, for providing the written statement. (Additional Information and Statements Provided by the Public)

Additional written public testimony is available at: <http://budget.nv.gov/Meetings/>

3. Approval of the October 11, 2016 Minutes (For possible action)

The Secretary of State made a motion to approve the October 11, 2016 minutes as written. The Attorney General seconded the motion. The motion passed unanimously.

4. Approval to Pay a Cash Settlement (For possible action)

Pursuant to Article 5, Section 21 of the Nevada Constitution, 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 - \$11,500,000

The department requests settlement approval in the total amount of \$18,656,000 to fully resolve an eminent domain action to acquire 1.87 acres of real property owned by MLK Spur, LLC et al (Walker Furniture), located on Martin Luther King Boulevard north of Alta Drive in Las Vegas. NDOT previously deposited \$7,156,000 with the Court for a right of occupancy which the defendant withdrew. NDOT now requests an additional \$11,500,000 to resolve the action.

Rudy Malfabon, Director of Nevada Department of Transportation (NDOT) told the Board that Project NEON is a major improvement to I-15 in the area of the Charleston Interchange and the US-95 Spaghetti Bowl Interchange in Las Vegas. He went on to say that this project has had several impacts to over a 100 property owners, including the iconic family owned business, Walker Furniture, which is located west of the most heavily traveled section of I-15. Walker Furniture employs over 200 employees in Las Vegas. NDOT acquired a significant amount of land with this acquisition and more importantly, demolished the warehouse that Walker Furniture relies upon to operate their business. This was a very complex acquisition with a significant amount of legal risk associated with it. If this case would have gone to trial it would have involved, the testimony of a total of 20 expert witnesses for both parties and NDOT ran the risk of obtaining an adverse decision from the Court.

While NDOT felt that the claim of over \$75 million was overstated, they recognized that this significantly impacted Walker Furniture's business and considered that a Judge or jury would be sympathetic to their position. Mr. Malfabon went on to say that it took a lot of effort, including a two-day mediation with the Honorable Judge Philip Pro. While a settlement was not reached during mediation, the parties subsequently met again in Carson City and were able to reach the settlement that is presented today. Mr. Malfabon said that he feels strongly that it's in the best interest of the State and this will avoid a very complex legal case, which likely would have been appealed by either party because they would have felt that the decision was adverse to their position.

More importantly, this settlement allows a local business, which employs over 200 employees, to stay in business in Las Vegas. He thanked the Right-of-Way Chief, Ruth Borelli, legal liaison, Ed Miranda, and Chief Deputy Attorney General, Dennis Gallagher, and outside counsel, Bill Coulthard, who assisted in bringing this to a resolution. He also thanked Mr. Alterwitz and his legal counsel, Mr. Stan Parry, for coming to Carson City to give their public comments on this settlement and respectfully request your consideration of this settlement.

Mr. Gallagher from the Attorney General's Office, Counsel for the Department of Transportation, said that this was one of the most unique and complex eminent

domain actions that he had seen. He said it is typical that the parties will have one, two, possibly three experts. In this case, the property owner identified 10 different theories that had to be responded to.

Mr. Gallagher added that the Office of the Attorney General, as well as outside counsel, committed hundreds and hundred of hours. The State expended a significant amount in outside counsel fees, as well as consulting fees. He said if this would have gone to trial, it would have cost, with consultant fees and attorney's fees and this is absent an appeal, well over another \$500,000.

The risk as the Director pointed out, they were claiming over \$75 million in damages. Plus, they would have been entitled to pre-judgment, post-judgment interest and a portion of their attorneys' fees if they had prevailed on the inverse condemnation claim. The State's exposure was significant. He said this is a reasonable number, given the legal issues and it allows Walker to continue its operation in that location. It allows the Department of Transportation to move on, beyond this property and finalize property acquisitions related to Project NEON.

The Governor asked Mr. Gallagher, for the record, if he believes this settlement is in the best interest of the State. Mr. Gallagher said, all things considered, he believes this is in the best interest of the State and its taxpayers.

The Governor thanked him and wanted to make a few comments. He wanted to thank Mr. Alterwitz and Mr. Parry for being at the meeting. He said that no one has driven on Interstate 15 and not seen the Walker Furniture building. It's an iconic name, an iconic family and an iconic business. That's the difficulty with eminent domain actions.

With the growth of Las Vegas, it's undeniable that the State has to provide better infrastructure for transportation for the residents. As a consequence of that are these eminent domain issues. With businesses and residences and people that live and work in close proximity to these highway projects necessitates these eminent domain actions it is extremely difficult to see this happen and having to go through this, particularly the family whose been doing this for decades.

The Governor went on to say that he was very happy and he appreciated the family and the attorneys resolving this prior to additional legal action. He said at the end of the day, no one is really happy most of the time with what happens. And he thinks everybody needs to have some closure on this.

The Governor told Director Malfabon and Mr. Gallagher that he really appreciated their efforts and the very hard work of the Department to provide extra effort in terms of trying to resolve these cases prior to going to trial. He again thanked Mr. Parry and Mr. Alterwitz for their public comments. He said the clients are happy and satisfied with the resolution. The Governor said that he wanted to be fair on the other side of the coin since we have the responsibility of being good stewards of public monies and

making sure that it's fair for the taxpayers as well. At the end of the day, that's where this money comes from.

The Governor asked Mr. Gallagher if the action presented today resolves the case completely. Mr. Gallagher told the Governor, it does and he also noted that the Department will put in for federal reimbursement. The Governor said that in plain talk, that means the federal government will reimburse the State Highway Fund, so hopefully most of those monies will come back to us. Mr. Gallagher said that was correct.

The Attorney General made a motion to approve the settlement described in agenda item 4A, by the Nevada Department of Transportation and Walker Furniture in the sum of \$11,500,000. The Secretary of State seconded the motion. The motion passed unanimously.

5. Approval to Pay Stale Claims (For possible action)

Pursuant to NRS 353.097, subsection 4, a stale claim must be approved for payment from the State Claims Account by the State Board of Examiners. The Board has authorized the Clerk to approve state claims under \$50,000 on behalf of the Board. The following Stale Claims are being submitted to the Board of Examiners for approval:

A. Department of Education - \$59,141.99

The Department of Education requests approval to pay \$59,141.99 from the Stale Claims Account for a 2016 invoice for the College and Career Readiness – Dual Enrollment program from Lyon County School District.

B. Department of Education - \$278,816.16

The Department of Education requests approval to pay \$278,816.16 from the School Remediation Trust Fund account for a 2016 invoice for the English Language Learner - Rural program from Elko County School District.

