

MINUTES

MEETING OF THE BOARD OF EXAMINERS

September 13, 2016

The Board of Examiners met on September 13, 2016, in the 2nd floor Chambers of the Laxalt Building, 401 N. Carson St., Carson City, Nevada, at 10:00 a.m. Present were:

MEMBERS:

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

OTHERS PRESENT:

Rebecca Salazar, Program Manager, Department of Administration Victims of Crime (VOC)
Ellen Crecelius, Deputy Director Fiscal Services, Department of Health and Human Services (DHHS)
Paul Shubert, Health Program Manager, Division of Public and Behavioral Health (DPBH)
Cody Phinney, Division Administrator, Division of Public and Behavior Health
Bruce Breslow, Director, Division of Business and Industry (B&I)
Terry Reynolds, Deputy Director, Division of Business and Industry
Cory Hunt, Northern Regional Director, Governor's Office of Economic Development (GOED)
Dr. Steve Canavero, Superintendent Public Instruction, Department of Education (DOE)
Julie Kotchevar, Deputy Administrator, Aging and Disability Services Division (ADSD)
Marta Jensen, Acting Administrator, Division of Healthcare, Financing and Policy (DHFP)
Beth Handler, Bureau Chief, Division of Public and Behavioral Health (DPBH)
Steve Fisher, Administrator, Division of Welfare and Supportive Services (DWSS)
Naomi Lewis, Deputy Administration, Division of Welfare and Supportive Services (DWSS)
Donnell Barton, Food Nutrition Division Administrator, Department of Agriculture (DOA)
Catrina Peters, Nutrition Service Manager, Department of Agriculture (DOA)
Julie Butler, Division Administrator, Department of Public Safety (DPS)
Debra Schaffer-Kugel, Nevada State Board of Dental Examiners
The Law Office of William C. Horne
Jeff Haag, Division Administrator, Purchasing

1. PUBLIC COMMENTS

Governor: Good morning ladies and gentlemen, I will call the Board of Examiners to order. We will commence with agenda item number 1, public comment. Madam Secretary, can you hear us loud and clear in Las Vegas?

Secretary of State: Yes I can Governor, good morning.

Governor: Thank you, good morning. We'll proceed with public comment. Is there any member of the public here in Carson City that would like to provide public comment? Hearing and seeing none, is there any public comment from Las Vegas?

Secretary of State: There is not Governor.

Governor: Thank you Madam Secretary.

*2. FOR POSSIBLE ACTION – APPROVAL OF THE AUGUST 9, 2016 BOARD OF EXAMINERS' MEETING MINUTES

Governor: We'll move to agenda item number 2 which is the approval of August 9, 2016, Board of Examiner's Meeting Minutes. Have the Members had an opportunity to review the minutes and are there any changes?

Secretary of State: I was not at the last one so I will not be voting, Governor.

Attorney General: I have Governor and move to approve.

Governor: The Attorney General has moved to approve the minutes of the meeting of the Board of Examiners from August 9, 2016. I second the motion. That motion passes 2-0, will you mark the Secretary of State as having abstained from the vote because she did not attend the meeting.

Motion By: Attorney General

Seconded By Governor

Vote: 2-0

*3. FOR POSSIBLE ACTION – APPROVAL OF A VICTIMS OF CRIME APPEAL

Pursuant to NRS 217.117, Section 3, the Board shall consider the appeal on the record at its next scheduled meeting. The Board may affirm, modify or reverse the decision of the Appeals Officer.

1. Appeal by Jane Heller

Governor: We'll move to agenda item number 3 which is approval of a Victims of Crime Appeal, Mr. Wells.

Clerk: Thank you, Governor. NRS 217 regulates the compensation for certain victims of criminal acts. Victims apply to the program and a determination is made as to whether or not the victim is entitled to compensation from the Program. A victim whose claims are denied can appeal to a Hearings Officer to have their claims reconsidered. The victim or the Clerk of the Board of Examiners

may appeal the decision of the Hearings Officer to an Appeals Officer. Both the Hearings Officer and the Appeals Officer process are under the jurisdiction of the Department of Administration. Upon the Appeals Officer decision, NRS 217.117, Subsection 3, allows the applicant or the Clerk of the Board of Examiners to appeal the decision made by the Appeals Officer to the Board of Examiners. The Board of Examiners can render a decision in the case or hold a hearing on the matter. Today is a hearing of an appeal by an applicant, Jane Heller. Ms. Heller was notified of the meeting and has informed us in writing that she would not be at today's hearing. Then within 15 days of today's hearing, the Board shall render its decision on the case. The Board may either affirm, modify or reverse the decision of the Appeals Officer.

Governor: Thank you, Mr. Wells. And, I have a copy of a letter, I don't know if the other Members have received this same letter from Ms. Heller. You will recall, we extended or continued this hearing from last month to give her the opportunity to appear personally. At least according to this letter dated, September 11, 2016, Ms. Heller has indicated that she won't be attending due to health reasons. We can still conduct the meeting with or without her presence. I don't know if the Members have any questions. Is there any representative from Victims of Crime or the appellate process to present today?

Secretary of State: Yes, there is a representative in Vegas.

Governor: Good morning.

Rebecca Salazar: Good morning. I'm Rebecca Salazar, Program Manager for Victims of Crime.

Governor: Good morning Ms. Salazar. Will you lay a record, please, as to the nature of the claim, the policy with regard to eligible claims and also the issue of timeliness of the application, as well as the requirement of the timeliness of the filing of a police report?

Rebecca Salazar: Sure. Ms. Heller experienced some issues with her neighbors. She stated that there were chemicals being cooked in her neighbor's apartment and the haze from the chemicals were drifting into her apartment causing her physical problems. That was the nature of her application. The police report that she filed for that incident was beyond the timely filing deadline. Our statute allows it be within five days, she filed it within a couple of weeks of the incident. That was the basis, initially, for our denial was the timely filing of the police report. When we went to the hearing, the Appeals Officer's decision references the actual crime itself which is not covered in it. The issue with the smoke drifting into her apartment is not considered an eligible violent crime under our policies and statutes. The crimes that we cover are very specific, such as sexual assault and homicide. This incident that she described just simply doesn't qualify, because of the crime type in addition to the timely filing of the police report.

Governor: Did she submit any medical bills?

Rebecca Salazar: She did not submit any medical bills to our office. She said she had some.

Governor: There is a bit of a delay, I apologize for that. Please proceed.

Rebecca Salazar: She said, she told us in the hearing that she has medical bills and that's why she's pursuing this, to get her bills paid, but we have not seen them.

Governor: All right, Board Members, any questions?

Attorney General: No Governor.

Governor: Madam Secretary?

Secretary of State: No Governor, thank you.

Governor: Considering the record that's been made today and the documents that have been provided, I will vote to affirm the decision made by the Appeals Officer to deny the claim made by Ms. Heller on the grounds that she did not make a police report in a timely manner, as well as the fact that the alleged crime does not fall within the delineated categories that are eligible for consideration.

Attorney General: I will also vote to uphold the denial for the same two reasons.

Governor: Mr. Attorney General, is that a motion?

Attorney General: You want me to make a motion?

Governor: Yes, please.

Attorney General: I move to—am I seconding your motion or am I making the motion?

Governor: I can't make a motion, so if you would make a motion.

Attorney General: So, I move to deny the claim of Ms. Heller.

Governor: The Attorney General has moved to affirm the decision by the Appeals Officer to deny the claim made by Ms. Heller to the Victims of Crime Fund, is there a second?

Secretary of State: I will second that Governor, thank you.

Governor: Secretary of State has seconded the motion. Any questions or discussion on the motion? Thank you, Ms. Salazar. The motion passed unanimously.

Motion By: Attorney General Seconded By: Governor Vote: 3-0

***4. FOR POSSIBLE ACTION – STATE VEHICLE PURCHASES**

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:
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Department of Public Safety – Emergency Management	1	\$27,316
Department of Wildlife	1	\$86,391
Total	2	

Governor: We'll move to agenda item number 4 which is State Vehicle Purchase. Mr. Wells.

Clerk: Thank you, Governor. Item 4 requests two vehicles, both of which are in the agencies legislatively approved budget. The first item is a request from the Department of Public Safety, Division of Emergency Management to replace a sports utility vehicle. The second item is a request from the Department of Wildlife to purchase a replacement fish delivery truck for the Mason Valley Fish Hatchery. There are representatives available from the Departments if there are any questions.

Governor: I have no questions, Board Members?

Secretary of State: I have no questions. I'll move to approve.

Governor: Thank you Madam Secretary. The Secretary of State has moved to approve the State Vehicle Purchases presented in agenda item number 4.

Attorney General: I second.

Governor: Attorney General has seconded the motion. Any questions or discussion on the motion? The motion passed unanimously.

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

***5. FOR POSSIBLE ACTION – AUTHORIZATION TO CONTRACT WITH A CURRENT AND/OR FORMER EMPLOYEE**

A. Department of Health and Human Services – Public and Behavioral Health – Health Care Facilities Regulations

Pursuant to NRS 333.705, subsection 1, the division requests authority to contract with, Alan Croft and Alissa Elder, former employees to assist with mandated inspection requirements due to a critical labor shortage.

B. Department of Health and Human Services – Director's Office and Welfare and Supportive Services

Pursuant to NRS 333.705, subsection 1, the Department of Health and Human Services Director's Office and Welfare and Supportive Services division requests authority to contract with Sarah Honeycutt, a recent graduate and current employee of the University of Nevada, Reno to conduct econometric and statistical analysis on human service caseloads.

Governor: We will move on to agenda item number 5, which is Authorization to Contract with a Current and/or Former Employee. Mr. Wells.

Clerk: Thank you, Governor. Item 5 includes two requests to contract with current and/or former employees pursuant to NRS 333.705, Subsection 1. The first request is from the Department of Health and Human Services (DHHS), Division of Public and Behavioral Health (DPBH) to contract with two former state employees to assist with the Agency's mandated inspection requirements. The contractors will work an average of 24 hours per week and the contracts are for the period of September 19, 2016 to September 18, 2017, at a proposed rate of \$33.39 per hour.

