

Governor Brian Sandoval
Chairman

James R. Wells, CPA
Clerk of the Board



Attorney General Adam Paul Laxalt
Member

Secretary of State Barbara K. Cegavske
Member

STATE OF NEVADA BOARD OF EXAMINERS

209 E. Musser Street, Room 200 / Carson City, NV 89701-4298

Phone: (775) 684-0222 / Fax: (775) 684-0260

<http://budget.nv.gov/Meetings>

MINUTES

Date and Time: January 10, 2017, 10:00 AM

Location: Old Assembly Chambers of the Capitol Building
101 N. Carson Street
Carson City, Nevada 89701

Video Conference Location: Grant Sawyer Building
555 E. Washington Avenue, Ste. 5100
Las Vegas, Nevada 89101

MEMBERS PRESENT:

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

OTHERS PRESENT:

Keith Wells, Administrator, Fleet Services Division
Steve Canavero, State Superintendent of Public Instruction, Department of Education
Roger Rahming, Deputy Superintendent for Finance, Department of Education
Paul Johnson, Chief Financial Officer for White Pine County School District
Rick Gimlin, Administrative Service Officer, Department of Taxation
Kirsten Coulombe, Deputy Administrator, Division of Public and Behavioral Health
Laura Hale, Contracts Division, Division of Public and Behavioral Health
Julia Peek, Deputy Administrator, Division of Public and Behavioral Health
Steve Fisher, Administrator, Division of Welfare and Supportive Services
Leanne Lima, Leasing Services, Department of Administration
Wesley Duncan, First Assistant District Attorney, Attorney General's Office
John Borrowman, Deputy Director, Department of Corrections
Chuck Schardin, Chief of Medical Administrator, Department of Corrections
Colonel Osborn, Chief, Department of Public Safety, Highway Patrol

Sergeant LaPrairie, Project Manager, Department of Public Safety, Highway Patrol
 Director Wasley, Director, Department of Wildlife

1. Call to Order / Roll Call

Governor Sandoval called the meeting to order at 10:07 am.

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

There was no public comment.

3. Approval of the December 19, 2016 Minutes (For possible action)

This item was tabled until the next meeting.

4. State Vehicle Purchases (For possible action)

Pursuant to NRS 334.010, no automobile may be purchased by any Department, office, bureau, officer or employee of the state without prior written consent of the state Board of Examiners.

AGENCY NAME	# OF VEHICLES	NOT TO EXCEED:
Department of Administration – Fleet Services Division	51	\$1,248,320
Department of Administration – Fleet Services Division	3	\$92,531
Department of Agriculture – Livestock Inspection	Up to 7 used	\$24,596
Department of Corrections	4	\$124,760
Total	65	\$1,490,207

Mr. James Wells informed the Board that the first item requested from Fleet Management is to replace 51 vehicles that have met the age and mileage threshold requirements for replacement. All but one of these vehicles is leased to individual agencies and is not part of Fleet Management’s daily fleet rental. The last vehicle is a replacement of the shuttle bus at the Las Vegas facility. All of these vehicles were included in the respective agencies’ legislatively approved budget.

The second item was an additional request from Fleet Management to purchase three new Agency leased vehicles for the Desert Regional Center that were included in the legislatively approved budget.

The third item was a request from the Department of Agriculture to purchase up to seven used Highway Patrol vehicles for the Livestock Inspection Division. The Department was legislatively approved to purchase four vehicles in each year of the biennium, but due to availability, only purchased one unit in FY '16 and balanced forward the authority to buy the remaining units in FY '17.

The fourth was a request from the Department of Corrections to replace four vehicles which have surpassed the age and mileage thresholds for use in various facilities around the state to transport inmates.

Governor Sandoval asked Mr. Keith Wells to clarify for the record that the vehicles that are being replaced have reached their useful life and they're eligible and should be replaced. Mr. Keith Wells confirmed this and added that every one of the requests was vetted thoroughly. He went on to say that his agency looks at the operating cost and the condition of the vehicle. Each one has met the Fleet Services internal criteria, not just by what's in the SAM Manual. They look at the condition of the vehicle, operating costs and any historical issues on the vehicles.

The Attorney General moved for approval. The Secretary of State seconded the motion. The motion passed unanimously.

5. Approval of a Textbook Waiver (For possible action)

Pursuant to NRS 387.2065 the Department of Education requests approval of a textbook waiver on behalf of White Pine County School District for the amount of \$13,278.48. The district has provided supporting information that they were unable to meet the required textbook expenditures due to an economic hardship.

Mr. Wells explained, pursuant to NRS 387.206, school districts, charter schools, and university schools are required to expend certain amounts for textbooks, instructional supplies, instructional software, and instructional hardware each fiscal year. This is known as the Textbook Expenditure Requirement. If a district or school experiences an economic hardship, it may apply to the Department of Education for a waiver of all or a portion of that Textbook Expenditure Requirement.

NRS 387.2065 defines an economic hardship as actual revenues not meeting the anticipated revenues determined at the time the basic support guarantee was set or unforeseen expenses encountered, including those associated with a natural disaster.

Upon receipt of a written request for an exemption under these provisions, the Department shall consider the request and determine whether an economic hardship exists. If the Department determines an economic hardship exists for the applicant, the Department shall forward the request to the Interim Finance Committee and the Board of Examiners, including the basis for its determination and any recommendations from the Department on the amount of a waiver.

Upon receipt of the request from the Department, the Board of Examiners shall consider the request and determine whether an economic hardship exists for the applicant. If the Board determines that an economic hardship exists, it shall determine whether the hardship justifies a waiver of all or a portion of the expenditure requirement established for that applicant. If the Board determines that an economic hardship does exist for the applicant and that a waiver from all or a portion of the expenditure requirements is justified, the Board of Examiners shall forward the request to the Interim Finance Committee, including the basis for its determination and its recommendation for the amount of the waiver. The Interim Finance Committee is not bound to follow the recommendations of the State Board of Examiners.