C. Department of Education - \$64,893.14

The Department of Education requests approval to pay \$64,893.14 from the Other State Education Programs account for a 2016 invoice for the Nevada Ready 21st Century Technology program from White Pine County School District.

Mr. Wells said agenda item 5 includes three requests from the Department of Education to pay late invoices to school districts pursuant to NRS 353.097.

The first invoice is from the Lyon County School District for the College and Career Readiness Program. This invoice was submitted on September 1 for costs incurred

in FY 2016. Funds from this program did not balance forward and the Department did revert sufficient funds to cover the cost of this claim. This claim will be paid from the State Claims Account if it is approved.

The second invoice from the Elko County School District for the English Language Learner Rural Program. This invoice was received on August 30 for costs incurred during FY 2016. Funds in this program balanced forward and if the claim is approved it will be paid from the School Remediation Trust Fund.

The third invoice from the White Pine County School District for the Nevada Ready 21st Century Technology Program. This invoice was received on August 10th but was not paid before the year-end close on August 31st. Funds for this program also balanced forward and if approved, this claim will be paid from the Other State Education Programs Account.

The Governor said that he supports the payment of all three invoices. He wanted to know if these invoices were late or was the state late in paying in a timely manner. He asked from a process standpoint how could this be avoided in the future.

Roger Rahming, Deputy Superintendent, told the Board that there has been a meeting with the Superintendent's Finance Committee, talking specifically about the issue. He said that a couple of these were actually provided too late and some are structural. For example, the year-end closes on June 30 and teachers would like to have their salary amortized over 12-months. So the year closes and that salary isn't really going to be paid until August, so structurally this will happen because it's after the closing.

The CFOs are looking at ways to change the salary payment or payroll backward to accomplish this. Washoe County does this right now. He said that they are trying to convene a meeting with the Districts, Department and Members from the Governor's Finance Group, to try to rectify this. He said they are currently undergoing some internal process reviews to ensure that this doesn't happen on their side again. Unless we can do something with the structure, then you will see these moving forward. Unfortunately, we'll have four more I believe next BOE.

The Governor said that for some of these smaller counties like White Pine and Lyon, they might not have the resources that the state has. He said that he appreciated working on finding a solution so that moving forward this doesn't happen. In the meantime, the Governor said these districts don't have this money and they could use it.

For the record, the Secretary of State left the meeting.

The Attorney General made a motion to approve the stale claims. The Governor seconded the motion. The motion passed.

6. Approval to Pay Bad Debts (For possible action)

Pursuant to NRS 353C.220, the State Controller may request on behalf of state agencies that the State Board of Examiners designate certain debts as bad debts. This includes the uncollectible accounts submitted to the Controller's Office for collections from state agencies and departments.

The Controller's Office has been unable to recover any of the outstanding debts listed and requests approval to remove the delinquent debt.

Request Summary:

To	# Accounts	Amount
The Clerk of the Board	20578	\$ 25,114,981.97

Mr. Wells said pursuant to NRS 353C.220, Item 6 is a request from the State Controller for the Board to designate 20,578 bad debts totaling \$25,114,981.97 from various state agencies as uncollectible. The State Controller has determined it is impossible or impractical to collect these debts. By an affirmative vote of a majority of the members, the Board may designate the debts as bad debts if the Board is satisfied the debt is impossible or impractical to collect. Upon designation, the State Controller will be notified to remove the debts from the State's accounting books. It is important to note that even though a debt is removed from the accounting books, it remains a legal and binding obligation owed by the debtor to the State.

Mr. Smack said he was here today to request the Board of Examiners to authorize a write-off of uncollectible accounts, specifically \$25,114,981.97, including 20,578 total debtor accounts. While this does not represent all the debt that has been identified as accounts that are subject to write-off, this does represent a substantial share. He said that his office intends to request a smaller write-off at a future meeting, once there is agency approval from a few more agencies that did not meet the deadline for inclusion in this set of accounts.

The criteria that are reviewed includes the overall age of the debt in question, focusing on debt that is at least eight years old and therefore beyond the statute of limitations in most cases. He said they also targeted debts that are known to be uncollectible due to the debtor being deceased or having filed for bankruptcy, with the exception of the debts under \$50. The debts included in this write-off request should all fall under one of these criterion. Regardless of age, the Controller Office specifically excluded any debt that has judgments still in effect that would provide collection capability beyond the statute of limitations due to the court order. If the debt in question is less than \$50, the Controller's Office goes by the agency discretion. There may be debts that are not quite as aged as a larger debt amount. When a debt is under \$50, the cost of the collection effort can exceed what may be able to be collected. Minimal effort is put towards these debts by the Controller's Office with their limited staff and collection resources.

This will be reviewed once the new Debt Collection System is up and running, perhaps by taking a section of this smaller debt and doing a couple of letter runs to see if the process will pay for itself, we could even reach back to some of the smaller debts included here that are not quite as aged as a test to see if it's actually making this effort, could produce a positive net result.

Mr. Smack told the Board the Executive Branch Audit Committee recognized this should be an annual process. The write-off of debt by the Controller's Office has not happened since 2012, which is part of the reason behind the large dollar amount. During testimony at an Executive Branch Audit Committee, the Governor asked Mr. Smack what dollar amount to expect from this write-off. He said that it would be around an eight digit write-off simply due to the age of some of the debt and that they hadn't completed a write-off in nearly five years.

Mr. Smack said that once these debts from—and those from a handful of agencies that have not as of yet approved the write-off of their aged debts—his office will have a clearer understanding of debts that could still be collectible. It is his office's intention going forward to produce an annual write-off which will likely be still in the seven digit range yearly. Mr. Smack stated *although we hope with renewed efforts and negotiation with our collection system contractor, we will be able to reduce the number of future write-downs as we will have better tools for collecting these debts.*

In reviewing the information presented to the Board and looking back at some of these individual debts, there are some debts that could potentially raise some eyebrows because they belong to large companies that still do business in the State. The Controller's Office is in the process of reviewing of the debts and chose presently not to pull them from this write-off as they represent a minimal portion of the over 20,000 accounts, which meet the criterion set forth for write-off. He went on to say that the Controller's Office reserves the right under NRS 353C.220, *a bad debt that is removed pursuant to this section remains a legal and binding obligation owed by the debtor to the State of Nevada*". Mr. Smack concluded his comments by requesting that the Board proceed with the approval of these write-offs.

The Governor said this is a massive amount of money. He asked about the debt collection system that the Board had approved a contract for at least two years ago and asked what the status of the system was.