The second request is from the DHHS to contract with a recent graduate and current employee of the University of Nevada, Reno (UNR) to conduct econometric and statistical analysis on Human Services' caseloads. The contract is for 20 hours per week and the contract period is from September 14, 2016 through September 13, 2017, at a proposed rate of \$23.49 per hour. This contract will not conflict with the employee's duties at the University.

There are representatives from the Departments available if there are any questions from the Board.

Governor: I have no questions. It's pretty straightforward. Madam Secretary, do you have any questions?

Secretary of State: Yes, I do.

Governor: Okay, please proceed.

Secretary of State: Thank you. I'm curious as to, you say that they already have a current job and they are former employees of where they're going to be and then so they'll have retirement plus they have a job and plus they have this? Do I understand this correctly? I'm just trying to figure out how many layers there are. This does not make sense to me.

Clerk: Madam Secretary, the first two individuals for the DPBH are retirees. The second one is a current UNR employee who is also working in this job and Ms. Crecelius is here from the Department of Health and Human Services if you would like further clarification.

Secretary of State: The UNR employee is still employed, has not been retired, but wants to be, or did they previous work for this agency and they want to come back, that is what I am trying to clarify.

Ellen Crecelius: Good morning. This is Ellen Crecelius, Deputy Director for Fiscal Services at DHHS. For the employee of UNR, is a recent graduate student. She just graduated in May. She is looking for full-time employment. She has a part-time job at UNR that ranges between 10-15 hours a week, so this is a second part-time job that she'll be taking on. Her hope is to transition into full-time employment with the State and then she would obviously resign the UNR position. Her goal is to receive a full-time job eventually.

Secretary of State: Okay, that helps a lot, that explanation. Then the other two are both retired from the state system but we're bringing them back in because we say there's a critical shortage for this position, correct?

Ellen Crecelius: Paul Shubert is in Las Vegas and he can respond to this one.

Paul Shubert: That is correct, Madam Secretary. Both of them were highly qualified individuals and both have actually left state service. We essentially need them to come back and continue working to inspect health facilities.

Secretary of State: And you're doing that temporary—through a temporary agency?

Paul Shubert: Yes, that is correct.

Secretary of State: Between them and the agency, what is the salary?

Paul Shubert: I don't know exactly but I believe it was stated initially.

Secretary of State: I thought you were stating just the student, but if I can just—

Clerk: Madam Secretary, these two former employees are scheduled to make \$33.39 per hour.

Secretary of State: Okay. And what portion does the Agency get that hires them or that we work through?

Clerk: That would be dependent on the contract. That is inclusive of the contractor's rate.

Secretary of State: Okay. All right, thank you, Governor.

Governor: Thank you Madam Secretary. And if I may follow-up, are these folks going to be training individuals so there won't be a critical labor shortage?

Paul Shubert: If I may respond Governor. Yes, the two individuals that would be coming back to work for DPBH are, as I indicated, highly qualified individuals that could be training others as we begin to bring them on. We've got a shortage of actually 19 full-time equivalents (FTE) right now and that deficit is perhaps almost half of our staff that we require to actually get all the health facilities inspected. These individuals could and would be training others as we hire them, yes.

Governor: Do you have a hiring strategy to fill those vacancies?

Paul Shubert: Yes, we do. It's a struggle for us, especially with Registered Nurses. We have strategized at least how to fill the vacancies and in some cases, we've actually converted some positions from nursing positions to generalists' positions just so we could fill the positions and actually have people that are available to actually go out and do the inspections. In other cases, we've worked within our abilities to enhance the offers that we make, not monetarily obviously but at least through allowing flexible hours and out-stationing of employees and things like that that are more amenable to them.

Governor: Thank you very much. Any other questions? If there are none, the Chair will accept a motion to authorize the specified agencies to contract with current and/or former employees as presented in agenda item number 5.

Attorney General: I move to approve.

Governor: Attorney General has moved for approval, is there a second?

Secretary of State: I'll second.

Governor: Secretary of State has seconded the motion, question or discussion on the motion? The motion passed unanimously.

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

***6. FOR POSSIBLE ACTION – AUTHORIZATION TO CONTRACT WITH A CURRENT AND/OR FORMER EMPLOYEE**

A. Department of Corrections

Pursuant to NRS 333.705, subsection 4, the Department of Corrections seeks a favorable recommendation regarding the Agency's determination to use the emergency provision to contract with Carla Watson, a former Budget Analyst 5 from August 1, 2016 to September 11, 2016, to provide capacity and ensure adequate budget preparations.

Governor: We will move on to agenda item number 6, another authorization to contract with a current and/or former employee by Department of Corrections. Mr. Wells.

Clerk: Thank you, Governor. 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 four months and the head of the using Agency determines that an emergency exists. If a using Agency contracts with an individual pursuant to this exception, they must submit a copy of the contract and a description of the emergency to the Board of Examiners who shall review the contract and the description of the emergency and notify the agency whether or not they would have approved the contract had it not been entered into under the emergency provision. Item number 6 includes one request from the Department of Corrections seeking a favorable recommendation from the Board on their use of the emergency provisions to contract with a former employee to assist with the preparation of the Department's Agency budget due to capacity issues created by a recent retirement. The Department contracted with a former employee from August 1 to September 11, at a rate of \$35.00 per hour. Representatives from the department are available to answer any questions the Board may have.

Governor: Thank you, Mr. Wells. We have to find that there was an emergency and I would assume then that the emergency was that the Department found it short of essential fiscal staffing during the critical phase of completing the FY '18-'19 Agency request budget. I'm satisfied but if there are questions by Board Members, now would be the time. Any questions?

Secretary of State: I'm fine Governor.

Governor: All right. If there are no questions, the Chair will accept a motion to approve the authorization to contract with a former employee of the Department of Corrections as presented in agenda item number 6.

Attorney General: Move to approve.

Governor: Attorney General has moved for approval, is there a second?

Secretary of State: I'll second it, Governor.

Governor: Secretary of State has seconded the motion, question or discussion on the motion? The motion passed unanimously.

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

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

A. Department of Health and Human Services – Child and Family Services

The division is requesting Board of Examiners' approval of the following provider agreement forms to enable them to enter into an agreement for the service of:

1. Drug and Alcohol Testing Services
2. Psychiatric Services to include psychiatric assessments, medication evaluations and follow-up appointments for youth and adolescents in the care of Child and Family Services
3. Medication Management, Psychiatric and Psychological Evaluations

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

The division is requesting Board of Examiners' approval to add the following services to the provider agreement form to enable them to enter into an agreement for the service of:

1. Substance Abuse Treatment Program

Governor: We will move on to agenda item number 7, authorization to approve a provider agreement. Mr. Wells.

Clerk: Thank you, Governor. Item 7 includes four requests from the Department of Health and Human Services for the Board to approve amendments to existing provider agreements. The first request is from the Division of Child and Family Services (DCFS) to amend their provider agreement for drug and alcohol testing services to add a service for the third-party observed collection of specimens. The second request is also from the DCFS to amend their provider agreement for psychiatric services to allow for referrals outside of the mobile crisis response team and to increase the hourly rate from \$135.00 to \$150.00 per hour. The third request is also from the DCFS to amend their provider agreement for medication management, psychiatric and psychological evaluations to include the youth at the Caliente Youth Center. The fourth request is from the DPBH to amend their provider agreement for licensed professionals to include licensed substance abuse treatment program providers. There are representatives from the Divisions if there are any questions from the Board.

Governor: Thank you, Mr. Wells. Mr. Armstrong, I didn't have any questions but since you're here, I guess that's fair warning to everybody. Is there any presentation that you'd like to make Mr. Armstrong? And I see Ms. Phinney as well.

Ross Armstrong: It was my understanding that we had maybe some questions from the Secretary of State. I had no presentation other than I'm here to answer any questions that you might have.

Governor: All right. Madam Secretary, did you have questions?

Secretary of State: I did, thank you, Governor. I was wondering if this goes out to bid and if you could tell me a little bit about the process for selecting your vendors. If you have a list, I would probably assume that it's a very short list?

Ross Armstrong: Right. With the provider agreements, the idea of having a provider agreement is for, again, this is Ross Armstrong, Deputy Administrator with DCFS, is to create for our agency a pool of providers for specific services. In that sense, they don't go out to bid and we don't really choose one vendor over the other. We have provider agreements for psychiatric services, we may have five or six psychiatrists under that one provider agreement and then it becomes a matter of matching up the need of the agency with the providers on our list. All of our provider agreements are published on our website. Mental health and children's mental health have different consortia in different areas and so when there is a new provider agreement available, they will let those members know. It just really creates for us a pool, where we can access services based on the needs of the kids we serve.

Secretary of State: Okay, that satisfies me. Thank you very much for letting me ask those questions. If there's something else that you have to add, please go ahead. I think somebody else came up to the table, but I appreciate finding out a little more about this, thank you.

Cody Phinney: Cody Phinney for the record. I would only add that this does allow both divisions to have an excellent vehicle to access specialized behavioral health services when necessary, in a manner that we can quickly serve clients and make sure people are getting the services they need. Thank you very much for letting me add that.

Secretary of State: No, I appreciate it. Again, my concern was just knowing that we are limited to the services provided in Nevada. I was just curious as to how you went out and looked for the service provider. I appreciate your responses. Thank you, Governor.

Governor: Thank you Madam Secretary. I appreciate your questions. As you know, we started doing this because in many instances we had individuals that needed services and historically sometimes they had to go through this Board of Examiners' process and it would take more than a month to approve a contract when somebody needs those services right away. This really is, as Ms. Phinney said, very efficient and allows those services to be provided to the individuals immediately. It works extremely well.

Secretary of State: Is there a way Governor we could see a list of who they have or does it change all the time, the providers that they use? Does it change?

Governor: Mr. Armstrong.

Ross Armstrong: Ross Armstrong with DCFS. We can certainly provide you a list of our current providers. One of the additional advantages of the service provider agreement is we're not necessarily shackled to one provider for a long time. If a new provider comes on board, then they can be added to our list very quickly and we can use that. We can certainly get you a list of who we currently have as our providers for DCFS.

Secretary of State: Okay. Thank you. Thank you, Governor.