Item 5 includes a request from the White Pine County School District to waive \$13,278.48 of their \$146,651.81 Textbook Expenditure Requirement for Fiscal Year 2016. The District attributes its economic hardship to a migration of students to charter schools, as well as changes to the hold harmless provisions and declining local revenues, primarily from Net Proceeds of Minerals.

If the Board approves this request, it will be submitted to the IFC for approval at their January Meeting. If the Board does not approve the request or IFC does not ultimately approve the request, the District will have to repay the State Distributive School Account the amount it did not spend on textbooks as required.

Dr. Steve Canavero, State Superintendent of Public Instruction, Roger Rahming, Deputy Superintendent of Finance Services, and Paul Johnson, Chief Financial Officer for White Pine County School District were at the witness table.

Governor Sandoval noted that a very thorough packet with regard to the justification for the waiver was provided. He noted that there is a sufficient written record in terms of justifying an economic hardship and asked for a verbal record as well.

Dr. Canavero stated that thus far under his tenure his Department has received two requests for the Textbook Waiver, one of which was denied and this request from White Pine County School District. He went on to say that he met with Deputy Superintendent Rahming to discuss the provision of economic hardship.

Dr. Canavero said that the Department concurred with the written record provided by White Pine County School District related to the declining enrollment and the acceleration of the impact upon their budget by the declining enrollment of over 170 students within their district. The acceleration combined with the average daily attendance and the hold harmless provisions that were changed in 2015 were contributing factors and agreed to the economic hardship claim and then forwarded to the Board of Examiners for review.

Governor Sandoval asked Dr. Canavero if he thinks that this is an isolated situation that is unique to White Pine County or if this will set a precedent for other school districts to come forward.

Dr. Canavero said he did not think that this would set a precedent. He went on to say White Pine County School District is experiencing a declining enrollment so there are effects. As the allocation is considered or the requirement of the textbook was around \$121 this biennium and as we consider this next year, consider the effect of declining enrollment on a particular school district in those calculations, he said that in his opinion, this is not setting a precedent but it's a one-time sort of acceleration of the declining enrollment based upon the hold harmless provision that doesn't spread it out over three years, but with the average daily enrollment it really captures it in one year that this would sort of catch up for White Pine.

Governor Sandoval asked of the 170 students that left White Pine County School District, what percentage is that of the total enrollment. Dr. Canavero said about 12%.

Governor Sandoval asked Dr. Canavero if he believed there is an economic hardship and he said yes.

Mr. Paul Johnson explained that there have been some challenges. There were some unintended consequences that were suffered due to charter school expansion. Before the first charter school opened in White Pine County, Mr. Johnson said the total enrollment was around 1,350. When that charter school opened, it took initially 150 students, now it's at their max of 180 students. He went on to say that 180 students out of a total of 1,300 is huge. When combined with the fact that about \$7,000 to \$8,000 is the per pupil allotment and if that is multiplied together, it's roughly an impact of about \$1.7 million of a \$13.5 million budget.

Mr. Johnson said they did have fund reserves to help stabilize the impact but with the change in the hold harmless provision, it accelerated it a year earlier than planned. The timing was not great to make budget decisions. Significant changes were made during the fiscal year in order to finish with a positive fund balance. He went on to say that it has been a huge financial hurdle not caused by mining this time but by an out-migration of students. Mr. Johnson said that fortunately, things have plateaued, at a lower plateau, unfortunately. Governor Sandoval noted that not all the migration was from one entire grade. The Secretary of State asked if the budget that was submitted reflects the adjusted budget numbers. Mr. Johnson confirmed that and added the current budgets reflect current financial information and they reflect the current allotment for the minimum textbook spending requirement. He went on to say that they do plan to spend the amount of money that is budgeted for textbooks. Mr. Johnson went on to say that given the severe financial consequences that have been suffered, he felt it was his duty to investigate whether or not there was a waiver provision so that they could try and save as much money as possible for our budget and education services. This would represent between \$12,000 and \$13,000. Mr. Johnson confirmed that the new budget reflects the amount of money they are required to spend based on the number of students. He said that was about \$121.27 per student.

Governor Sandoval asked if this was not approved by the Board today what the alternative would be. Mr. Johnson explained, if this is declined, they would cut the revenue from the budget, dip into the fund balance to balance the budget. Or, possibly by the end of the year, they might have \$12,000 from additional revenues that will offset.

Mr. Johnson went on to tell the Board that indirect costs for state programs for fiscal year '17 would adversely affect them. They have received indirect cost from the prison program since about 1997. This has been between \$40,000 and \$50,000 depending on the rate. This is going away and will be an additional loss of revenue. They will have to rely on fund balance to help cushion any losses of revenue.

Governor Sandoval noted this would be a two-part motion. He asked for a motion to find that the White Pine County School District has provided sufficient information that it is unable to meet the required textbook expenditures due to an economic hardship, then thereafter, to approve a waiver in the sum of \$13,278.48.

The Attorney General made a motion to agree that the economic hardship exists. He made a second motion that the Board would approve this as being a valid textbook waiver allocation. The Secretary of State seconded the motion. The motion passed unanimously.

6. Approval To Pay An Allocation From The Interim Finance Committee Contingency Account (For possible action)

Department of Taxation - \$887,491

Pursuant to NRS 353.268, the Department requests an allocation of \$887,491 from the Interim Finance Contingency Account to fund the implementation of Initiative Petition 1 for the Regulation and Taxation of Marijuana Act.

Mr. Wells explained item 6 is a request pursuant to NRS 353.268 for an allocation from the Interim Finance Committee General Fund Contingency Account. The request is also subject to the approval of the Interim Finance Committee later this month. If this is approved by both the Board of Examiners and the Interim Finance Committee, the balance in the contingency account will be approximately \$9.3 million. This would be the last request that can be made before the session begins. The process after the session begins is to ask for a supplemental appropriation. This will be the last request from the IFC Contingency Account.