Mr. Smack said outside of the manual Excel spreadsheets that his office has been utilizing for about 14 years there is no other system. He went on to say that his office hoped to have the new system go live in mid-February. The Governor asked Mr. Smack what gives him hope that it's going to go live in February since it hasn't gone live in the last two years.

Mr. Smack said the delay with the new system had to do with personal information security between the contractor and the Controllers. He went on to say that this is a new problem since the Executive Branch Audit Committee meeting. The Controller's Office was investigating termination options but now have renewed negotiations with

the contractor. The two parties have agreed in principle upon an amendment to the contract. There will be an amendment to the contract. Once approved it will be a six-week window from the approval to the time of actually having the system online. Testing is almost completed.

The Governor stated that part of that audit recommendation was to turn over debt collection efforts from the Controller's Office to the Governor's Finance Office. The Controller verbally, as well as in writing, supported the move of that debt collection from the Controller's office to the Governor's Finance Office. The Governor asked if that was still the intent.

Mr. Smack said there hasn't been a change regarding debt collection moving forward. He said that the Controller's Office is working with Director Wells regarding the negotiations for the contract amendment. The debt collection system would go live before the collections department actually would potentially leave the Controller's Office. That is based on the legislative action during the 2017 session.

The Governor said that it was his understanding that the Attorney General's Office was reviewing whether it could be transferred administratively to the Department of Administration. The Governor asked if the Controller's Office is in support of the transfer during the legislative session if it includes a bill to accomplish the transfer.

Mr. Smack said that the Controller's Office was in support of the transfer. He went on to say that the punitive things that agencies to necessarily follow the law of turning over debts at 60 days and things like that are going to be a lot more effective coming from the Governor's Office then it coming from the Controller's Office.

The Governor asked if there is any jeopardy to continuing the approval of this write-off because he would like to give the Governor's Finance Office an opportunity to try and collection on some of the \$25 million.

Mr. Smack said that that's the decision of the Board of Examiners. He went on to say that the Controller's Office is fine with pulling the item at this point in time if the Governor would like to continue to work on it. He said most of this debt is over eight years old. A lot of the debt that's included are from people who have declared bankruptcy or already deceased. In terms of companies, these are companies that are no longer doing business in the State of Nevada. These are debts from companies that existed pre-Great Recession. The Great Recession wiped out a lot of these companies which is going to make a number of these debts uncollectible. Again, with the NRS provisions, there's no reason why, if the Governor's Finance Office chooses to reach back and try a collection effort on any or all of these debts, they may do so.

The Governor said he didn't know the legality of going after debts that have been written off. He said one-fourth of this are unpaid supervision fees. A small portion, \$87,000 are ongoing concerns. The Governor went on to name several companies on the list: Nellis Airforce Base. Greyhound Bus, United Parcel Service, UPS Store,

CVS Pharmacy, Walgreen's, and Renown. He said these are small amounts. The Governor said that he didn't want to leave any money on the table. He asked Mr. Smack what the dollar amount was that had been collected this year. Mr. Smack told the Governor the amount collected so far this fiscal year was \$348,124.85. The Governor then asked if there's a write-off of this amount, and how much is outstanding. Mr. Smack said the write-off amount is approximately \$78 million. Mr. Smack will provide the Governor's office with the exact amount.

The Governor clarified that the \$78 million is on top of the \$25 million. Mr. Smack said yes, that the total amount on the books was approximately \$103 million, as of the end of the fiscal year. He didn't have an update beyond the end of fiscal year 2016.

The Governor asked what the distinction was between the \$25 million that is being requested to be written off today and that \$78 million that's outstanding. Mr. Smack said the primary distinction is the \$78 million that's outstanding is eight years old or newer. There is a statute of limitations in place that we can actually have cause to go after the debt. In some cases, the debt isn't subject to any kind of a bankruptcy. These are debts that the Controller's Office feels a little more confident in their ability to be able to collect.

The Governor commented that there is the \$300,000 and collected on the \$78 million.

Mr. Smack said that was correct. The Governor asked if the Attorney General had any comments. The Attorney General said he would like to support this and asked why they preferred to do this now. Mr. Smack said what his office is trying to do here is try to get the debt portfolio cleaned up as much as possible before the new system is in place. He said he was pretty confident it's going to happen this time. This was the one thing from the audit within the first six months that his office knew could be accomplished as far as getting a large write-off. He said this should be done annually. He went on to say that he would take responsibility for the year that it didn't get done since Controller Knecht took office, but it hasn't been done since 2012. This should normally be something more in line with \$3 million, \$4 million, \$5 million annually. This is a large amount of debt, primarily because it's been five years since we've had a write-off.

The Attorney General commented that this would get the Controller's Office going towards the annual goal and it is the obvious type of debt that your office would like to clear the books on now. Is that correct? Mr. Smack said yes, that was correct.

The Governor said that he had conferred with Mr. Wells who says that the state can go ahead and still try to collect any monies out of this \$25 million, even if the Board takes action today to write this amount off. The Governor said he was comfortable with that.

The Attorney General made a motion to approve the write-off in the sum of \$25,114,981.97 as requested by the Controller's Office on the basis that it is unable

to recover any outstanding debts listed in the requests for the delinquent debt. The Governor seconded the motion. The motion passed.

7. Approval to Pay an Allocation From the Interim Finance Committee Contingency Account (For possible action)

A. Department of Administration – Public Works - \$824,735

Pursuant to NRS 353.268, the division requests an allocation of \$824,735 from the Interim Finance Committee Contingency Account to cover a shortfall in the allocation of Slot Tax used to support the Nevada System of Higher Education Special Capital Construction Fund for Higher Education.

B. Department of Public Safety – Highway Patrol – Dignitary Protection – \$105,670

Pursuant to NRS 353.268, the division requests an allocation of \$105,670 from the Interim Finance Committee Contingency Account to cover the cost of providing protective services for presidential candidates who are expected to campaign in Nevada this fiscal year.

C. Department of Conservation and Natural Resources – Sagebrush Ecosystem Account – \$1,182,445

Pursuant to NRS 353.268, the division requests an allocation of \$1,182,445 from the Interim Finance Committee Contingency Account to cover a shortfall in the Sagebrush Ecosystem account resulting from the 2015 appropriation bill (SB 514) requiring unused funds to be reverted at the end of FY16.

Mr. Wells said agenda item 7 includes three requests this morning pursuant to NRS 353.268 for allocations from the Interim Finance Committee General Fund Contingency Account.