Governor: Thank you. If there are no further questions, the Chair will accept a motion to approve the provider agreements presented in agenda item number 7.

Attorney General: Move to approve.

Governor: Attorney General has moved for approval, is there a second?

Secretary of State: I'll second it, Governor.

Governor: Second by the Secretary of State, any questions or discussion on the motion? The motion passed unanimously.

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

***8. FOR POSSIBLE ACTION – VICTIMS OF CRIME FISCAL YEAR 2016 4TH QUARTER REPORT AND FISCAL YEAR 2017 1ST QUARTER RECOMMENDATION**

Pursuant to NRS 217.260, the Board of Examiners estimates available revenue and anticipated claim costs each quarter. If revenues are insufficient to pay anticipated claims, the statute directs a proportional decrease in claim payments.

The fourth quarter fiscal year 2016 Victims of Crime Program report states all approved claims were resolved totaling \$2,667,472.08 with \$1,093,981.41 paid out of the Victims of Crime Program account and \$1,573,490.67 resolved through vendor fee adjustments and cost containment policies.

The program anticipates future reserves at \$12 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 first quarter of fiscal 2017.

Governor: Mr. Wells, agenda item number 8.

Clerk: Thank you, Governor. Pursuant to NRS 217.260, the Board of Examiners is required to estimate the available revenue and anticipated claims costs for the State Victims of Crime Program. This item includes a report on the claims paid in the fourth quarter of Fiscal Year 2016 and a recommendation to pay Priority 1, 2 and 3 Claims at 100% for the first quarter of Fiscal Year 2017. The Program anticipates having a reserve at the end of fiscal year 2017 of approximately \$12 million, after covering all expenses and including a 45-day operating reserve. Ms. Salazar was here earlier.

Governor: Ms. Salazar, may I ask you a question? Ms. Salazar, are you still present in Las Vegas?

Secretary of State: No.

Governor: That was an awkward pause, wasn't it?

Secretary of State: I was waiting for somebody to come forward but nobody did.

Governor: Anyway, just for the record. \$12 million is great, I just don't know, perhaps at a future meeting—? Obviously, it is all dependent upon the claims that come in and the payments that are made but do we keep increasing that balance, is it indefinite? I was curious about that because I don't recall the balance being that high before.

Clerk: The balance has been growing slightly throughout this fiscal year. I believe that coming into fiscal year 2017, there is about \$14.7 million, so they are anticipating that the balance will decrease throughout fiscal year 2017. Between the revenues that come in from the grant program as well as the good job the program has done managing its claims expenses, it does appear at this point that ongoing finances of the Victims of Crime Program are very strong.

Governor: That's great news. All right, Board Members, any questions with regard to agenda item number 8?

Secretary of State: None.

Governor: Do I need to take a motion to approve that, Mr. Wells, or is that just an informational item?

Clerk: Governor, this is an action item to approve the claim payments for the first quarter.

Governor: All right. The Chair will accept a motion to approve the claim payments presented in agenda item number 8 for the Victims of Crime Fund.

Attorney General: Move to approve.

Governor: Attorney General has moved for approval.

Secretary of State: Second.

Governor: The Secretary of State has seconded the motion. Any questions or discussion on the motion? The motion passed unanimously.

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

***9. FOR POSSIBLE ACTION – LEASES ([Attached as Exhibit 1](#))**

Governor: We will move on to agenda item number 9, Leases. Mr. Wells.

Clerk: Thank you Governor. There are six leases in Exhibit 1 for approval by the Board this morning. Lease number 2 is contingent upon approval of the Interim Finance Committee of a Work Program at their next meeting in October. Members have requested additional information on Lease number 1 for the Department of Business and Industry.

Governor: We have representatives here? Mr. Breslow. This is a big day so that's why I asked you to come forward Director Breslow. Describe for everyone what's happening with regard to this lease.

Bruce Breslow: Thank you Governor and Members of the Board of Examiners. My name is Bruce Breslow, Director of Business and Industry. We have had about a two and a half year journey to get to today. It's an opportunity to combine ten of our state agencies, plus the Director's Office, plus Consumer Affairs, into a one-stop-shop for small business and for business in general in Las Vegas. Offices were scattered all around the Valley, which was very hard to manage. The plan, as you outlined in your State of the State last time went to the Legislature. They approved \$2.25 a foot in our budget for building a solution that the end of journey came up with is about a \$1.91 a square foot. It's well within the approved budget of the agency, as well as the money for the move and things. This will allow us to not only have a better experience for the customer but also close the Bradley Building, which I know Public Works has been very concerned that it would even last another month. We have some emergency plans in case the systems finally give out in that building. This has been a long road to get to here and we have answers to questions and whatever you'd like.

Governor: Thank you Director Breslow. If you would go into a little more detail as to the location, if I am a customer what that means to me with the consolidation of all those agencies.

Bruce Breslow: If you're a business customer, Governor, again Bruce Breslow for the record, you may have dealings with financial institutions in the morning and then have something over at Mortgage Lending or you might have something with Real Estate and then have to go visit the Housing Division and they're all over the Valley. What it means to the citizen is, they can come to one place because of the size of the building, which is located at 3300 West Sahara, if I have the address correct. It's a lot closer to the business community, easy access from freeways and the system.

It also allows for the employees and the visitors a parking garage, which means a lot more in Las Vegas than it does here. There is direct access from the parking garage. It improves safety as well for those agencies. It gives air conditioning to some agencies that haven't had reliable air conditioning in Las Vegas for some time. We'll improve systems. It's not a new building but Wells Fargo took good care of it for many years. It was a call center so it has a lot of the wiring that is necessary.

It also allows us to consolidate hearing rooms so every agency doesn't have to have their own hearing room. It allows us to do business service programs for the business community. We hired Marcel Schaefer as our other Deputy Director. He has been chomping at the bit to have a room where he can start doing some programs to help businesses work on their business plans to help them grow and access to capital. They will also bring in other groups that provide business services into a central location where we can do programming out of that. Also, it provides a training room which none of us had at Business and Industry. That same room, it is a multipurpose facility, will also allow the community to come and use it for video conferencing and uplink meetings to the internet. It's another opportunity for us to be able to share technology and upgraded technology as well for Business and Industry. The only agency that originally was planned to move that is not is Industrial Relations. It would've been a rent decrease for them. They're in a very solid building in Henderson and their lease had already expired. The owner was putting a lot of pressure on them to re-sign. The timing wasn't

working out, plus this building wouldn't have fit them. We would've had to pick up a piece of another building next to it, so the thought was to leave them where they are.

The lease is a five-year least but after three years there is an out for the State if the State should choose to move in another direction with a new building of some sort.

Governor: My last question, will it be at capacity or is there room for growth after the move is complete.

Bruce Breslow: My Deputy Director, Terry Reynolds has worked very hard on this. I would like him to be able to have a chance, so go ahead.

Terry Reynolds: Terry Reynolds, Deputy Director for the Department of Business and Industry. On the fourth floor, yes there is. We have an additional approximately 10,000 square feet to be able to move into for additional space. Overall, it is about 64,000 square feet. That equates to about 297 square feet per person. When you take out the common space area; elevators, stairwells, hallways, it's about 240 square feet. It's a very efficient use of the building. We did plan for expansion of employees that we know are budgeted. We also looked at possible scenarios of agencies being consolidated or adding to and bringing in another agency to that area. The landlord has allowed us to not rent space but keep that additional space adjacent to where we could go. We have planned for that eventuality and I think it really fits us well.

Governor: I have no further questions. I just wanted to complement you. I know this has been a long journey. There have been a lot of different locations discussed. There have been budget issues, all those things. At the end of the day, I think it's a fantastic location. It's a good idea to consolidate all these agencies for the benefit of our constituents and the business community, the access and for the employees, as you say, to have that covered parking on a 115 degree day makes a big difference. And, to bring it in significantly under budget is remarkable. I wanted to personally thank you for how hard you worked on this. I look forward to visiting. Questions from other Board Members?

Secretary of State: Not a question Governor, but just wanted to thank the Director. The Secretary of State's office looks forward to working with you on the business services—continue working I should say, thank you Director. I also agree with what the Governor's comments were because parking and shade in Las Vegas is a rare commodity. I commend you on that. It is easy access in and out. There are other businesses in there so I agree with you.

If I might, I'm just curious because that one I had down as a four-year lease and then number 2 was a 10 year lease on the Berger Family Trust one. I just wondered the difference of the years, why there was such a long period, the 10 years. I know it probably has to do with the guarantees of what the footage would be.

Terry Reynolds: Terry Reynolds, Deputy Director for the Department of Business and Industry. The answer to the Las Vegas lease and the term of that was we were looking at trying to keep it a relative short-term in case we were looking at the prospect in the future of building a building or moving into a new building. We wanted to keep the flexibility to be able to do that. I'm sure the landlord would have loved to have had a longer lease with us but we were successful in having some major tenant improvements included in the \$1.91/square foot and being able to have a five-year lease and the flexibility to look at another location after three years if a building was being built for us. That's the answer to that question. We can go through the next one.

The ten-year lease is a newer building in Carson City. We are on the bottom floor of that. The top floor became available. Housing has had, really a substandard building for years and so, with the expansion of our Consumer Affairs Unit in the North, our IT functions, and Housing, being able to provide them decent facilities, we went with a longer lease.

Bruce Breslow: Bruce Breslow for the record. I just want to make sure we're talking about the right agenda item at the right time. I would like to elaborate further but should we wait for the next one?

Governor: No, you're fine. It's the next lease in this agenda.

Bruce Breslow: Sorry Terry. The landlord was insisting on a much longer lease in the Carson City building. There are very few opportunities in Carson City, in working with Public Works. The first lease Public Works brought us was \$0.20 higher than this. I want to thank Chris Chimits at Public Works for stepping in and working hard to try to bring this landlord to a price that the Housing Division and the Department of Business and Industry could afford. It was Leasing's ultimate proposal to us that it was a 10-year lease. We had looked into five-year options. It is a good building and has good bones and the Housing Division currently is not in an ADA accessible building. You can go down—there's a map that they can hand out on how to reach the restroom. You go down 11 corridors, I think, or seven corridors to get to a restroom. It's almost impossible in a wheelchair. It is not set up; it does not have insulation in their current building at all. It's just the concrete blocks on the outside. It's the same as the concrete blocks on the inside. Their lease where they are now was negotiated during the recession. It was much lower then because of that. It's an opportunity for Housing and all of the new programs that they've developed and all the growth that they've had to be able to have their own customers come and be properly served in a building.