Governor Sandoval asked for clarification on whether this is a loan and if it will be reimbursed. Mr. Wells confirmed and added, part of the Board's action today should state that there's a repayment request from the Department from revenues associated with the recreational marijuana to repay the IFC Contingency Account and then, yes, it is a loan, as opposed to just a straight allocation.

Mr. Rick Gimlin, Department of Taxation, Administrative Services Officer 4, was at the witness table. He told the Board that this would fund four staff and operational costs for the remainder of FY '17.

Mr. Gimlin explained one of the reasons for being here today is this initiative and the program itself is new to Taxation. This has regulatory components the Department never experienced in the past. For that reason, Taxation is requesting new staff to help get this program in place and get it moving. This is complex and they need time to develop the program and the regulations for the program. The regulations are required to be in place by December 31, 2017.

Governor Sandoval asked for more detail for a breakout of the \$887,000. Mr. Gimlin said in addition to the four position they have requested about \$7,000 in travel to coordinate the program. There's about \$133,000 in operating funds for items such as rent and other related needs. He further added that there are software needs and some IT programming needs. They would like to fully fund this first six months and then from there, long-term, they will need to request additional funds in FY '18 and FY '19 to continue the program.

Governor Sandoval noted that the Department must do this as a requirement of the initiative petition. He asked why they are not waiting until the Legislature to consider this as part of the Executive Budget. Mr. Gimlin said that the Legislature starts in February and if they wait, they don't know how long it would delay this program. They might have to request to receive a supplemental appropriation. This would put them behind months and leave little time to get the regulations in place, get the program started and start generating revenue for the State. From that aspect, they felt it was necessary to come forward to the Board of Examiners and to IFC for an allocation.

Governor Sandoval asked if the Department has any resources that could absorb these responsibilities now without getting the supplemental. Mr. Gimlin stated they do not have the resources in-house to continue moving forward. They have done some work on the regulations, but without these resources, they feel that they will be unable to meet the requirements of the initiative.

Governor Sandoval stated that there's a ripple effect because the later the regulations are reviewed, adopted and implemented, the longer the time is for local governments to get their portion of that 15% tax in order to provide for their requirements of public safety. He asked Mr. Gimlin if this was an issue. Mr. Gimlin noted that is why they have come forward. He added that they wanted to come forth now and get it going rather than wait and be in somewhat of a catch-up mode to try and make the program work in accordance with the initiative.

The Secretary of State stated that they were requesting almost \$1 million for the remainder of the fiscal year which ends on June 30. She also noted that the session starts in less than a month and she believes that this issue should be brought to the Legislature for review and implementation and they could act quickly on this. She

went on to note that she did not see anything in the materials that were provided regarding the payback. The Secretary of State continued further stating the other issue that she has is the recouping of the funds. She stated again that to her it makes more sense to do this during the session and she does not see a repayment plan. She noted that the medical marijuana had an agreement to pay back and she does not know if that has been paid back or not. She added that she knows that some was paid back but not all and that those are her concerns. She asked Mr. Gimlin for an explanation of the plan to spend that money in the next six months. Mr. Gimlin noted that this is a large amount of money. He said in terms of repayment, that it would be considered a loan and that fees from the retail marijuana program would be used to repay this. Mr. Gimlin stated, in regards to the Legislature, the Secretary was correct, the Legislature can act very rapidly. He added that the Department of Taxation felt they had a responsibility to address the initiative directly and move forward as quickly as possible.

The Secretary of State noted that she understood. She further noted that the question was not answered. She said that she understands the fees, the 15% of the sales. She didn't see a plan for repayment. That's why she said that it is important to go to the Legislature to have them facilitate this.

Governor Sandoval commented that he and Secretary Cegavske both served in the Legislature and regardless of the action that the Legislature would take, it would still be incumbent upon the Department of Taxation to promulgate a regulatory structure, as well as have the internal resources to set up a regime to collect the tax, to be able to enforce the law. If you look at page 5 of the Department of Taxation's justification, first of all, the act as effective right now. It was effective January 1, 2017. The Department is required to adopt regulations not later than the end of the year, which has been testified to, but it also is responsible for the issuance, renewal, suspension and revocation of licenses to retailers, cultivators, product manufacturing facilities, testing facilities and distributors. It is responsible for determining the qualifications for licensure, security, packaging, labeling, and testing of marijuana. It is responsible for the oversight and enforcement of marijuana businesses and licensees.

Governor Sandoval continued making the record that the Department has a massive amount of responsibilities and it does not have the resources to implement those or take action on those. He said that it is unpredictable in terms of what action the Legislature can take. Even regardless of the action that it takes and the funding that it provides, he added that this still requires IFC approval. There will be a legislative oversight over this. It will still fall upon the Department of Taxation to get this done in a timely manner. He further stated that he didn't support this question but it passed overwhelmingly. Now the State has the reality and the responsibility of setting up the regulatory regime and enforcing the law. At the earliest, the Legislature would only be able to act some time perhaps in March, meaning more delays for the Department of Taxation to get this done.

Governor Sandoval continued stating, with regard to the repayment, that's a secondary issue. At some point, once that money starts being collected after the

favorable consideration of the regulations, this Board will have an opportunity to look at what the terms of that will be.

As you said, Madam Secretary, there is a precedent for this. We did this for the medical marijuana to help the Department of Health and Human Services to set up its regulatory structure and enforcement structure. We also did this for the Education Savings Account. We had issues—we had the Treasurer who was here, who asked for essentially a loan, to be able to set up the infrastructure for the Education Savings Accounts. None of that money has been paid back obviously because the ESAs have not been funded yet. This process is no different from what we had for the ESAs.