The first request in the amount of \$824,735 is from the Department of Administration, Public Works Division to fund a shortfall in the Slot Tax used to support the Nevada System of Higher Education, Special Higher Education Capital Construction Fund. This amount represents both the Fiscal Year 2016 and 2017 shortfalls for the Slot Tax which is used for the funding of capital and deferred maintenance projects for the university system.

The second request in the amount of \$105,670 from the Department of Public Safety, Highway Patrol Division to cover the projected costs of providing protective services for presidential candidates campaigning in Nevada during FY 2017.

The third request in the amount of \$1,182,445 from the Department of Conservation and Natural Resources which will cover amounts that were reverted at the end of FY 2016 for the Sagebrush Ecosystem Account to fund projects approved in FY '16 for

the Conservation Credit System. Those projects were approved but the costs were not incurred and paid by the agency until FY '17.

He concluded by saying that these requests are subject to approval by the Interim Finance Committee in December.

The Governor asked Colonel Osborn to come to the witness table. Colonel Osborn said Nevada has had the benefit of having the presidential candidates come to the state to campaign. When they come, the Secret Service and the other entities who are responsible for providing for the safety of those candidates need help. The Department of Public Safety always provides that assistance in a positive and dignified way.

The Governor told Colonel Osborn that the reason he asked him to come forward was to publicly compliment him and his Troopers who have gone through some difficult times with regards to officer-involved shootings. He said that he had the opportunity to watch Colonel Osborn conduct himself in each of the press conferences to explain what happened. The Governor said that he was overwhelmed with his professionalism, dignity, transparency and the way he handled the entire situation. The Governor said that the state is really blessed to have somebody with his strong leadership skills. He said it speaks well of him and the Department and that they have incredibly difficult jobs. He said that he had seen it for himself when there are tragedies in our state. They are always there. The public is very well served for what you've done. The Governor said that he wanted to pass that on to Colonel Osborn and let him know that he personally appreciated what he does.

Colonel Osborn thanked the Governor and said that he really appreciated the comments. He went on to say that he couldn't do his job without the support of Director Wright and his command staff in Las Vegas and Reno and Headquarters. He thanked the Governor again and said he would pass on his comments.

The Attorney General made a motion to approve IFC Contingency Account requests. The Governor seconded the motion. The motion passed.

8. State Administrative Manual Changes (For possible action)

The State Administrative Manual (SAM) is being submitted to the Board of Examiner for approval of additions and revisions in the following chapters:

1. 1700 Attorney General
2. 1800 Printing

Mr. Wells said agenda item 8 seeks approval to revise two more chapters in the State Administrative Manual. This follows the first request in August and includes Chapter 1700 which is the Office of the Attorney General and Chapter 1800 which is the Printing Services Shop.

The Governor's Finance Office in conjunction with both the Attorney General's Office and the Department of Administration are continuing to review the remaining chapters of the State Administrative Manual in order to address the split of the Governor's Finance Office from the Department of Administration, to ensure the information is still applicable, and then to streamline the chapters with links to applicable statutes, regulations and agency procedures instead of restating the guidance in the State Administrative Manual. There will be another group of chapters at the next BOE meeting in December.

Chapter 1700 updates the services provided by the Office of the Attorney General and Chapter 1800 cleans up certain language and removes information which is no longer applicable.

The Governor asked Mr. Kandt from the Attorney General's Office to describe the changes. Mr. Kandt said simply stated, the revisions that are proposed to this chapter will better reflect the role that the AG's office plays in state government and better reflect the role the AG's office plays in providing official Attorney General opinions. And then finally, better reflect the role that the AG's Office plays in responding to legal action against an Executive Branch State Agency. The Governor asked what the main changes are. Mr. Kandt said the two main changes are to the AG's policy on the issuance of official Attorney General Opinions. By including that policy in the SAM Manual, its better provided for ease of reference and makes State agencies aware of the policy. Secondly, the importance of notifying the AG's Office if an agency is ever served with any sort of a legal document, so they can review it, determine whether the office has been served properly and then respond accordingly.

The Governor asked that some type of communication be sent to agency heads notifying them of this clarification. Mr. Kandt told the Governor that he would follow up making sure something goes to the agencies.

The Attorney General made a motion to approve the changes to the State Administrative Manual as presented in agenda item number 8. The Governor seconded the motion. The motion passed.

9. State Vehicle Purchases (For possible action)

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 Agriculture	1	\$28,379

Department of Administration, EITS	1	\$50,113
Department of Administration, Fleet Services	1	\$28,239
Department of Conservation and Natural Resources, Environmental Protection	1	\$28,239
Department of Wildlife	1	\$32,196
Total	5	\$167,166

There were no questions or comments on this item. The Attorney General made a motion to approve the vehicle purchases presented. The Governor seconded the motion. The motion was approved.

10. Authorization to Contract With a Current and/ or Former Employee
(For possible action)

A. Department of Administration – Purchasing

Pursuant to NRS 333.705, subsection 1, the Purchasing Division requests authority to contract with Nicholas Collins, a former Correctional Officer to provide uniformed security guard services through AlliedBarton Security Services.

B. Department of Health and Human Services – Public and Behavioral Health

Pursuant to NRS 333.705, subsection 1, the division requests to contract with former employee, Karen Collis, to provide Advanced Practice Registered Nurse Family Planning services to Title X Family Planning recipients at Ely and Panaca Community Health Clinics. It is anticipated that she will work 16-24 hours per week effective November 8, 2016 to November 7, 2017.

C. Department of Health and Human Services – Public and Behavioral Health

Pursuant to NRS 333.705, subsection 1, the division requests to contract with former employee, Aundrea Ogushi, to assist with program implementation, grant management and fiscal monitoring of the Abstinence Education Grant Program. It is anticipated that she will work 40 hours per week effective November 15, 2016 to November 14, 2017.

Mr. Wells said agenda item 10 includes three requests to contract with current and/or former employees pursuant to NRS 333.705 subsection 1.

The first request is from State Purchasing who contracts with Allied Barton Security Services through a Master Services Agreement to provide uniformed security guards to various State agencies. This request is for Allied Barton to use a former employee who left state service last February to perform these services. Allied Barton also uses these employees on other contracted jobs with non-State of Nevada employers.

The second request is from the Department of Health and Human Services, Public and Behavioral Health Division to contract with a former Advanced Practice Registered Nurse to provide family planning services to Title X recipients in the Ely and Panaca Community Health Clinics. The position is difficult to recruit as it requires specialized training in Family Planning and is located in rural eastern Nevada. The contract is anticipated at 16-24 hours per week for the period of November 8, 2016 to November 7, 2017 at a proposed rate of \$75.00 per hour.