Secretary of State: Okay. I guess, Mr. Wells, if I could ask you, did the Budget Office review those contracts before they were signed? Did you get an opportunity to review them?

Clerk: Leases are reviewed by the Buildings and Grounds, the Leasing Services Unit in Buildings and Grounds. Then the lease would be included in their Agency budget request. The Work Program that is going forward to IFC that is for the Housing Division to pay for the leasing in fiscal year 2017, we did review that Work Program and send it forward.

Secretary of State: Thank you. Thank you, Governor.

Governor: Do you have anything further, Director Breslow?

Bruce Breslow: I just asked CJ Manthe from the Housing Division to come up in case you had any specific questions about the difference between the space where she is now and what she can provide to the public later.

Governor: Did you need further information Madam Secretary? Ms. Manthe's agency will be the tenant.

Secretary of State: No Governor.

Governor: Okay, I guess we're good. All right, Board Members, any other questions with regard to the leases included in agenda item number 9. If there are none, the Chair will accept a motion for approval.

Attorney General: Move to approve.

Governor: Attorney General has moved to approve the leases as presented in agenda item number 9, is there a second?

Secretary of State: I'll second.

Governor: Secretary of State has seconded the motion, any questions or discussion on the motion? The motion passed unanimously.

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

***10. FOR POSSIBLE ACTION – CONTRACTS ([Attached as Exhibit 2](#))**

Governor: We will move on to agenda item number 10, Contracts.

Clerk: Thank you, Governor, there are 39 contracts listed in Exhibit 2 for approval by the Board this morning. Contract 7 relates to Contract 10 under agenda item 12 which is the information contracts. Contract 37 relates to Contract 26, also under agenda item 12, the information contracts. Members have requested additional information on the following:

Contract 2, between the Governor's Office of Economic Development and MPR, Inc., doing business as The Glenn Group. Contract 4, between the Department of Education and Data Recognition Corporation. Contract 9 between the Department of Health and Human Services, Aging and Disability Services Division and Optum RX Administrative Services, LLC. Contract 11, between the Healthcare, Financing and Policy and Public and Behavioral Health Divisions of the Department of Health and Human Services. Contract 17, between the Department of Health and Human Services, Welfare and Supportive Services Division and Deloitte Consulting. Contracts 22-30 between the Department of Agriculture Commodity Food Program and nine national school lunch program commodity food providers. Contract 31 between the Department of Public Safety, Criminal History Repository and Scott W. Norberg doing business as Norsoft Consulting. Contract 38 between the Board of Dental Examiners and Morris, Polich and Purdy.

Governor: Thank you, Mr. Wells. We'll begin with Contract 2, GOED. Good morning Mr. Hunt.

Cory Hunt: Good morning Governor. Governor, Members of the Board, my name is Cory Hunt, I'm the Northern Regional Director of the Governor's Office of Economic Development (GOED). Our contract before you today, I don't have a specific presentation on it, but it is for a new contract with our new marketing firm. The Glenn Group, dba, MPR, Inc. They will be providing general marketing services for our office including management and design of our website, our social media services, videos, outreach, posters and materials for trade missions and a number of other marketing materials that we would expect. Our current contract with our previous provider actually expired earlier this summer. This is a new contract that we've signed with the Glenn Group.

Governor: Thank you, Mr. Hunt. Madam Secretary, you asked for this contract to be heard. Do you have any further questions?

Secretary of State: No, Mr. Hunt, I just wanted to find out why it was a new firm, he explained that and what they were going to do and you've explained that for me. Those were my questions, thank you.

Governor: Thank you, Mr. Hunt.

Cory Hunt: Thank you, Governor. Thank you, Secretary.

Governor: Let's move to Contract 4 which is the Department of Education and Data Recognition Corporation. Dr. Canavero, good morning.

Steve Canavero: Good morning.

Governor: I had asked for this to be held. Is this the same company that we're having issues with?

Steve Canavero: Steve Canavero, Superintendent Public Instruction, Nevada Department of Education (DOE). Governor, General Laxalt, Madam Secretary and staff, good morning. Yes, Data Recognition Corporation (DRC) is a contract that we approved here, August of 2015 to take over our assessment system for five years, we had the contract. The issue, the breach of contract is what I believe you're referencing. Although somewhat unrelated, largely unrelated to this particular amendment, indeed DRC is presently and we are working with DRC productively in conversation to cure the breach right now.

Governor: I hope you can appreciate my struggle here, to approve more money for a company that's currently in breach. If you could go into a little more detail with regard to the distinction between what we're approving today and what the nature of the breach is.

Steven Canavero: Certainly. Today what you're approving is an increase in the contract, an amendment to the contract that increases, based upon a change in the scope of work, to deliver the End of Course Assessments. In particular, we're seeking to be responsive to the field by adding additional End of Course exams that don't traditionally fall into what we would call Algebra I or Geometry in this case, but are more integrated. We have a number of districts who utilize an integrated math series where it's hard to differentiate algebra from geometry. They're integrated together. We developed an integrated math end of course exam. That is one of the aspects of the change in this particular scope to be responsive to.

In addition to that, we've asked for standard setting support from DRC, our vendor, to provide additional support to the State as we set standards. Meaning, at what score does a student need to achieve in order to be counted as proficient or above? As you can imagine, it may sound easy but it's incredibly complex work and requires sort of a deep bench of folks who can run the psychometric analysis to generate those particular scores.

The nature of the breach is a bit different. This is unfortunately the second breach that I've been engaged in related to assessments. The first of which was, in my opinion, very different than the one we're engaged in right now. The first breach of contract with the prior vendor was really fundamentally based upon the lack of the vendor's ability to deliver the assessment. Here it's very different. The assessment this year went incredibly smoothly. We have all of the assessments, the assessment results are in a data file. We see the results. They're valid, they're reliable. We know they're there.

The nature of this breach, however, is a disagreement between the State and our vendor as to when families and students would receive their individual score reports. We believe, the State contends, August 1 is the date by which we agreed our students and their families would receive the score reports. Meaning, a piece of papers that says, for my daughter, Julia Canavero, scored here or scored there based upon the Smarter Assessment. That's the nature of the dispute, it's one around timing. When DRC—really from July to mid-August, when I began to see that the relationship and the communication was unproductive and the timelines that we were receiving back from DRC were unacceptable, quite frankly, to me. Not even around the August timeline but more in the November timeline is when we engaged and asked Deputy Attorney General (DAG) Ott here and through DAG Ott's office for some assistance in exploring what our options might be in order to command the attention that quite frankly, I believe we deserve. That is when we pursued the Notice of Breach on August 16. I'm happy to report at this time, since the Notice of Breach, the conversations have been very productive. Right now, we believe we have prioritized the assessment for our 3-8 grade students first, our Smarter Balanced assessment results. We believe that those will be delivered in the latter part of September, as opposed to November. We've expedited some timelines, worked with other vendors to work with timelines. DRC has been responsive and has moved and adjusted their timelines in order to accommodate what we believe to be an acceptable end out of this particular breach.

That is the nature of the breach that we are dealing with. It is one around timelines and dispute about when I believe it is in the contract that we would receive, our students and families would receive a score report, versus when they had planned on delivering them.

Governor: Thank you Dr. Canavero. I don't want to get too far into this because we are—I don't think we're in litigation, but at least we are in discussions. Once we get over this hump, will there be certainty as to the timeline when the results of this testing are going to be provided to the State. In other words, August 1 means August 1.

Steve Canavero: Steve Canavero again. That's why I asked Deputy Attorney General Ott here. He's empowered to step on my toes if I say anything that's out of line. I believe that we need to codify the timeline that's abundantly clear for everyone, in the contracts. We would be seeking an amendment to the contract that contains the deliverable and timelines that we believe were clear, that they do not.

Governor: You've anticipated my next question because I won't—I understand the nature of the complexities of these tests, but I don't want to approve an expansion and an extension if it still gives them an out to produce the results after August 1. In other words, this expansion or what this contract does has to have a condition within it that the results of this new math assessment will be presented on or before August 1.

Steve Canavero: Steve Canavero. I don't know if this exactly answers the question, there were three aspects to the breach, all of them related to timelines and deliverables of the assessment results. That's why I said, largely unrelated. The end of course exams cannot be scored. They can be scored but they cannot be reported upon until the standard setting is complete. That is part of our resolution to the breach, the cure of the breach.

Governor: I have it here, we're paying these folks \$51 million. Given what happened before, I've got a very high threshold, or I guess low threshold in terms of performance standards. I don't want to have to go through all this again. I'm going to have to take it on faith from you that we are going to get those results sooner than what they said. And that in the future, that those results will be provided in the timeline stated and that there is no question as to what the expectations are.

Steve Canavero: Steve Canavero. Governor, I share your low threshold. In many of the conversations when we were deciding what avenue to pursue, I think at one point, probably in frustration said that the vendor is here to serve our priorities. We pay them to provide a service. If we're not getting that service and it's a contractual dispute, then we should leverage every available option that we have on the table to remedy the situation.

Governor: You're the expert. What good is it to those kids who are entering a new grade if the school doesn't know where they are when they enter?

Steve Canavero: Steve Canavero. Precisely, that is why August 1 is a timeline that we agreed to, that we thought would serve the families and the educational system to make decisions based upon those assessments entering into the new school year. I don't know if it gives you any more confidence, but we will continue to pursue this and resolve the matter to issue the information to the field under this particular cure as timely as possible. We seek to amend the contract or add an appendix or incorporate a timetable into the contract, that we can agree upon that establishes absolutely, undeniably clear benchmarks and timetables and deliverables around individual score reports that are presently under dispute right now. We will seek August as the timeline, not November.