The Governor said that he understood her concerns. He said his concern was that any delay will put the program behind that much more. He said that it is a very complicated issue. There is only a little bit of precedent from Colorado, Oregon, and Washington. He went on to say that he knows the Department of Taxation has been doing its due diligence to learn lessons from those other states. Obviously, each state is unique. He added that he thinks the Department needs all the time and resources that they can get in order to implement this so that it's effectively and appropriately regulated.

The Secretary of State said she appreciated the Governor's comments. She noted she's still having a hard time understanding why they are asking for \$1 million this fiscal year, knowing that they're going in to ask for more money during the Legislative Session for the next section of this part. After reading everything she is still struggling with why the Board wouldn't recommend that this is given to the Legislature. In February, they could get something out if they truly wanted to. It could come out in February with the plan in place.

Governor Sandoval noted that this request is just to get the Department of Taxation through June 30 of this year. A request for the next two years is part of the Executive Budget; the distinction here is to get the Department of Taxation through the end of this fiscal year. The majority of this cost is not personnel, it is software. The ability to set up a collection mechanism. Once that software is purchased, that won't be an additional cost in the next biennium. There will be further costs, but this is to get this off the ground. He added he does not see the Legislature as a panacea because they still have to get through June 30th this year. That is the narrow request that the Board has in front of it. He further stated *I'm sure you've looked at all the information that I have within the packet that lays out dollar for dollar where the money is going to go.* The Secretary stated that getting the program up and running now that it will not make a difference in these next few weeks before the Legislature. Governor Sandoval noted that the need is now.

The Secretary of State noted to Taxation, she understands the struggle. She hears them and stated it's a tough decision to make. She added, she thinks the Department of Taxation is doing everything they can in their power to make sure whatever is passed goes through and doing the best job that they can, and she

thanks them for that. Mr. Gimlin thanked Madam Secretary and noted the Department appreciates her support in that matter.

Governor Sandoval asked if there is not a favorable approval of this, will this just sit stagnant until the Legislature takes action on it. Mr. Gimlin states, regardless of whether the Board approves it or not, Taxation has to continue to move forward with the program. Mr. Gimlin went on to say his Department has very limited time to develop regulations to be able to bring revenue into the State. He said that they would not simply stop because they were told no at this particular meeting. He said they will continue to move forward with the resources that we have.

Governor Sandoval called a recess in order to address audio/video issues.

Governor Sandoval called the meeting back to order and asked Mr. Gimlin to repeat for clarity on the record the next steps if this is not approved. Mr. Gimlin stated, if this request is not approved, the Department does not have resources to meet the timelines of this program. He said the Department could perhaps continue to work on regulations but most likely not be able to meet the requirement of the initiative which is to have the program operational and functional by December 31, 2017.

Governor Sandoval asked the Secretary of State if there were any more questions after hearing the testimony. She noted there were not but wanted to provide full disclosure that she will not be voting in favor of this because she thinks it should go before the Legislature.

The Attorney General made a motion to approve the Department of Taxation's request for \$887,491 from the Interim Finance Committee Contingency Account for the implementation of Initiative Petition 1 for the Regulation and Taxation of Marijuana Act. Governor Sandoval seconded the motion. The Secretary of State opposed the motion. The motion passed 2-1.

7. Designation of Bad Debts (For possible action)

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

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

Request Summary:

To	# Accounts	Amount
Board of Examiners	1,818	\$ 1,324,100.21

Mr. Wells explained, pursuant to NRS 353C.220, Item 7 is a request from the State Controller for the Board to designate 1,818 bad debts from various state agencies as uncollectible. The State Controller has determined it is impossible or impractical to collect these debts. This is a follow-up to the November Board of Examiners Meeting to include additional accounts from additional agencies.

By an affirmative vote of the majority of the members, the Board may designate these as bad debts if the Board is satisfied the debt is impossible or impractical to collect. Upon designation, the State Controller will be notified to remove the debts from the State's accounting books. It is important to note that even though a debt is removed from the accounting books, it does remain a legal and binding obligation owed by the debtor to the State.

Governor Sandoval noted he was satisfied that these debts are uncollectible. His understanding is these debts are even worse than the ones that were already written off. He was satisfied, based on the materials he has that the Board can make a finding that they're uncollectible.

The Attorney General moved for approval of agenda item number 7. The Secretary of State seconded the motion. The motion passed unanimously.

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

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

Pursuant to NRS 333.705, subsection 1, the division requests approval to continue to contract with former employee, Debra Scott, to support the division's bill draft requests and combine behavioral health licensing boards and bring them into the division. Ms. Scott is anticipated to work approximately 10 hours per month through February 17, 2018.

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

Pursuant to NRS 333.705, subsection 1, the division requests to contract with the former employee, Christabell Sotelo-Zecena, to assist with program implementation, grant management, and fiscal monitoring of the Pregnancy Risk Assessment Monitoring Survey Program (PRAMS) and Abstinence Education Grant Program. It is anticipated that she will work 40 hours per week effective January 10, 2017 to June 30, 2018.

C. Department of Transportation – Traffic Operations and Traffic Safety Projects

Pursuant to NRS 333.705, subsection 1, the Department requests to contract with the former employee, Tiffany Patrick, to provide engineering analyst services for Traffic Operations projects and Traffic Safety projects. Kimley-Horn is currently under two master agreements for Traffic Operations Design Services (P454-16-016) and Traffic Safety Design Services (Agreement P545-15-816) to provide technical support for both projects and is proposing to hire Tiffany Patrick as an Engineering Analyst.

D. Department of Transportation – Right-of-Way

Pursuant to NRS 333.705, subsection 1, the Department requests to contract with the former employee, Ms. Halana Salazar, who is currently providing critical right-of-way engineering services in support of the USA Parkway Program Management project. Ms. Salazar is employed by Jacobs Engineering Group, Inc.