The third request is also from the Public and Behavioral Health Division to contract with a former University of Nevada, Reno student worker, and intern, to assist in implementing, managing and monitoring the Abstinence Education Grant Program. This contractor will be employed through a temporary employment agency and will work 40 hours per week for the period of November 15, 2016 to November 14, 2017 at a proposed rate of \$19.00 per hour.

There were no questions. The Attorney General made a motion to approve the contracts with current and/or former employees as presented. The Governor seconded the motion. The motion was approved.

11. Authorization to Contract With a Current and/or Former Employee **(For possible action)**

A. Department of Education

Pursuant to NRS 333.705, subsection 4, the Department of Education seeks a favorable recommendation regarding the Agency's determination to use the emergency provision to contract with Ms. Daphne DeLeon, a former Administrator for the Nevada State Library, Archives and Public Records, to assist with the Nevada Ready 21 program during the initial rollout of the program from September 12, 2016 through January 12, 2017.

Mr. Wells said pursuant to subsection 4 of NRS 333.705, an agency may contract with a former employee without first obtaining Board of Examiners approval if the term of the contract is for less than 4 months and the head of the using agency determines that an emergency exists. Item 11 includes one request seeking a favorable recommendation from the Board on the Department of Education's use of the emergency provisions to contract with a former employee.

The Department contracted with a former Administrator of the Nevada State Library, Archives and Public Records Division of the Department of Administration to assist with the initial rollout of the Nevada Ready 21st Century Technology Program due to the resignation of the incumbent Director of the Program. The contract period is from September 12, 2016 through January 12, 2017 at a rate of \$57.69 per hour.

Mr. Wells said that after questions were raised at the last Board of Examiners' meeting on the use of the emergency provisions to contract with former employees, there was an All Agency Memo issued asking agencies who are requesting a

recommendation pursuant to this subsection to provide answers to certain questions outlining the emergency and additional resources that may or may not have been available. This is the first request to include responses to those questions justifying the use of the emergency provisions. The agency's answers to those questions can be found at the end of the agenda item.

The Governor said that his questions were answered. Mr. Barley was at the witness table and said that Mr. Wells had summed it up well. There was a resignation in the contracted Director position for the Nevada 21 Project. The school year was getting off of the ground, devices were being distributed, professional development was being offered to teachers, and there was an immediate need to fill this position. And they acted on that. He went on to say that there was no intention by the Department to act outside of normal processes and protocols. They wanted to ensure that this program stays on track and ask for the Board's guidance going forward to make sure that they are abiding by the appropriate processes and procedures so we can keep these positions filled and not be out of compliance. The Governor said that the Board wants to make sure that an emergency is an emergency. He asked if there was a succession plan and are they currently recruiting to replace Ms. De Leon.

Mr. Barley said that there will be an item on the December agenda around this position. There are team members here today who are overseeing this position. He went on to say that if it is the Board's position that they should have a competitive process to fill the position instead of turning this short time position into a long time position that is absolutely something that they can look at.

The Attorney General made a motion to approve the authorization to contract with a current and/or former employee as presented in agenda item number 11. The Governor seconded the motion. The motion was approved.

12. Leases – Attachment Exhibit 1 (For possible action)

Mr. Wells said that there were four leases in Exhibit 1 for approval by the Board this morning. Lease number 4 is being withdrawn and will be brought back to the Board in December. That lease needs to have certain terms added to it before it can be approved. There were no additional requests for information on the other three leases.

There were no questions. The Attorney General made a motion to approve the leases described in agenda item number 12 with the exception of number 4. The Governor seconded the motion. The motion was approved.

13. Contracts – Attachment Exhibit 2 (For possible action)

Mr. Wells said that there were 35 contracts listed in Exhibit 2 for approval by the Board. Contract Number 34 is the contract between the Dental Board and the Law Offices of John Hunt. The Attorney General's Office has not completed their negotiations with the Dental Board regarding the comments that were made at the last Board Meeting. The Governor said that he thinks there's a preference to delay this or continue that until the December Meeting.

Members had requested additional information on Contract Number 1 between the Secretary of State and PCC Technology, Inc. Contract Number 3 between the Department of Administration Public Works Division and Enviser. Contract Number 18 between the Department of Health and Human Services, Public and Behavioral Health Division and the Nevada Broadcasters Association. Contract Number 19 between the Department of Health and Human Services Child and Family Services Division and Interactive Voice Applications, dba IVA, Inc. Contract Numbers 20 and 21 between the Department of Agriculture and MCI Foods, Inc., and Nardone Brothers Baking Company were requested by the Secretary of State. Contract Number 22 between the Public Utilities Commission and Robison, Belaustegui, Sharp, and Low. And, Contract Number 33 between the Board of Dental Examiners and Horne & Duarte.

The Governor asked Mr. Anderson with the Secretary of State's Office to generally describe what the contract is for since it is for almost \$10 million. The Governor wanted it on the record.

Mr. Anderson told the Board that this contract is a replacement for our eSoS processing system that has been in place since 2001. We're hoping for it to hang on until this contract can be completed. It supports about \$190 million per year and has supported \$1.5 billion dollars since its inception. It is past its useful life. This contract seeks to not only replace this system but it will support the achievements of some of the Governor's strategic plans regarding having a more vibrant and sustainable economy and efficient and responsive state government. With the Board's approval today the Secretary of State's (SOS) office will be able to continue on for years in providing Commercial Recording Services that the State has provided for a long time under the current system for the past 15, almost 16 years.

The Governor commented that the Secretary of State's office does a great job and that the office is working really hard to modernize the technology. The Governor asked if this would make the office that much more efficient and effective going forward.

Mr. Anderson said absolutely. He went on to say this system will allow them to put virtually all of their commercial recording processes online, electronic services and modernize notary services. He went on to say that it will modernize the infrastructure and backbone of the system for many years. It will also provide a disaster recovery system, a failover system that will allow if something were to happen to any office they would be able to continue the operations of the Secretary of State's Office as far

as Commercial Recordings is concerned. This product may also allow the office to move forward with the modernization of some of our other systems including in the future that is, not as part of this contract but as part of modules of the product that is being provided to modernize their Elections Division and Securities Division as well. The Governor asked if the system would have a cyber security component as well, to protect this data. Mr. London, Chief IT Manager, from the SOS office, said as they have reviewed the product, it does meet all the requirements set forth for cyber security. He went on to say that there are many layers of security built into it. It fits well with all of the security measures that the state provides.

Mr. Anderson thanked the Governor.