Governor: I'm not the lawyer here, but it's similar to some of the construction contracts that we have. There should be a penalty phase for each day that they don't produce. As I said, we've been up here and we've had that first issue and now we have this one. I'm not clear that going forward, it doesn't sound like they have agreed that they can produce this before the school year starts.

For example, you know in Washoe County school starts the first week of August. They need, the administration, the teachers, need those scores as kids enter into their respective grades more than a week in advance. I don't know if you have any other comment.

Steve Canavero: Steve Canavero. I'll just finally say, yes, absolutely. They need the score reports. We thought we baked it in to get the score reports out. What we have done is we started to work on every chain of events that needs to be true in order to deliver by August. Some of that even includes staggering the score reports based upon first start, first out score reports and then staggering them thereabout so that they have the information in their hands.

I love the idea of a penalty phase. I've took that down.

Governor: It's a liquidated damages clause in there.

Steve Canavero: I'm sure Deputy Attorney General Ott has also taken that note as well. I do feel confident that we can get there. I do. I feel confident that Nevada is a priority for the DRC. I would not have said this three months ago but I feel they've been responsive to our concern. I feel like there is a path forward here. We will certainly see to make that path absolutely clear about which stones need to be in place by when in order for us to continue this relationship.

Governor: My other concern is this, I can't imagine there are that many entities that provide this service out there and we're on number two. I don't even know if there is a number three. It kind of puts us in a difficult spot, but at the same time, we are spending \$51 million over a course of time and have expectations. We have invested in education and it frankly gets these kids back because the teachers and the administration don't know where they are when they enter. I do not mean to lecture, I know that we are on the same page here.

As I said, this is a hard one for me to approve, but I will support this with the understanding that we're going to have some very firm guidelines and requirements that are in the contract so that everyone knows what the consequences are if they don't perform.

Secretary of State: Governor.

Governor: Madam Secretary.

Secretary of State: Thank you. This is really sad for me. I've been involved for the last 20 years in education and this is the same issue that we've had, trying to get the information to the parents and teachers of the students of what their scores are. It's hard for me to believe that we don't have a company or we don't have a vendor that's able to do that process. At least it's better in the fall than it used to be in the spring. I guess we've made a little movement. I echo your sentiments and thank you for your work and Dr. Canavero's work in trying to get this improved.

Governor: Any other questions or comments? All right. Go get them Mr. Ott.

Steven Canavero: Thank you sir.

Governor: Thank you. We'll move to Contract 9. Madam Secretary, you had asked for this contract to be held.

Secretary of State: Yes. Governor, my question was, I just wanted to make sure that the program itself is working and if somebody could give me kind of an idea of how it's going if we're on the right track, if we've had any issues. Just a little bit of an update would be wonderful because as you know, we give an awful lot of money not only state but federal dollars to some of these programs but we never really get the updates on how they're doing, how they've been doing? Is the program working? Are we servicing the people? Are they getting their needs met?

Julie Kotchevar: Good morning, this is Julie Kotchevar, Deputy Administrator, Aging and Disability Services Division. This contract is for our Senior Disability RX Program, which provides pharmaceutical assistance for people who fall in the Medicare Part D Gap Coverage. When they fall into the Medicare Part D Gap, then we provide coverage so they're not paying for the meds out of pocket until such a time as they can go back to Medicare Part D, as part of their catastrophic coverage.

Currently and we do actually provide a status report to the Interim Finance Committee quarterly, there are 5,900 people on our Senior Disability RX Program. We do not have a wait list for this program and have not had for a number of years. All of the 5,900 seniors and people with disabilities are receiving service in the months they fall into the gap. Were there any specific questions?

Secretary of State: No, I just wanted an update. If you provide something, you said to the Interim Finance Committee?

Julie Kotchevar: Yes, we provide a quarterly report of the number of people that we serve the utilization and the amount of funding spent each quarter.

Secretary of State: Would there be an issue with me receiving that as well? I don't know if my colleagues would also like that, but I would really like to see this part, the program that you're talking about but also the report that you provide.

Julie Kotchevar: We'd be happy to add you to the distribution list.

Secretary of State: Thank you. Thank you, Governor. That's what I wanted.

Governor: Thank you Madam Secretary. You prompted a question for me. Do we keep track of how far the money goes? In other words, have increases in the cost of prescription drugs, essentially inflation, had an effect on how far the money goes?

Julie Kotchevar: Again, this is Julie Kotchevar for the record. Yes, the cost of medicine has significantly impacted this program. We used to have our much beloved Senior Disability RX Dental Program that we could no longer maintain because the cost of medicine increased. Probably the largest hit would be the insulin pens. That significantly increased the cost of insulin and made people fall into the gap much sooner in the year than they would have. Some people wouldn't have fallen in at all and then went in very early because of the significant increase in the cost of insulin. Our largest prescribed medications are insulin, things for Chronic Obstructive Pulmonary Disease (COPD) and heart disease. Those tended to be the three highest medicines that had a significant increase in cost. We used to not fully expend the amount of money allocated and now we spend every single dime. If costs were to increase, it would be possible in the future that we would have a wait list. This would be very challenging for consumers but we keep a close eye on that to see what the utilization, what the cost of medicine is. It was on the decline for many years and then in the last probably four years has increased each year.

Governor: Do you have a percentage of that increase?

Julie Kotchevar: We can get you that. It's very specific. We had one heart medicine increase 800%. It used to be less than a dollar and now it's over \$8.00 a pill. It's very specific per the medication but we can get you some of that.

Governor: I'd like to have that. Thank you. Any other questions from Board Members on agenda item number 9? Thank you. We will move to agenda item number 11, which is DHHS and the Nevada Check-Up Program. Good morning. A little bit of foreshadowing on what my question was going to be for this one because it was the same thing, it's a significant amount of money and I'm curious how many children we're inoculating and if the costs of those inoculations have increased over time.

Marta Jensen: Marta Jensen, acting Administrator for the Division of Healthcare, Financing, and Policy. With me, I've also got Beth Handler who is the Bureau Chief, DPBH. The increases have occurred for several reasons. From the transfer perspective, the FMAP increased when the program started in 2014. It was right around 74%, it's now around 98%. That's a large increase. We've also seen an increase, while not huge, of about 3,500 kids over the last two years, the total population of Nevada Check-Up. Their average age is between 11 and 18 and that tends to have a higher expense for those vaccines. We've added a couple of extra vaccines and then as of, I believe it's June of 2016, all of the vaccine prices went up. That also contributes.

Governor: It's a good thing if there are more kids that are participating. What was the increase in the vaccines, was it significant? The cost?

Beth Handler: Beth Handler for the record, good morning. I cannot provide the exact percentage but it was across all of the vaccines. One of the biggest outliers though is with the addition of HPV,

Human Papilloma Virus, and the Meningitis B vaccines. Those are very expensive vaccines, even at federal rates. With the increased enrollment of 11 to 18 years old, accessing these specific vaccines, that's where a lot of our costs and our projected costs are playing into this contract.

Governor: We are able to serve everybody who participates, correct?

Beth Handler: Yes, correct.

Governor: Okay. That's all I have. Any other questions from Board Members on Contract 11? Thank you very much. We'll move to Contract 17 which is DHHS and Deloitte. Mr. Fisher, good morning.

Steve Fisher: Good morning Governor and Members of the Board. For the record, my name is Steve Fisher. I'm the Administrator for the Division of Welfare and Supportive Services (DWSS). What you have before you is a contract amendment. It's a contract between DWSS and Deloitte Consulting, who provides IT Services for the implementation of the Affordable Care Act. Going back to October 2013, that was the initial open enrollment for the Affordable Care Act. The DWSS is responsible for Medicaid enrollment. Over the last three years, I have to say that we have been very successful and continue to be successful in enrolling Nevadans into the Medicaid Program. We've gone from approximately 316,000 before the start of the Affordable Care Act to over 627,000 Nevadans in the program today.

We have over the last three years faced a few major issues along the way, however, with the strong partnership we have with Deloitte Consulting, we've overcome those issues. With that, I'd like to turn it over to Naomi Lewis, to specifically talk about this contract amendment, if I could, just some information about it.

Naomi Lewis: Good morning. For the record, my name is Naomi Lewis. I'm the Deputy Administrator for the DWSS. I am responsible for the programming field operations in the agency. Over the last few years, the agency has experienced some efficiencies and improvement in service delivery. One of the major components in that improvement is the technology initiatives that we've undertaken in the last few years.

This contract amendment asks to add a number of change requests to the scope of the contract. The addition to the technology improvements available to our staff to incorporate federally suggested changes and to improve the delivery of quality and timely benefits to our customers. Centers for Medicare/Medicaid Services (CMS), has approved this technology request at a design and development level of funding, which is 90/10, so 90% federal funding and 10% state funding.

One example of the change request that we're proposing in this contract amendment is to revise our system to allow for the suspension of Medicaid during periods of incarceration so that at the time an individual is released from incarceration, they have the Medicaid available to them immediately. Also to incorporate the system change that allows not only our system to provide that eligibility but Medicaid's system to recognize that eligibility. That was just one example.

The previously supported initiatives and these are important to the clients as the agency has been able to improve the average Medicaid processing time from 52 days to 8 days per application, which allows Nevadans to access services an average of 44 days sooner than they have historically. Food stamps, for example, we have 30 days to determine eligibility, but 30 days is a long time when you're waiting

on food, so we are currently processing an average of 14 days. 50% of the applications are processed in less than five days.

This contract amendment would allow the agency to continue to improve on those service deliveries to the citizens of Nevada. If you have any specific questions, we'd be happy to answer them.

Governor: Thank you, Ms. Lewis. Madam Secretary, you had asked for this contract to be held, do you have any further questions?

Secretary of State: No, I just wanted to know how it was working and I think she did a good job of explaining. I wanted to know the difference and I think she did a good job.

Governor: All right, thank you very much. Next are the Department of Agriculture, Commodity Food Program Contracts 22-30.

Donnell Barton: Good morning. Donnell Barton, Food Nutrition Division Administrator with the Department of Agriculture (DOA) and we have USDA Foods that we are converting into commodity products for the school districts. I have with me Catrina Peters who is our Nutrition Service Manager who ran that RFP Process. I'm going to turn it over to her to explain the process. Thank you.