Mr. Wells explained item 8 includes four 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, Public and Behavioral Health Division to continue contracting with a former Executive Director of the State Board of Nursing to conduct onsite reviews of health professional licensing boards, make recommendations for statutory, regulatory and policy changes and improve data collection from the respective boards in conjunction with the upcoming Legislative session. The Department received a favorable recommendation on their use of the emergency provisions for contracting with a former employee at the October meeting and is requesting to extend the end date of the contract from March 31, 2017 to February 17, 2018 which is two years from the former employee's retirement date. The contract will continue at a rate of \$100 per hour for approximately 10 hours per month.

The second request is also from the Public and Behavioral Health Division to contract with a former University of Nevada, Reno student worker to assist in implementing, managing and monitoring the Pregnancy Risk Assessment Monitoring Survey program grant as well as provide support for the Abstinence Education Grant Program. This contractor will be employed through a temporary employment agency and will work for 40 hours per week for the period of January 10, 2017 to June 30, 2018 at a proposed rate of \$20.07 per hour.

The third request is from the Department of Transportation to allow a contracted vendor to use a former employee as an engineering analyst on a contract awarded to the vendor for traffic operations design projects throughout the state. The former employee left state service in November 2016 and did not have any influence or authority over the contract with this vendor.

The last request is also from the Department of Transportation. This to continue contracting with a former Manager of Right-of-Way Engineering through a contract awarded for the USA Parkway Program Management Project. The contractor has proposed using the former employee to provide right-of-way engineering services in support of the Project. The Department received a favorable recommendation on their use of the emergency provisions for contracting with a former employee at the October meeting and is requesting to extend the end date of the contract beyond the February 10, 2017 date that was approved in October.

Governor Sandoval stated, the only question on both A and B with regard to HHS is this is supposed to be temporary and the first one will be two years and after two years, the agency doesn't need to come to this Board for approval. Then the second one is for 18-months, which stretches the boundaries of temporary as well. He asked why they needed to be so long and why isn't there a backup plan in terms of getting somebody trained for these positions.

Ms. Kirsten Coulombe, Deputy Administrator, Public and Behavioral Health, explained, *when we had the waiver first approved in July, it was our intention to come back with a request to extend it. However, with the development of the bill draft request from the Interim Committee on Healthcare that is looking to consolidate for the Behavioral Health's Licensing Boards into our Division. That is quite a big undertaking and challenge for our Division. And so, we are trying to be proactive in that regard.*

To answer your question, the reason for the extension essentially, the cooling off period, the end of that term is because we anticipate, if that bill is passed, we would be wanting to work with Ms. Scott for her services, because she has such extensive knowledge for the Boards, whereas our staff doesn't necessarily know how to manage Boards, we don't know the regulations or laws, what requirements they have, data collection. Her current project that she's working on right now is several recommendations that she has done for improvements to the Board. So, those recommendations for that current project that was already approved will be the foundation for us to look at, as far as consolidating those Boards within our Division.

Really the intent is to not have to come back to this Board again if we need to seek assistance from her with another contract in the future. If it's the preferable pleasure of the Board to have us only extend the waiver through the current contract term that we'd like to put in place with her, we can definitely do that, although it might potentially delay the successfulness of the transition if that bill were to come forward. They do intend, regardless of the outcome of the bill, to work with the Boards. There's obviously an identified need with some of the Boards to have some assistance. They will be seeking to work with Ms. Scott for that.

Governor Sandoval asked if there is a plan to train somebody within the Division to learn from Ms. Scott so that going forward, the Division can rely on within rather than having to continue to hire a former employee. Ms. Kirsten Coulombe deferred the question to Ms. Hale who is working directly on that project.

Ms. Laura Hale, Contract Manager, Public and Behavioral Health, *explained that the existing contract and potentially the future contract -there are plans right now to transition if we are approved for the concept to combine the Behavioral Health Licensing Boards, then we would bring on some staff to manage that. Right now, we don't know if we'll have additional staff to do that.*

One part of this is that we can work with Ms. Scott through the Legislative Session to help us work with the Boards. There's quite a lot of input we've received already with regard to this proposal. Ms. Scott has demonstrated a great—well, not only her extensive experience but also the ability to do outreach with these folks. She has the respect of the industry. It's been really effective for us to work with her in that regard. We want to continue to do that through the Legislative process. There are a lot of nuances within the process that it would take us a long time—you know, certainly through the period of the session for someone on our staff to gain all that knowledge that's she's acquired over the years.

Then, if in fact it is approved and we go forward, we would bring on staff to be trained but the whole regulatory process that we would need to go through in order to get things online and presumably have a transition period working with the Boards. Because you'll have people who are in the licensing process already, people who are under investigation for complaints potentially. Our ability to ramp up immediately and manage all that will be, I think, helped by having Ms. Scott on board with us as long as we're able to.

Governor Sandoval noted he understood the need and asked, if there is something magic about February 17, 2018 other than that it gets her beyond her cooling off period? *Ms. Hale stated that was the intent to look to that period and not because we're trying to avoid the process but really if you want us to come back frequently and get approval, we're happy to do that. Because it's the same person that we identified previously and basically helping us for some of the same issues, we just weren't clear whether it would be appropriate to come back each time or whether based on this one issue of looking at the licensing boards and doing improvements and possible consolidation. Is it your preference for us to keep coming back?*

Governor Sandoval noted he understands the challenges and his preference is not to continue it till February 17, 2018 and maybe make it sometime late in the fall. He explained, *that way, when you come back you can say, we've got this person who has been shadowing Ms. Scott and learned the ropes and will be ready to go, if we could just have a couple more months or until the end of the year, something along those lines. I've really been trying to encourage the Departments' staff who are able to step in when we lose valuable employees like Ms. Scott and make sure that there is a training program so that they can take over those duties and responsibilities so that we're not continually having to go outside and do that.*

Secretary of State stated that Ms. Scott has an incredible history and her wealth of knowledge. She said that the Governor asked the right questions again. She

asked if the retirement was anticipated and was there someone being trained before she retired.