Contract number 3, held by the Attorney General was presented by Mr. Federici, the Deputy Administrator for Buildings and Grounds. He said the contract is a continuation of an existing contract for services for Direct Digital Controls (DDC) that are in many of the buildings in Las Vegas. The Attorney General asked for an explanation as to why it is a sole source.

Mr. Federici said that Enviser is the sole representative for DDC in the Southern Nevada area and they are the only authorized dealer for parts and services to the system. The Attorney General thanked Mr. Federici.

The Governor pulled contract number 18 and Kristen Coulombe, Deputy Administrator with the Division of Public and Behavioral Health presented and made the following comments. *As you know, DPBH has programs focused on providing Nevadans information on prevention and access to services. One of the ways that we do that, that's successful particularly in our rural areas, is through public service announcements. We are here today requesting that we extend a contract that provides statewide public service announcements through TV and radio advertisements in both English and Spanish. Some examples of where we've used public service announcements in the past relate to increasing awareness related to breastfeeding, safe sleep for infants as well as our Behavioral Health Awareness Month and National Recovery Month. The costs of these services have increased which is the reason for the increase in our cost of our contract. One of the benefits of this Master Service Agreement is that for every dollar we spend, we get \$4.00 worth of airtime. Again, this is as I said, a great way to reach our rural constituents. My understanding is this is a sole source waiver is that, in working with the Purchasing Division, this Nevada Broadcasters Association is the only entity in Nevada that can provide these public service announcements.*

The Governor told the Board that the Nevada Broadcasters Association is a clearinghouse to all the television stations and radio stations where these public service announcements are presented. He said that it is an amazing public service because most of the broadcasters, for example, the TV stations will do more than what the money they get, that's the 4:1 return that Ms. Coulombe mentioned. He went on to say that sometimes late at night when they have a big gap they might insert one of these public service announcements in there where they haven't sold

the advertising. He went on to say that this is a great service, particularly for our Nevadans that are in the rural areas that may not be aware of some of the services that are available.

The Attorney General said the explanation by the Governor was helpful and he wanted to know if the money is going to NBS and then they are helping to place all of these ads and they are not necessarily taking the \$2 million.

The Governor said that the money definitely goes to the TV station but as was presented, typically and historically, they'll do four times the amount of advertising than is paid for. In other words, they'll do \$6 million worth of public service announcements for \$1.5 million.

Ms. Coulombe agreed with the Governor. She went on to explain that they have one public service announcement that could run twice a month, on 60 radio stations and 10 television stations and this is increasing the authority to work within those means.

The Governor gave the example of getting your flu shot and making people aware that it's flu season and that those inoculations are available.

The next contract the Attorney General pulled for review was Contract Number 19 for Interactive Voice Applications which is another sole source and he asked for an explanation.

Ms. Colegrove, Division of Child and Family Services, made the following comments: *This contract is a sole source. We're currently working with this vendor. I just have to say, this is a very exciting contract for me. It's working to maximize our revenue that we're bringing in for federal funds. It is collaborating statewide. Even though the vendor currently works with the Division of Child and Family Services and not the other child welfare partners like Clark and Washoe County, they are—some of the initiatives they're doing will reach out to those county partners also and reach across to our youth parole services. This vendor currently does our random moment in time studies which capture the activities that are reimbursable to federal programs. That program has been in effect for about eight years. We went from a manual process to an automated process where we get emails sent to caseworkers so they can respond and say what activities they're doing. Then we run it through the program to see what's allowable to be reimbursed by the federal government. They're going towards one of the initiatives, revamp our system and make it more user-friendly and increase our federal reimbursement based on being able to capture more reimbursable activities.*

The Attorney General asked if they were the best situated to be able to help with the next step. Ms. Colegrove said yes, that they're currently working with them and they are familiar the data and caseloads.

The Governor said regarding contracts 20 and 21 which were pulled by the Secretary of State, he said that these are identical if not very similar to the contracts that were

approved last month with respect to school lunch vendors. The Governor said that he had spoken to Director Barbee and the Director said that they have gotten a group of individuals including students to sample some of the food and he appreciated this. The Governor asked Ms. Barton, Administrator for the Department of Agriculture to address the questions they received regarding this contract.

Ms. Barton turned the presentation over to Catrina Peters, School Nutrition Services Manager. Ms. Peters said that Secretary Cegavske had asked them to pull together some information related to the unit cost and also asked for some information on the ingredients in these items which was also included in the packet (Attachment K). Ms. Peters said the information is also available on their website.

The Governor moved to contract number 22 which is the Public Utilities Commission (PUC) and Robison, Belaustegui, Sharp & Low. The Governor stated for the record that he had been employed by Robison, Belaustegui, and Sharp & Low over 20 years ago. The Governor asked Mr. Weir from PUC to give a little more detail of the nature of the case. The Governor noted that there had been public comment on this agenda item. The Governor asked why it is necessary to hire outside counsel in this case. Mr. Weir explained that this is a contract for legal services for a prior employee of the Public Utilities Commission. It's in response to a federal lawsuit that was filed and named not only the former employee individually but also the Public Utilities Commission, the regulatory operations staff of the Public Utilities Commission, NV Energy, and various other individuals. Ordinarily, for legal representation in the defense of a state employee, the Attorney General's Office would render those services. In this instance, the Attorney General's Office declined to provide those services. They declined due to the fact that the Public Utilities Commission has in-house counsel and the Attorney General's Office believed would be the appropriate representation for the former employee. As PUC moved forward with that course of action it was identified that it would be a conflict of interest to represent both the Public Utilities Commission, the Agency and the individual former employee. At that point, PUC moved for outside counsel which is the contract number 22.

The Governor asked if this had ever happened before, where there's been litigation filed against the PUC, as well as an individual employee. Mr. Weir said yes. The Governor then asked if this is how it had been handled in the past. Mr. Weir said the only instance he could recall was a lawsuit in which the Public Utilities Commission was sued for violation of separation of powers clause. PUC was employing a member of the legislative branch and in that instance, the Commission's in-house counsel represented the Commission, however, the individual was represented by counsel retained by the Legislative Council Bureau, but it was outside counsel. The Governor asked if the \$214,000 is the litigation budget amount. Mr. Weir said that this is a speculative number that reflects the anticipated costs if this were to go to trial. To date, only \$33,914 had been incurred in costs. The Governor then asked if the client, who is represented by counsel had filed a cross-claim against the PUC. Mr. Weir said she had not. He went on to say that as of yesterday evening, the Public Utilities Commission had been dismissed as a party in this proceeding. The Governor said congratulations.