Catrina Peters: Catrina Peters for the record. Just to briefly describe the process. This year we changed that process. We received word from USDA that our previous process wasn't in compliance with federal regulations so we altered that to be a competitive procurement process. We wrote specifications for items that districts expressed interest in and requested that we include in that process. We brought together a stakeholder group to get feedback on those product specifications. The contracts in front of you today were the items that we were able to award; due to lack of a bid or items not meeting district's taste requirements, we weren't able to award around 16 items and we went back out to bid on those.

Governor: Thank you. I don't know if there's really an answer to this but I hear it in my own household with regard to the food at the school. Is there anything that we can do because, my daughter is a junior high student, she, and none of her friends eat in the cafeteria because they say the food is so bad. We dutifully pack her lunch but obviously I talk to a lot of people and there's a consistent and ongoing concern about the food. I don't know what we can do. I think I saw a story, perhaps it was Edible Reno but they were having a fresh salad bar in Douglas County which I showed to my daughter and she said, dad I wish we had that. Is the proverbial chicken nuggets that the kids don't eat and those kinds of things, is there an effort to try to really, I don't know how you do it, but talk to groups of kids and ask them what they're willing to eat? It's not just that they don't eat it, but it's the amount of food that's thrown out. That worries me as well.

Catrina Peters: Catrina Peters, again, for the record. To address your concerns, it sounds like you have some concerns and I've heard some concerns about the quality of meals that are offered in the cafeteria. We have also heard those concerns. Specific to this process, we did bump up the nutritional requirements and wrote a more rigorous product specification to make those items a little more wholesome, whole grain rich. We specifically prohibited artificial colors and flavors in many of the items. We are coming at it from that angle, specific to this process. We've also undergone pretty extensive efforts to do training to improve the quality of meals served. Last year we received a \$63,000 grant from USDA to provide training to school districts. We train on a variety of topics. One thing we did was in five districts we hired a chef to go out and work with school meal staff onsite to

teach them how to make things from scratch and make things more appealing to kids. We did just receive word last week that we received a \$415,000 grant from USDA. We're one of 14 states selected, a very competitive grant, to continue those training efforts and go out and do more training on how to prepare meals from scratch.

A lot of the complaints we hear are about foods being really processed and that being unappealing. Really the only way to get around that is to look at scratch items and how we can get more fresh items on the tray. We really are doing the best we can to provide that training to districts to help them improve the program.

Last year we also did a school meal survey. We had 15,000 responses statewide and those results really pointed towards a request to have more fresh items. We've given each district the results of that survey and we'll be working with them over the coming year on how they can look at those survey results and improve their program.

Governor: That's good. I don't mean to personalize this, but I've had kids in elementary school and now middle school and high school for years and I've visited over 300 schools. I usually make an effort to go to the cafeteria and see what's happening. I always look in the trash can and it's full of food. It just breaks my heart because the kids aren't eating or they might eat a little bit and then there's so much food that's thrown out. You're the expert. I don't know if we survey other states and see what they're doing in those states. Obviously some of those states have more agriculture so they have more opportunities for the proverbial, for the so-called farm to table, whereas we don't. I know we're working on that as well. As I said, I have a 12-year-old who just started middle school. I asked her and her friends and try to do my own little surveys and they don't go in there because they said the food is—and I don't want to suggest that it's rotten, that it's not quality food, it just doesn't taste good to them. It isn't attractive to them. I appreciate your efforts. I am not being critical of you, I just want to make sure that we're making efforts to get that, more of that fresh food as I said. Their pallets are different and I feel like we're still trying to feed kids the same way we fed them in 1990, kids eat differently now. We've got to evolve along with that.

Madam Secretary, I know you're always interested in these types of issues.

Secretary of State: Oh yes. I'm not going to agree to your timeline because that would really date me, but when my kids were in elementary school we had the same issue. The food, the kids weren't eating from elementary, middle to high school. It was the same issue that we're talking about today, which really saddens my heart. It's the same thing, it's that food processing. A lot of parents are not compelled to give their children processed food. I know that's a huge issue.

I have to say, when I was in Carson, there is a billboard that directly says, two items—it has a picture of two meat items and says, do not feed these to our kids in public schools. They're processed meats. It's just disheartening that we're still struggling with this. I look at the amount of money that we are giving out in all of these contracts. I don't know, I have no idea what is processed. I know one of the items that I'm looking at, I know it is processed meat. It's just hard for me to listen to this again.

Governor, I know exactly what your kids are saying. I've got now grandkids in school and all six of them that go to preschool bring their own lunch, their parents pack their lunches. It is a concern. I don't understand why we're where we are still, after all these years. I heard that you said we weren't in compliance, I don't know what year or how long that was and then how long it took to get you in compliance, what that was, but I would like a little more compelling answer as to what that was. If we

need to do that off record, that's fine. This is still an area I have grave concerns. As a Legislator I did, and as a parent I did, and now as a grandparent. You were close in the date Governor.

Donnell Barton: This is Donnell Barton for the record. On the out of compliance, we were supposed to be doing a request for proposals and probably—when we moved in together in 2013, that's when we discovered we were doing a request for information so it was not a competitive process. We took the time to do the competitive process so that we're now in compliance with federal regulations. In the past, they had been doing what was called a request for information so a processor could put forward their information on the product and what they would charge and if a school district wanted to go with that product, then they could order it. Whereas this way, the school districts came in, did the taste testing. They agreed, they scored on which products were going to be selected and those will be the only ones they'll be able to purchase from. Unless they choose to go out and purchase food commercially.

Secretary of State: We're still not really looking or addressing the quality of food that's given to the kids. This is kind of like more paper-pushing.

Catrina Peters: Catrina Peters for the record. In the process that Donell described that we were utilizing previously, any processor that USDA had blessed, if a district wanted to purchase that food then we would facilitate that. We've changed that process now to where not only do they have to meet certain requirements, but the products that we're purchasing have to meet the product specifications. That process wasn't in place before. We have increased the requirements that those products have to meet to even be purchased and served.

Secretary of State: Could I get a list of that, Governor? Could I request for us to have that product specification list that would be very interesting to see.

Catrina Peters: Catrina Peters for the record. I did bring a couple of copies of the product specifications. If you wanted to take a close look at those, they were also included in the request for proposal. We can forward that whole document on.

I also wanted to add that in the past year and a half, we started a new program called DOD Fresh, where districts can opt to use their commodity entitlement dollars to buy fresh produce. This year, districts have opted to put a half million dollars of their entitlement towards that fresh produce. We are really helping districts to look for creative ways with their limited budget to serve more of that fresh produce.

Secretary of State: If I can Governor, I guess I'm still in a little bit of a conundrum here, thinking about this program. At our church, we have a mission that we give food out on Thursdays. We work with Three Square. They bring in fresh produce that is wonderful and we're able to give that to people who can't afford food and we're giving them healthy good food. Do we do anything with Three Square or any of these other community-based programs that actually do wonderful programs within the community to help serve the homeless?

Donnell Barton: Donnell Barton for the record. Yes, Three Square is one of our partners and also one of our sponsoring agencies. They also work with our Child and Adult Care Food Program to serve at-risk children after school. Then during the summer they also operate the Summer Food Service Program. Then through our commodities program, as we receive the emergency food assistance program, they also receive products from that through our bonus. One of the things that we've also

started to work with USDA is to try and bring in more fresh produce through those programs. You'll see this year that we're bringing in potatoes, pears and apples. Sometimes we're limited on what we can bring in by what USDA can procure. That's part of our challenge as well as being able to fully utilize our funding that we receive for those programs.

Secretary of State: And we also have to be very, very cognizant of the fact that we have individuals that, there are products that do tend to cause weight gain, that we carry and we have in the schools. They can be harmful to whatever they might have, say if some of the kids are juvenile diabetics when we have that fruit in those syrups, those types of things. Just educating people on healthy food. I hope we're still doing health classes or science classes or something that we're helping to educate along those lines.

I'm done Governor, I won't ask anymore but I do appreciate your responses.

Governor: Thank you Madam Secretary. I don't want to belabor this but I did hear you make a comment about taste testing. Is it kids that are taste testing or adults?

Catrina Peters: We worked with purchasing to do the RFP process. We did have conversations around how to incorporate taste testing amongst kids. Because of some of the requirements around scoring those proposals, I don't think we really had time to figure out a way on how we could work that. We are continuing that conversation and with the next cycle, I'll look to be able to incorporate kid taste test feedback into that evaluation.

Governor: I think it would be helpful, just to survey the kids. They're the ones that get the food. To see what their preference would be, it would be a great little class project. As I said, I don't want to belabor this but as I said, we've had this conversation before. I can see Director Barbee here today. I am not being critical; it is just when we renew all these contracts, I do not want to see the status quo just keep rolling. If there are ways to be creative and ways to recognize what the kids actually want instead of thinking we know what they want. I take my daughter grocery shopping so that she can pick what food she's going to eat all week for lunch. It's very different than what they get at school. I know the food is going to get eaten and it's what they do, so perhaps we should just think about asking the kids themselves. As I said, maybe there's a teacher or two or a principal that might be willing to take that on. Just a suggestion; I appreciate your being here today and answering the questions. Thank you.

All right, let's move to Contract 31 which is Department of Public Safety, Criminal History Repository. I had asked for this contract to be held just simply to get an update. I know we've been making substantial progress on the backlog and I was just curious how we were doing.

Julie Butler: Julie Butler for the record, Department of Public Safety, General Services Division. I actually have a graph if you would like to see where we're at.

At our height, we were at about close to 900,000 dispositions. As of August 16, we run the numbers monthly, we are down to 171,446. We are still on target to be complete, for completion early fiscal year 2018. We are now to the point where we are starting the ones that can't be immediately data entered, we set them aside as what we call our problem dispositions. Those take additional research for staff to be able to do. We are starting to get into those problem dispositions and so data entry is a little bit slower than it has been in the past because we're setting aside more of those that take additional research. We're on track.

We did just recently receive word from Bureau of Justice Assistance that we are getting a renewal of a federal grant to continue our efforts with disposition data entry and continue to hire or continue to employ ten temporary staff to address this issue. We're moving forward.