Governor Sandoval asked if Ms. Scott had other contracts with the State. Ms. Hale stated, *I believe there are some other contracts but not with our Department. Obviously, her work with the Licensing Board, there's a new Executive Director for the Board of Nursing. This is kind of a unique situation. Again, a transitional thing where we don't have staff in place that does that licensing work now but potentially we would in the future.*

Governor Sandoval noted he doesn't know what the Legislature is going to do with the bill. Assuming favorable consideration, it is going to bring on some new responsibilities and problems and issues to solve. That's why they're here. He stated the only thing he's uncomfortable with is taking it all the way out to February of next year. He asked the Department if they would be comfortable with October 31 and would that provide them with sufficient time. If not, they could come back.

Ms. Coulombe confirmed and *added, we appreciate that extension and it's definitely reasonable and we will come back as far as what our current transition plan is and the staff that we have trained. We acknowledge that these are definitely not preferable business practices to use the waivers and I appreciate your consideration because I think this is a true opportunity for the waiver to have this outside knowledge that we have no background on for the Division to use that for the time period until we can get our staff transitioned, the whole thing will be a large undertaking that's unprecedented. We appreciate your consideration.*

The Attorney General asked for clarification if it was 10 hours a week or a month. Ms. Coulombe said her paperwork is for 10 hours per month.

Governor Sandoval proceeded with 8B. Ms. Julia Peek, Deputy Administrator, Division of Public and Behavioral Health, provided context on how they go after federal funds. She said *typically we write six months to a year of a contract position in these grants because we know they're delayed with IFC and then the hiring process, getting the NPD-19 in.*

Ms. Peek explained, *right now, the PRAMS grant which was mentioned, that can fund 60% of an FTE. We can certainly write in and move forward with the NPD-19 process with perhaps a three-quarter time. It's not a large grant, so we definitely can't do a full-time FTE position in that regard. As far as the 40% that makes this position whole, that does conclude in September of 2017. That has been a long-standing grant, however with the new administration, we don't know if that will continue.*

She explained the options they have. *We can, in our next budget period for the PRAMS grant, which starts May 1st, we can request that money be put in personnel and go ahead and move forward with the three-quarter time FTE if you prefer. Or, we can wait until September-October and see if that 40%, if that grant will continue.*

Then we can make it a whole FTE. We're happy moving forward with a State position if we know the funding is going to be secured.

Governor Sandoval noted it seems to make more fiscal sense to do it this way because if the grant money goes away and we have a full-time employee, then we likely would have to lay them off because the funding isn't there. He asked if this request is consistent with the grant request and the grant funding. *Ms. Peek confirmed and added, depending on the employee, they could also have bumping rights, so you make a weird dynamic within the agency should we move forward with an FTE really rapidly after getting these awards.*

The Attorney General moved for approval of Item 8A, for Ms. Scott for 10 hours a month through October 31, 2017. Secretary of State seconded the motion. The motion passed unanimously.

The Attorney General moved for approval of Items 8B, 8C, and 8D. The Secretary of State seconded the motion. The motion passed unanimously.

9. Leases – [Attachment Exhibit 1](#) (For possible action)

Mr. Wells explained, there are three leases in Exhibit 1 for approval by the Board and members have requested additional information on number 2, between the Department of Health and Human Services Division of Welfare and Supportive Services and Shoshone Cattle and Land Development Company.

Governor Sandoval stated he asked for this to be held out because it's for \$9.5 million and there is a 5% increase built into that lease, 2.5% per year for 10 years or so. He said that may be a good sign that the market is good in Las Vegas. He went on to say that this is a long-standing location for the Department, but he wanted to make sure he had an understanding of why there's such a massive jump in the amount of the lease. Mr. Fisher, Administrator, Division of Welfare and Supportive Services came to the witness table and added that it is a 10-year lease. He explained, *normally we go after five-year leases. This is a 10-year lease. There are some tenant improvements rolled into this lease as well. We've been in that location for 25+ years. It's one of the older buildings. It needs carpet replaced, paint on the interior of the building. As you can imagine, it's one of our busiest locations in the Las Vegas area as well, so the front doors get used a lot. We need those front doors replaced. With that, I don't know, with regards to the 2%, if leasing services has some comments they would like to make.*

Leanne Lima, Leasing Services, State Public Works Division, explained, *that's the standard 5% every other year. The rates are going up in Las Vegas. We also had to add parking into this lease agreement. The previous lease had no parking negotiated into it. It is a shared location with a State space, so parking is pretty congested over there. We had to add additional parking as well.*

Governor Sandoval noted the economy is better and with previous leases there were some reductions and some savings. He stated this has been the first lease that he has seen with this significant of an increase for every other year. He went on to say that he didn't want to send out the message that 5% every other year is standard. It's just, this is a unique location.

The Attorney General moved to approve the leases contained in agenda item number 9. The Secretary of State seconded the motion. The motion passed unanimously.

10. Contracts – [Attachment Exhibit 2](#) (For possible action)

Mr. Wells explained that there are 18 contracts listed in Exhibit 2 for approval by the Board this morning. Contract number 12 between the Department of Public Safety and Taser International was deferred at the December meeting in order to answer technical questions, all of which have been answered. Contract number 4 is erroneously listed as a sole source contract when it is actually an extension of a contract awarded through the RFP process in 2008. The waiver from Purchasing for this contract is to extend beyond the normal contract period. Contract number 3 between the Department of Administration, Enterprise IT Services Division and IBM Corporation has been withdrawn.

Members have requested additional information on the following: Contract Number 1 between the Office of the Attorney General and the Law Offices of Chris Halsor. Contract Number 9 between the Department of Corrections and Renown Regional Medical Center. Contract Number 12 between the Department of Public Safety Highway Patrol Division and Taser International. Contracts 13, 14 and 15 between the Department of Wildlife and Brian D. Jansen, Canyons West Guide Service LLC and the Head Master.