The Governor went on to contract number 33, Board of Dental Examiners. He said that he held both contract 33 and 34. Contract 34 has been withdrawn until there are further conversations between the Dental Board and the Attorney General's Office. The Governor asked if Ms. Shaffer was in the room when public comment was provided. Ms. Shaffer said she was there for part of the comments. Mr. Horne said that he was there for the entire public comment portion of the meeting. The Governor thanked Mr. Horne. He went on to say that something has to give. He said in his six years as Governor, three years as the Attorney General, being a Member of this Board, he had never seen this happen before, with people as upset as they are. The Governor said that there are two sides to a story, as Mr. Hunt was trying to convey and this Board doesn't have the benefit of hearing everything. Nor is the Board here to consider or decide any of those cases. This is the third time this has been on the agenda and more and more people are showing up and are visibly emotional and disturbed about the process.

The Governor asked Ms. Shaffer if she had contacted Ms. Williford since the last meeting. The Governor said that Ms. Shaffer told him that she would reach out to her after the last meeting. Ms. Williford stated that there had been no attempt to contact her. Ms. Shaffer said that she reached out to the complainant which is her husband. Ms. Shaffer said she forwarded a copy of the letter to the State Board of Examiners on each of the three individuals that spoke at the last meeting. One is represented by counsel and he said that he respected the fact that that information was forwarded to his counsel. Ms. Shaffer said that regarding Dr. Palercero, Erika Smith and the patient Trace Williford, she responded in writing to each and every one of them and provided a copy to the State Board of Examiners.

The Governor said sometimes a letter is not enough and it may be that they're represented by counsel so therefore you can't speak with them personally. He said that he understands and appreciates that. He said if there is an opportunity to reach out to them personally and said that that would be appreciated.

The Governor said that the communication that his office has received seems like only a fraction of what was heard today. The comments went on for an hour and it probably could've gone on a lot longer if more time was allowed. The Governor asked Ms. Shaffer to examine the processes because he makes the appointments to the Board. He said his office tracks what happens on Boards. Without exception, there has never been a constituency as upset as those that are subject to the jurisdiction of the Dental Board. He went on to say he didn't know if it means that there needs to be a little more diplomacy with regard to how those constituents are treated or what needs to happen but he thinks there is definitely room for improvement. He said that he was just speaking for himself but he is concerned about these people who testified today.

The Governor went on to say that he can't sit in judgment because he hasn't heard the cases and he doesn't know the facts associated with those cases. He said that contract 34 is going to be continued for next month and that there probably would be

another 20 people coming to the meeting that are very upset and concerned about how they've been treated in the process.

The Governor said that he is aware of the ongoing conversations with regard to future legal representation with the Attorney General's Office. He said that he would respect the decision that the Attorney General makes but in the meantime, he said that he didn't know what the answer is because he has only heard about an hour of comments today. He went on to say that he is hopeful that something can be done because he was moved by the testimony that was provided. These constituents and these Nevadans come to this Board because they don't feel they're getting the proper due process or being heard in front of the Dental Board.

The Governor said he didn't have any questions regarding Contract 33 and that he was in full support of the contract. He went on to say that Mr. Horne is someone who has extensive legal training and has represented clients in a superior way for many years. He said that he is hopeful that Mr. Horne can assist in trying to resolve some of these issues that are happening before the Dental Board and make some of these people feel like they've been given proper due process.

Mr. Horne thanked the Governor and said in light of the public comments made today that he is familiar with these types of forums and the emotions that often times come to the surface on issues such as these. Mr. Horne said that he appreciated the Governor asking for copies of the letters and correspondence that were sent pertaining to their contacts or disciplinary actions they had with the Dental Board. Mr. Horne said he would just, as a suggestion, because the Governor said that, rightfully he does have both sides and we are not here to re-litigate these, but that for those very same people to request the Board if they can share those steps because there are two sides here. The language that was used was 'targeting' which implies Board Members and Mr. Hunt arbitrarily sought out these members when these members, these dental professionals were brought to the attention by patients, to the Board. Mr. Horne said some of the comments made used words like coercion. The Board Members are professional members of the dental community and the ones who sit and make determinations on the appropriate action when wrongdoing has been discovered.

Mr. Horne went on to say in reviewing the correspondence and taking into account how passionate they feel about their license or how they were treated, he thinks it may also shed some light to see the stipulations that they entered into while represented by counsel and to see whether or not that due process was in fact carried out.

Mr. Horne told the Governor to the best of his ability he would assist the Board in figuring out the process. The Governor said the people of this state and the constituents have to have confidence in the regulatory bodies. From what he has heard today and what he has heard the last two months, is they may have signed stipulations but they feel like they've been bullied into those stipulations and they

simply can't afford to defend themselves. They can't risk their ability to practice by losing their license if they don't sign the stipulation.

The Governor said that this was an anomaly with all the state boards that the state has. He said that he hasn't heard this from the Medical Board, the Nursing Board, or any other professional boards. He said that there is something not right here and it has to be fixed. He said that if someone had made mistakes they should own up to them, but they have to feel like they're getting a fair shake when they go in front of that Dental Board. The individuals that this Board has heard from in the past two months and today don't feel that way. The Governor said that he hoped that Ms. Schaffer and Mr. Horne would take an opportunity to evaluate their process and try to make some changes.

With no more discussion, the Attorney General made a motion to approve Contracts 1-33 and Contract 35. The Governor seconded the motion. The motion passed.

14. Information Item – Attachment Exhibit 3

Pursuant to NRS 333.700, 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 September 20, 2016 through October 18, 2017.

Mr. Wells said there are 13 contracts under this item which are under the \$50,000 threshold approved by the Clerk between September 20, 2016 and October 18, 2016. The Board has requested additional information on contract number 10 between the Department of Conservation and Natural Resources, Forestry Division and Golden Productions.

The Governor said typically this contract would have been an information item only but it has direct relevance to the Little Valley Fire. He went on to say that this contract was entered into a while ago to create a video of the controlled burn as it was conducted. There has been an acknowledgment that this was the cause of the fire. He said he asked for this to be held and give Interim Director Scherer an opportunity to talk a little bit about that contract.

Kay Scherer, Interim Director of the Department of Conservation and Natural Resources, made the following comments. *Yes, before you in Item 10 is a contract that was signed in September with Golden Productions. This was for the creation of a documentary on the prescribed burn that was taking place in Little Valley. That production or that documentary was in planning for anywhere between nine months to a year as the burn was being planned. The idea of the production that was headed by our Public Information staff was to talk about the research opportunities that were going on during the Little Valley Burn, to describe all the elements that go into a prescribed burn, to talk about the work in controlling the burn that the inmate crews*

do and to generally have an educational video that was able to show a larger scale prescribed burn. That is a tool that is used not only by the State but by local and federal jurisdictions as well. There was no anticipation, of course, at the time of what would occur.