Governor: As I said, I'm impressed with the progress you've made. When you say early fiscal year 2017, what actual date is that?

Julie Butler: Julie Butler again for the record. We are looking at early fiscal year 2018 actually and November-ish. We don't have a firm deadline but early in fiscal year 2018, so that would be November of 2017.

Governor: Okay. Early fiscal year 2018 sounds really bad.

Julie Butler: Okay.

Governor: November of next year we should be caught up, right?

Julie Butler: That is our hope. That's our goal that we're working toward.

Governor: Okay. Thank you. Please pass it on to everyone who is working on that. I mean, when you see slopes like that, it really exemplifies a lot of time and effort. Thank you. Any other questions from Board Members? All right, thank you. We'll move to Contract 38, Board of Dental Examiners. [pause] Good morning. Will you give a foundation for the basis of this contract, please?

Debra Schaffer-Kugel: Good morning Governor and Board Members. This is an amendment to the original contract, which was approved July 1, 2013, which is set to expire June 30, 2017. The contract was for a maximum of \$700,000 but due to increases in complaints, increases in illegal practices of dentistry and dental hygiene that cases we have to file in District Court, increases in formal hearings, and also to respond to the allegations of a few members of the Las Vegas Dental Association, we had unforeseen additional costs and so we are requesting to amend the contract for the remainder.

Governor: And, I'm sure you've had an opportunity to review the performance audit that was prepared by the Legislative Auditor from this year.

Debra Schaffer-Kugel: Debra Schaffer-Kugel for the record. Yes, I have.

Governor: Ms. Schaffer, I want to direct your attention to Page 14. This Board has previously approved this contract to a maximum of \$700,000. There is a phrase in here that says that the Board of Examiners did not have accurate information when approving the contract. The contract maximum should reflect total payments expected to be made under the contract, not amounts reported net of recoveries. I wanted to get your response on that. I think the bottom line is this, this Board approved a set amount for fees for the firm. We did not, or at least I did not know at the time when we approved the contract that we were paying a monthly retainer and Board Counsel was receiving fees and costs from dentists who had been subject to discipline. I think that is what you're seeking approval today for is because you've changed your accounting practices to include those amounts, yet they weren't considered initially when we approved the contract.

As I said, I'm a little uncomfortable because we approved a contract specifically for that monthly retainer but now we will be approving those amounts that were paid that weren't considered when we originally approved the contract.

Debra Schaffer-Kugel: Debra Schaffer-Kugel for the record. For clarification, the amount set is, each month we don't know what the amount is going to be until it's billed to the Board. Basically, the Board is prepaying the legal expenses. It's broken out into two sections; General Matters which would be Board meetings, conferences, anything that's not related to an investigation of a licensee. Then we have it broken down into what is being billed under investigations. General matters are not recoverable. Some of the investigations may be if it results either in a stipulation or if it is an order of the Board. If a stipulation is approved by the Board and the Licensee agrees to reimburse legal and investigation costs, then that money is then paid back to the Board, not to Mr. Hunt, but paid back to the Board because the Board has paid those fees out, in a sense, pre-paid those legal fees out, not knowing whether we would recoup them back or not. Then obviously, if it is an order by the Board, under NRS 622.400, the Board can recoup the investigation costs. The investigation costs that are collected by the Board do not go to Mr. Hunt, they go to the Board because we've pre-paid those fees on particular cases.

Governor: Then, I'm trying to understand at Page 13 of the Audit. It says Exhibit 6 shows actual legal expenses compared to legal expenses reported on financial statements in Fiscal Years 2014 and 2015. There was unreported fees in 2014 of \$186,915 and then \$220,648 for the total of \$407,000 which is what you're seeking us to approve today.

Debra Schaffer-Kugel: Debra Schaffer-Kugel for the record. I believe in that, they're addressing the audit that was done by a third-party auditor, Campbell and Jones, who is the third-party auditor that the Board contracts with to do our yearly audits and report it to LCB. My understanding is, in 2014 and 2015, the auditors were offsetting the amounts paid in legal fees versus what was reimbursed back to the Board in legal fees. That's my understanding and I'm not an accountant but my understanding is that the reimbursed fees are supposed to actually be calculated as revenue, even though the Board has already paid out those expenses in advance. When the contract amount came—so, when we were doing the contract, hypothetically, in 2015, Morris, Polich and Purdy received \$281,000, that's what was paid out, but we collected in legal fees \$106,000. So the \$106,000 was being offset on paper but the money was not going to Morris and Polich. The money goes to the Board. The Board has already paid for those expenses. Then the Board is being reimbursed back those expenses. Those include the attorney, the disciplinary screening officer, the court reporter, all those fees that the Board, in advance, pays out for a case when we're investigating a case. That was done through the auditors.

When we asked the auditors whether that was part of the acceptable standards their original answer was yes, but then when the auditors went back they said, no, we actually should've not offset it and from henceforward, we will not offset those. So the financial statements are the statements that were reported to the state by the auditors. Am I making sense?

Governor: Not really but that's because I'm hearing this for the first time. What I had asked is for this contract to be held so that we could have a conversation, regarding this.

Debra Schaffer-Kugel: Okay.

Governor: My understanding is that you wanted this to be heard. I just have this audit that I have a lot of questions about that. At least it sounds like you have answers to the questions but I'm hearing

the answers for the first time. I have notes from the Sunset Committee that is also looking into this issue as well and asking for a report a year from now regarding the progress of the Board and complying with the recommendations set forth in the audit conducted by the Legislative Auditor. Also, a note saying that the Sunset Committee is going to send a letter to the Board directing an analysis and report of the practice of contracting with outside legal counsel, including a statement of reasons for contracting with outside counsel rather than employing the general counsel as staff.

I know that that letter has not arrived on your desk yet, that's something that has to be approved by the Legislative Commission, but you certainly can anticipate that it's coming. There are a lot of unanswered questions for me that leave me in a position where I can either continue this agenda item number 38 to get those answers or, if you're insisting on a vote today, I won't be supporting approval of this contract. I just want to be very clear to you where I am on this. I'm not comfortable now, given at least my review of the performance audit and approving this contract today. That is just me speaking, I cannot speak for the other Board Members. As I said, this performance audit landed on my desk not long ago.

William Horne: Governor, for the record, William Horne. Horne, Duarte, Government and Public Affairs. I represent the Dental Board in this. Just to provide some clarity if I may sir, on this. Let's address the performance audit. It was noted at the Sunset Hearing that all but one item had been addressed, so its recommendations have been adopted but there's just one item still that's outstanding. There is probably going to be a hearing that's going to be taken up during the Legislative Session. The Board has been proactive in addressing those recommendations on the audit.

As for this increase, it's not—it isn't as it's been characterized as a raise of any sort. It's the amount of hours that Morris, Polich, and Purdy have put in representing the Board in these matters dealing with dental providers; while a small number of dental providers compared to the number that they regulate. They have in that billable hours in representing them, they have reached that contract amount of \$700,000. All this is to continue through the remaining period of time for that contract.

Now, I recognize that one of the recommendations has been to look into whether or not to hire in-house counsel, but even that endeavor, Governor, I think you would agree, taking those steps to do that in the amount of time that we have remaining through this next fiscal year, they would be without counsel for a significant amount of time. Not to even mention bringing new counsel up to speed with what the Board's duties are mandated. Does that make sense?

Governor: Sort of. Is there a written response to the performance audit that was prepared by the Board of Dental Examiners?

Debra Schaffer-Kugel: Debra Schaffer-Kugel for the record. Yes, on August 9, we had until August 18 to file a corrective action plan. There were originally 14 recommendations. 12 of them were accepted and two were rejected. The reason the two were rejected was, it was number three which was related to the overcharges. I, as the Executive Director did not feel comfortable accepting that recommendation on behalf of the Board. I felt that that was something that they had the fiduciary responsibility to make that decision. We rejected it saying that we would bring that matter to the Board for them to vote on.

The other one was the, I believe its number 10 which was the—there's three. Then there was the in-house counsel, which we accepted, but obviously, the Board needs to make that decision. The other one was the IC Panel, there was a recommendation to add an independent panel to the investigation

process. The Board was not opposed to that, however, Board Counsel felt that that would require a statute change if you're going to change the due processes of the licensee, that it should be outlined in the statute. We weren't opposed to that one but we did feel that that would require a statute change and I believe that's the one Mr. Horne was speaking of.

Out of the 14, two are outstanding. The Board has, on July 15, the Board considered in-house counsel, the merits of in-house counsel versus outside counsel and three other matters that are outlined in the recommendations. They referred that to our budget and finance committee which held a meeting on August 18 and they are making recommendations to the Board on those items on September 23, at our Board Meeting.

The recommendations, as they stand now, one of the recommendations as far as in-house versus outside counsel is, they looked to the TransparentNevada.org. There are three other occupational licensing boards comparable to ours, which are the Medical Board, the Nursing Board and the Pharmacy Board who all have in-house counsel. They asked me to gather the information on what the salaries and benefit packages are and what was paid out. That information was provided to the Budget and Finance Committee, along with they wanted to know any additional expenses the Board would incur should they go with in-house counsel versus outside that we don't pay currently like workers comp, employment taxes, office supplies, overhead. All of those items. That was all provided to the Budget and Finance Committee on August 18th and they are making recommendations to the Board on September 23.

The corrective action plan was filed. Out of the 12 recommendations that were accepted, eight have been fully implemented, four are partially implemented because they need further Board review and approval which will happen on September 23. Then, we just have the remaining recommendation that may require a statute change.

Governor: And you understand at least in the version of the statute that I'm looking at, it's not the Board but the Attorney General that has the sole discretion to serve as legal counsel for the Board at any time in any and all matters.

Debra Schaffer-Kugel: Correct, that's in our statutes.

Governor: Again, the Board—and I don't want to speak for the Attorney General and I'm not intending to open up a conversation on that but at the end of the day, regardless of what the Board decides, it's up to the Attorney General whether the Attorney General's Office serves as counsel or whether you choose to have in-house or contract with an outside firm.

Debra Schaffer-Kugel: Correct.