Mr. Wesley Duncan, First Assistant, Attorney General *explained Contract number 1 is a new contract to provide training to prosecutors to assist in evaluating and prosecuting DUI and DUI-related vehicular homicide cases. Also, to provide data reports relating to those cases for future training needs.*

The contract is to hire a Traffic Safety Resource Prosecutor, to train prosecutors in the 15 rural counties across the State. It's the Attorney General Office's hope that by utilizing better training, the incidences of DUI fatalities will decrease. This is a 9-month contract.

Mr. Duncan stated, as I was sitting here and the Board Members were discussing agenda item 6, one of the realities with the passage of the Initiative Petition for the Recreational use of Marijuana by our neighbor Colorado, has seen marijuana-related traffic deaths rise 62% since legalization in 2013. The percentage of use, teen usage, adult usage and also college-aged users has really skyrocketed. The reality of that will be that there will be more impaired drivers, unfortunately, and

statistically on Nevada roadways. In order to try to combat that and also to combat the normal DUIs that we get from drinking alcohol that we're seeing on our roadways, we are hoping that this contract will be approved.

The trainer will train prosecutors in nine months in all 15 of our rural counties to effectively prosecute DUIs across the State. The National Highway Traffic Safety Administration had a survey that they did when they surveyed prosecutors who started to prosecute these types of cases and it came back that half of those Judges and prosecutors said that they didn't feel they were actually ready and received the type of training to be able to prosecute those cases.

Although our rural counties have much lower, of course, population densities, 33% of the fatalities are found in our rural counties. This trainer will focus on going to all of those counties to help the prosecutors and law enforcement there get the training. That includes everything from teaching them how to do direct and cross-examination of experts, almost to act as an attorney consultant on active cases, also, to provide technical type assistance to prosecutors. I think it's going to be a real plus for our prosecutors and our law enforcement in our rural jurisdictions.

A little bit about the attorney that we've contracted with. His name is Mr. Chris Halsor. He was a former prosecutor in Denver and also, he served as Colorado's main Traffic Safety Resource Prosecutor for six years, where he became a foremost expert in training prosecutors and law enforcement, not only for regular alcohol related DUIs but also more importantly, in the wake of IP1 in our State, for marijuana and drug-related DUIs as well.

We are certainly fortunate to be able to have the services of Mr. Halsor to provide this training to our rural counties over the next nine months.

Governor Sandoval noted that he assumed since Mr. Halsor was from Colorado that he has some unique expertise with regard to the prosecution of driving while impaired for marijuana. He went on to say that this is going to be new for the State. The Governor said that he applauded Mr. Duncan and the Attorney General for pursuing this. He said that the state is going to need this expertise, particularly in the rural counties that don't have the resources that the other counties, Washoe and Clark, obviously have. The Governor said he was looking forward to Mr. Halsor completing his responsibilities. He also said that Mr. Halsor knows the driving under the influence laws and perhaps he may have some expertise in assisting the Legislature on how the laws are likely going to have to be changed to meet the new challenges of the passage of the initiative.

The Attorney General said that he wanted to take this opportunity to thank his Office and the Grants Unit for developing this concept. He went on to say that his office has strived to do this over the last few years, to be integrated with law enforcement and prosecutors across the State. He said it was a great testament to his office to be able to fund this before the Initiative actually went into place.

Governor Sandoval moved to Contract number 9, Department of Corrections. He noted the large amount and thought it important to make a record for that.

Mr. John Borrowman, Deputy Director, Support Services, Department of Corrections, and Chuck Schardin, Chief Medical Administrator, Department of Correction came to the witness table. Mr. Borrowman told the Board that the contract that his Department is presenting is for the second amendment with Renown to provide specialty clinics, generally through telemedicine. He went on to say this would be for HIV-AIDS treatment and Hepatitis C, as well as other infectious diseases. The general intent of this particular contract is not only to provide or have access to the provider community to provide the telemedicine for the inmates but also to utilize their 340B Pharmacy Program, which comes at a substantial discount for our best pricing the NDOC could obtain. *Not only do we work with the community partner this way but we do get substantial savings through our pharmacy.*

The contract amendment in front of you not only augments the current contract authority but it also asks for sufficient authority to extend this an additional four years. We have seen a substantial increase in the inmate population that is requiring these services. The amount reflects not only authority for the current four years but the next four years with an increased population.

Governor Sandoval noted that there are significant savings, taking advantage of the telemedicine, rather than having to transport the inmate. Mr. Borrowman explained, *the actual charge themselves, from the provider, are very reasonable. As alluded to, the expenditure to the Department of Corrections involves having to have two officers per inmate, unless we can find an economic way of transporting them. Yes, we would have to transport them from institutions to a site where we could have the medical care provided. The telemedicine helps us avoid any transportation of an inmate, maintains the security in-house and still provides that medical service.*

Contract number 12 was presented by the Department of Public Safety and Taser International. Colonel Dennis Osborn, Chief, Nevada Highway Patrol came to the witness table and explained, *the contract that we have in front of you for approval today will bring us in compliance with SB111. The request for all Highway Patrol troopers and operational field units to have the body cameras.*

Colonel Osborn introduced Sergeant Chris LaPrairie with the Department of Public Safety. Sergeant LaPrairie is the project manager and Colonel Osborn noted that he has done a phenomenal job. He went on to say that he thinks that Sergeant LaPrairie is probably one of the experts in the country now because of his project management experience in body cameras.

Governor Sandoval asked how the pilots have gone. Sergeant LaPrairie noted they were actually able to test three different vendors and came up with the vendor that they felt suited their needs.