The Governor thanked Ms. Scherer and asked if there is an independent investigation that's ongoing now with regards to the cause of the fire. Ms. Scherer said that on October 26 she had contacted a national organization to initiate what's called an Escaped Prescribed Fire Review. That review is conducted and they will take the lead in selecting a Team Leader or Co-Leaders. She went on to say that those leaders are given the freedom to put together their team of experienced professionals to come into the State of Nevada. They're coming in from all over the country, to look at the burn plan itself, all the factors that went into it and how this fire escaped.

The Governor said that his office has received communications from some of the families that have been affected by this. Some of them are represented by counsel others are not. They have questions as to regard with how they file a claim and the basic steps that they can take and where you would point them to in order to begin that process. Ms. Scherer said that on the Department of Conservation and Natural Resources website, on the homepage on the right-hand side is a section that's just titled Little Valley. In there is the actual origin and cause reported so that can be viewed as well as statements that have been made, the review letter that was issued. She said there is also a link that's called, Administrative Claims. That is a link that takes people to that process and also the forms that are available to file that claim with the State.

The Governor asked since this is a pretty small population of people is there a way they don't have to work so hard to find out that this is available. Ms. Scherer said that her office would look into it. The Governor thanked Ms. Scherer.

15. Information Item – Attachment Exhibit 4

Pursuant to NRS 333.700, 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 which were inadvertently excluded from previous BOE meeting agendas between May 28, 2013 and September 26, 2016.

Mr. Wells said that over the last year, his office has attempted to automate a part of the process that creates the exhibits for the Board of Examiners' Agenda. When the automation went live, there was one last manual step that certain members of his staff were completing while others were not. Those that did not complete the manual step, their contracts didn't make it onto the Board of Examiners' Information Contract Exhibit. That resulted in almost 80 contracts under the \$50,000 threshold that did not make it onto exhibits of former Board Meetings agendas.

When the process was being cleaned up, his office also found a couple of other contracts that didn't make it onto previous agendas because of the manual process. The office has completed the automation. He said there should not be anymore going forward.

Mr. Wells said that it is important to note that this only affected the information contracts; those that are over the \$50,000 that require approval have always made it on to the agenda. This item is informational only, there were two contracts that members had questions on. Contract Number 8 between the Controller's Office and Informatix, Inc. And Contract Number 36 between the Department of Education and the University of Nevada Las Vegas.

The Governor called Mr. Smack to the witness table regarding Contract Number 8. The Governor asked Mr. Smack if this contract was necessary given the situation that there is not a system in place at the Controller's Office.

Mr. Smack said that the timing kind of crossed paths with the entire situation that the Controller's Office is having with the debt collection contractor. At the time this contract was submitted for approval, they expected to be live with the system and using Informatix for the purpose that it was designed for. *They are our data match between all the banking institutions and credit unions and other financial institutions within the State of Nevada. The thought process behind this contract is that it will pay for itself just based on the bank levies. There have been some ongoing things that have been going on with Informatix that have been positive. These agreements sometimes take months, even upwards to a year to get through some of the larger banks. We found some legal entanglements also.*

He said at this point in time the Controller's Office has resolved the legal entanglements with every major bank within the State. There are five smaller banks that they are still working on. He said the positive takeaway is, once the system is up and running, that his office will be ready to go as far as doing bank levies. The Governor asked Mr. Smack if there is value to this contract. Mr. Smack said yes. The Governor said that we have already spent \$40,000. Mr. Smack said that the first round of bank levies is going to be pretty substantial and will happen before the end of this contract. *At that point in time, we're probably going to know for sure whether we have a good value within this contract or whether we need to look at other service providers or what have you that do similar things.* Mr. Smack went on to say that he is getting a weekly report from Informatix as far as the data match agreements go. He said that he had just signed off on an agreement that was sent to a bank over a year ago. He went on to say that the positive things behind the delays on this debt collection contract are that his office has been able to get the financial agreements in place. There are five small, very regional banks that have not signed off on that yet and they are continuing to work with those banks. His office should have all those agreements in place which will give his office the opportunity to run bank levies on any account holder within the State of Nevada. The Governor thanked Mr. Smack.

The Governor said with regards to number 36 between the Department of Education and the University of Nevada Las Vegas, in the interest of time he would contact them directly.

16. Information Item – Report

A. Department of Motor Vehicles – Complete Streets Program

Pursuant to NRS 482.480, Subsection 11, the Department of Motor Vehicles shall certify to the State Board of Examiners the amount of the voluntary contributions collected for each county by the department and its agents, and that the money has been distributed as provided in statute. This report is for the period beginning July 1, 2016 and ending September 30, 2016.

B. Complete Street Program Uses

Pursuant to the Boards request during the November 2015 meeting, this item reports on how the Complete Streets Program funds are being utilized. This report is for all funds received through September 2016.

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

Pursuant to NRS 321.5954, the Department of Conservation and Natural Resources, Division of State Lands is submitting a quarterly report regarding the real property or interests in real property transferred under the Tahoe Basin Act and the Lake Tahoe Mitigation Program.

Mr. Wells said the first report is the Complete Streets Report for the quarter ending September 30th. The Department collected \$84,358 that compares to \$77,786 for the same period last year. This is about 14% of those registering a vehicle during the quarter contributing to the program. That ranged from 10.5% in Douglas County to just over 15% in Clark County.

The second report is the usage of those Complete Street Funds by the four recipients. Carson City will be using them for the Downtown Corridor. Washoe County has plans for the out years to use them. Douglas County is using it for the bicycle lane on the Buckeye Lane Reconstruction Project. Clark County used their share for Mesquite bike lanes and pedestrian upgrades in the City of Las Vegas. They will be collecting funds and doing the second round in FY 2018.

The third report is also a quarterly report. This one is from the Department of Conservation and Natural Resources on lands or interests in lands transferred, sold or exchanged under the Tahoe Basin Act Program. There were two transfers in the last two quarters netting about \$36,000 which will be put into the Nevada Land Bank for use in carrying out the intent of the Tahoe Mitigation Program.

There were no questions.

17. Public Comment (No action may be taken upon a matter raised under public comment period unless the matter itself has been specifically include on an agenda as an action item)

There was no public comment.

18. Adjournment

The Governor adjourned the meeting at 12:44 pm.