Governor: As I said, I am hearing all of this information for the first time. I haven't had a chance to see the Board's response to the performance audit. A very important piece of that response in that audit has to do with the very issue that we're discussing today, that's on the agenda with regard to attorney fees. I'd like the benefit of having seen that before I act on this contract. Mr. Attorney General.

Attorney General: Thank you, Governor. I'd like to echo the question of the Governor, whether you all are willing to hold this for a month. I know speaking for myself, I'm not willing to make this

decision on the fly with this many variables open. If you would consider that, that would be great. If not, I'm inclined to not support as well today.

Governor: Madam Secretary, do you have any questions or comments?

Secretary of State: I do Governor, thank you. I thank you for the information today but again, I wasn't one of the originals that voted on this to begin with, and just having this new information brought, I have not seen the response from your Board. I think it would be very prudent on our part too—we just got this and so for us to be able to have the response, I think would only be logical for us to look through that and then if there any other questions to do that. I do agree with the Governor. I think it should be held today and bring it back to us and we can have questions answered.

Governor: Ms. Schaffer, do you have any further presentation you'd like to make?

Debra Schaffer-Kugel: No, I just have a question. I assume I would proceed with the recommendations from the Budget and Finance Committee on September 23?

Governor: I can't—you got a lawyer for that.

Debra Schaffer-Kugel: Right, okay.

Governor: I just would like to have the benefit of your response or the Board's response to the performance audit and perhaps have in writing what you presented today and also encourage you to take some time to sit down with my Chief of Staff to respond to any other questions.

Debra Schaffer-Kugel: Okay, thank you so much.

Attorney General: Governor, I'd also just like to add that we are available always to pick up some of these duties that you're outsourcing. We're happy to be part of that conversation as well as Board Counsel and certain things. We don't know the workload that this law firm provides, we'd have to look at that, whether we could pick the whole thing up. We definitely would like to be part of that conversation to see how we can try to help defray some of these costs potentially.

Governor: Ms. Schaffer, may I ask you the question, so would it be your preference to have this matter continued until the next meeting of the Board of Examiners?

Debra Schaffer-Kugel: Yes, please.

Governor: Okay, thank you. Board Members, before I take a motion, any other questions with regard to the contracts included in agenda item number 10? If there are none, the Chair will accept a motion to approve Contracts 1-37 and 39.

Secretary of State: So moved.

Governor: Secretary of State has moved for approval. Is there a second?

Attorney General: I second.

Governor: Attorney General has seconded the motion. Any questions or discussion on the motion? The motion passed unanimously. Just for purposes of the record, Contract 38 will continue until the next meeting of the Board of Examiners.

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

***11. FOR POSSIBLE ACTION – MASTER SERVICE AGREEMENT ([Attached as Exhibit 3](#))**

Governor: Let's move on to agenda item number 11, Master Service Agreements. Mr. Wells.

Clerk: Thank you, Governor. There are two Master Service Agreements (MSA) in Exhibit 3 for approval by the Board this morning. Members have requested information on these two MSAs and purchasing representatives are available to answer questions.

Governor: Madam Secretary, my understanding is you had asked to have this item held?

Secretary of State: I did. I'm just curious, somebody who like my two colleagues up there that travel all over the state, the one service that works the best and most reliable is Verizon, that we can use it everywhere. I'm just kind of confused. If somebody can tell me, I understand that now we're going to let all the agencies decide what is best for them. I wondered when those service contracts were up when we could do that. Just wanted a little feedback on the two entities and what we were looking at as a State. Again, access is the most important thing for any of us when we're out in the rural communities and even some of the areas up in Lake Tahoe, it's hard to get service. I just wondered what we're doing. Again, our agency has AT&T phones but I have a personal one that is Verizon and I can get pretty much any place in the State and as I travel nationally too. I'm just curious as to what we're looking at as a State.

Jeff Haag: Thank you Madam Secretary. Jeff Haag for the record. I'm the Administrator of the Purchasing Division. Appreciate your questions. We're really focused on choice in purchasing as it relates to our wireless service. This is two of three contracts available with wireless providers. We make discount agreements available through both AT&T, Verizon and Sprint. Obviously, AT&T and Verizon are up for renewals today, extending the time period and adding money.

To your point and as you see on the dollar amounts authorized for these contracts, Verizon is the most popular within the State and that's a result of the coverage they provide. However, all state agencies and local government, including your office, have access to buy from any of the three wireless contracts that are available.

Secretary of State: Do you know when those contracts are all coming up now, is it for everybody or are we all different?

Jeff Haag: Good question. Jeff Haag for the record. They have all recently been extended to expire on June 30, 2019. That coincides with the master agreement that we participate on through Value Point, which is a cooperative purchasing agreement, an organization that we participate in. All of

these agreements, including one with Sprint that was approved by a previous Board of Examiner's, expire in June 2019.

Secretary of State: What happens if you get more requests for one of the three than the others and we're still obligated to pay the amount, correct?

Jeff Haag: No ma'am. Again, Jeff Haag for the record. There's no obligation to these dollar amounts. This is a not to exceed amount within the contracts. These dollar amounts that you see here are projections based on historical spend on these contracts. Again, all three wireless contracts are used extensively, both with executive branch agencies and local government as well. The dollar amounts you see here are not an obligation but rather a projection of what we feel future spend will be on each respective contract.

Secretary of State: Okay. Thank you. Thank you, Governor.

Governor: Are there any further questions?

Attorney General: Move to approve.

Governor: Thank you. The Attorney General has moved to approve the Master Service Agreements presented in agenda item number 11, is there a second?

Secretary of State: Reluctantly a second.

Governor: Secretary of State has seconded the motion, any questions or discussion. The motion passed unanimously.

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

12. INFORMATION ITEM ([Attached as Exhibit 4](#))

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 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 July 20, 2016, through August 23, 2016.

- This item includes a contract amendment between the Board of Audiology & Speech Pathology and Paula L. Berkley which was inadvertently missed on the February 9, 2016, meeting. The contract was approved on January 11, 2016, and is now being submitted for review. ***This item relates to contract #37 under Agenda item 10.**
- This item includes a contract between the Department of Education and David Leitner DBA Pacific Research Associates which was inadvertently missed on the July 12, 2016, meeting. The contract was approved on May 22, 2016, and is now being submitted for review. ***This item relates to contract #7 under Agenda item 10.**

Governor: We'll move on to agenda item number 12, information item. Mr. Wells.

Clerk: Thank you, Governor. There were 26 contracts under the \$50,000 threshold that were approved by the Clerk between July 20 and August 23. This item is informational only and there were no requests for additional information from any of the Members. There are two information contracts that were inadvertently missed on previous BOE meetings. Contract 26 should have been an information item in February and Contract 10 should've been an information item on the July agenda. The first item, number 26 was approved on January 11 and relates to the second amendment of this contract which is number 37 under agenda item number 10. The second contract was approved on May 19 and also relates to an amendment which is contract number 7 under agenda item number 10. We're just cleaning up a couple of contracts that somehow did not get put on the agenda correctly.

Governor: Thank you. Board Members any questions with regard to agenda item number 12? Hearing none, we'll move on.

13. INFORMATION ITEM

A. Fiscal Year 2016 – 4th Quarter Overtime Report

Governor: Let's move to agenda item 13, another information item. Mr. Wells.

Clerk: Thank you, Governor. There is one information item under agenda item 13, it is the report of overtime for the fourth quarter of fiscal year 2016. Overtime pay and accrued compensation, compensatory leave accounted for a total of \$36.4 million or 3.84% of base pay for fiscal year 2016, that is a 19.6% increase over the amount from FY 2015. As usual, the high dollar amounts were the Department of Corrections at \$10.9 million and the Department of Health and Human Services at \$9.2 million. At the Department of Corrections, as you can guess, most of the overtime and comp time is driven by the large institutions, as well as medical personnel.

The highest as a percentage of total pay for the year is the Department of Public Safety at 8.19%. Again, followed up closely by the Department of Corrections at 7.94%. The top three increases by dollar from the fiscal year 2015 to 2016 were Corrections at \$3.3 million, Health and Human Services at \$1.2 million and the Department of Transportation at just over a million dollars. Only one department has decreased their overtime by more than \$100,000 from fiscal 2015 to 2016. That's the Department of Administration which is about \$400,000. That is down from prior quarters where DETR and Veteran Services also had decreases of more than \$100,000.

As certain organizations have overtime trends that are different in the two years of the biennium, we also compare the fiscal year 2016 to the fiscal year 2014. For those two periods, Corrections increased by \$5.5 million, Health and Human Services increased by \$2.1million, Transportation increased by \$1.5 million and Administration increased by \$16,000. Of the ones dropping off the list, Public Safety increased by \$1.1 million, Employment Training and Rehabilitation decreased by \$52,000. Veterans Services decreased by \$105,813.

As far as trends, we see three-year trends of the Departments of Health and Human Services, Corrections, Public Safety and Transportation increasing and the only opposite, Military is on a three-year decreasing trend. Most of the other agencies are either small increases, decreases or there're no

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

Governor: Is there a motion to adjourn?

Attorney General: Move to adjourn.

Secretary of State: I second it.

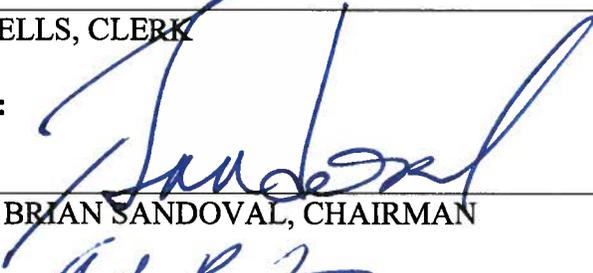
Governor: The Attorney General has moved to adjourn. The Secretary of State has seconded the motion. The motion passed unanimously. This meeting is adjourned, thank you, ladies and gentlemen.

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

Respectfully submitted,



JAMES R. WELLS, CLERK

APPROVED: 

GOVERNOR BRIAN SANDOVAL, CHAIRMAN



ATTORNEY GENERAL ADAM PAUL LAXALT



SECRETARY OF STATE BARBARA K. CEGAVSKE