Governor Sandoval asked how the troops liked the body cameras. Sergeant LaPrairie stated, *for the most part, they love them. With having in-car camera systems, our troops are already used to being videotaped. It's not a shock to them. This should be a fairly smooth transition.*

Governor Sandoval asked how long they store the videotapes and where are they stored. Sergeant LaPrairie explained, *currently, they recently had a change that anything that's classified as a non-event used to be 90-days- with data storage costs that could cost quite a bit. They had that moved down to 30-days. Then, events related to arrests are five years. Then, accident and citations are three years.*

The Secretary of State asked Sergeant LaPrairie to clarify where the tapes are being stored. Sergeant LaPrairie stated that they will be stored through Taser's cloud storage.

Governor Sandoval asked if they are the only law enforcement agency in the State with body cams. Sergeant LaPrairie noted that the Las Vegas Metro has body cameras and he went on to say that he thought that there are small counties that have purchased a small group of them.

Governor Sandoval asked when all the troops will have the body cams. Sergeant LaPrairie said if this contract is approved, an order will be placed and the quote is about 4-6 weeks for delivery. Once the cameras are delivered they be implemented for the Reno/Carson area. Once the bugs are worked out then they will go to a full deployment by mid-June-early July.

Governor Sandoval moved to Contracts 13, 14 and 15 from the Department of Wildlife. He noted there was a new contract for \$480,000. There was an existing vendor, but there are three vendors for mountain lion capture. He asked for it to be explained.

Tony Wasley, Director, Department of Wildlife, came to the witness table. *Mr. Wasley told the Board all three of these contracts are related in terms of the services they provide which is mountain lion capture, collaring and removal in some instances. The Department generates about a \$500,000 annually, those funds are earmarked for predator control activities. Coming out of the 78th Legislative Session, AB 78 required specifically how those funds were to be utilized towards predator control. AB 78 required that 80% of those funds be used for lethal control. Two of these three contracts are amendments to assist the State in achieving that goal of 80% lethal control. Those contracts being amended were approved in July and August, respectively. Unforeseen by the Department, Wildlife Services, under USDA Animal Plant Inspection Services, who normally provides the vast majority of these services for us, was sued by Wild Earth Guardians and as a settlement condition of that suit, the contractor who normally provides these services for us is unable to do so in any area designated as wilderness or wilderness study areas. These three contracts will help the Department, assist the Department in meeting*

the language contained in AB 78 to meet that demand, the 80% of those control activities or those revenues are spent on lethal control activities.

Governor Sandoval thanked Director Wasley and stated that was the clarification he was seeking. The Governor asked if this was the consequence of litigation. *Director Wasley confirmed and indicated that two of these three contracts are amendments. With the approval of these amendments and the new contract, the State would have four contracts in place. Three of those contracts would be with Nevada businesses. These are individuals that are located strategically around the State - one in Spring Creek and one in Reno. They have a unique geographic knowledge of the area and a skillset to, you know, relationships with landowners, for example, to get access and a skillset and a geographic knowledge that makes them well suited for the areas in which they're contracted.*

The fourth contract, which is the new one, is a non-resident, as you mentioned. It's a broader contract, this individual; there was a more stringent requirement in that RFP process. This individual provides additional services. He is a researcher with advanced degrees, extensive experience in researching lions. We have some specific questions that we've been challenged on with our practices and so this individual has, again, a unique skill set that will assist us in answering some of those related questions.

Governor Sandoval stated *I'm glad you added that. \$600 a day, \$1,000 in equipment costs and then \$2,000 per lion. It sounds like that could add up pretty fast.*

The Attorney General moved for approval of contracts 1 – 2 and 4 – 18.. The Secretary of State seconded the motion. The motion passed unanimously, 3-0.

11. Master Service Agreements – [Attachment Exhibit 3](#) (For possible action)

Mr. Wells said that there are six master service agreements in Exhibit 3 for approval by the Board this morning and no additional information was requested.

The Attorney General moved for approval of the Master Service Agreements. The Secretary of State seconded the motion. The motion was approved unanimously.

12. Information Item – [Attachment Exhibit 4](#)

Pursuant to NRS 333.700, the Clerk of the Board may approve all contract transactions for amounts less than \$50,000. Per direction from the August 13, 2013 meeting of the Board of Examiners, the Board wished to receive an informational item listing all approvals applicable to the new threshold (\$10,000 - \$49,999). Attached is a

list of all applicable approvals for contracts and amendments approved from November 16, 2016 through December 20, 2016.

Mr. Wells explained, there were 26 contracts under the \$50,000 threshold that were approved by the Clerk between November 16, 2016 and December 20, 2016. This item is informational only and no additional information was requested.

13. Information Item – Report

Governor’s Finance Office – Budget Division

Pursuant to NRS Chapter 353, the Governor’s Finance Office, Budget Division presents a reconciled fund balance report for the TORT Claim Fund, Statutory Contingency Account, Stale Claims Account, Emergency Account, Disaster Relief Account, IFC Unrestricted Contingency Funds and IFC Restricted Contingency Funds as of December 16, 2016.

TORT Claim Fund	\$ 7,077,555.67
Statutory Contingency Account	\$ 1,337,160.74
Stale Claims Account	\$ 1,692,658.01
Emergency Account	\$ 279,841.00
Disaster Relief Account	\$ 6,738,066.72
IFC Unrestricted Contingency Fund General Fund	\$10,192,095.37
IFC Unrestricted Contingency Highway Fund	\$ 1,676,832.35
IFC Restricted Contingency Fund General Fund	\$ 3,429,834.00
IFC Restricted Contingency Highway Fund	\$15,689,332.00

Mr. Wells explained, that this information report shows the balances in the various contingency accounts that are managed either by the Board of Examiners or the Interim Finance Committee as of December 16, 2016. The only difference in the balances would be the IFC Unrestricted Contingency Fund for the General Fund which will be decreased if the IFC approves the request that the Board approved this morning under agenda item number 8. Mr. Wells stated that he thought the balances are pretty healthy and that only about half the amount would be requested for the last biennium would be needed to replenish the fund.

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

There was no public comment.

15. Adjournment (For possible action)

The Governor adjourned the meeting at 11:46 am.