

MINUTES

MEETING OF THE BOARD OF EXAMINERS

February 14, 2012

The Board of Examiners met on Tuesday February 14, 2012, in the Guinn Room on the second floor of the Capitol Building, 101 N. Carson St., Carson City, Nevada, at 10:00 a.m. Present were:

Members:

Governor Brian Sandoval
Attorney General Catherine Cortez Masto
Secretary of State Ross Miller
Clerk Jeff Mohlenkamp

Others Present:

Teri Preston, Department of Administration, Public Works Division
Cari Eaton, Public Utilities Commission
Jane Splean, Nevada Department of Education
Charles Duarte, Department of Health and Human Services, Health Care, Financing and Policy
Pete Anderson, Department of Conservation and Natural Resources, Forestry
John Christopherson, Department of Conservation and Natural Resources, Forestry
Phil Weyrich, Department of Health and Human Services, Health
Kyle Devine, Attorney General Office
Clark Leslie, Attorney General's Office
Tamara Nash, Department of Employment Training and Rehabilitation
Brenda Ford, Department of Employment, Training and Rehabilitation
David Gustafson, Department of Administration, Enterprise Information Technology Services
Claudia Vecchio, Department Of Tourism and Cultural Affairs
Tracey, Woods, Amerigroup
Caren Cafferata-Jenkins, Exec. Dir. Ethics Commission
Erik Beyer, Chairman Ethics Commission
Helene Robinson, Attorney General Office
Bob Cooper, Attorney Generals Office
Dena Schmidt, Department of Health and Human Services, Aging and Disability Services
Brenda Berry, Department of Health and Human Services, Aging and Disability Services
Dave Prather, Department of Health and Human Services, Mental Health and Developmental Services
Vince Jinmo, Nevada Board of Cosmetology
Grant Neilson, Department of Employment Training and Rehabilitation
Karlene Johnson, Department of Employment Training and Rehabilitation
Michelle Langsdorf, Mason & Smith Valley Conservation Districts
Kim Vidoni, Department of Education
Elmer Bull, Nevada Department of Wildlife
Vince Carlese, Nevada Army National Guard

ILT Daniel Barraza, Nevada Army National Guard
Jonathan Begley, Department of Administration, Public Works Division
Beth Wicks, Department of Administration, Public Works Division
Jack Zenteno, Department of Health and Human Services, Welfare and Supportive Services
Sue Smith, Department of Health and Human Services, Welfare and Supportive Services
Diane Comeaux, Department of Health and Human Services, Welfare and Supportive Services
Lynn Carrigan, Department of Health and Human Services, Health Care, Financing and Policy
Melanie Mason, Department of Employment Training and Rehabilitation
Mark Bedrosian, Department of Employment Training and Rehabilitation
Deborah Reed, Department of Corrections
Mike Torvinen, Department of Health and Human Services
Susan Martinovich, Department of Transportation
Charles Donahue, Department of Conservation and Natural Resources, Division of State Lands
Eric Witkoski, Office of the Attorney General, Bureau of Consumer Protection
Dennis Perea, Department of Employment, Training and Rehabilitation
John Ball, Workforce Connections
Henna Rasul, Office of the Attorney General
Kimberlee Tarter, Department of Administration, Purchasing Division

PRESS:

Sandy, Cherub, Associated Press

Ed Vogel, Las Vegas Review Journal

Geoff Dornan, Nevada Appeal

Cy Ryan, Las Vegas Sun

Sean

Whaley,

Nevada

News

Bureau

1. PUBLIC COMMENTS

Comments:

Governor: Good morning, Ladies and Gentlemen. I'd like to call the Board of Examiners meeting to order. All members are present. Good morning, Madam Attorney General.

Attorney General: Good morning, Governor.

Governor: We'll begin with the first item on the Agenda, Public Comment. Is there any member of the public here in Carson City that would like to provide public comment to the Board? Is there anybody in Las Vegas, Madam Attorney General?

Attorney General: No, Governor. There isn't.

*2. FOR POSSIBLE ACTION – APPROVAL OF THE JANUARY 10, 2012 BOARD OF EXAMINERS' MEETING MINUTES

Clerk's Recommendation: I recommend approval.

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

Comments:

Governor: We'll move on to Agenda Item No. 2, Approval of the January 10, 2012 Board of Examiners' Meeting Minutes. Have all the members had an opportunity to review the minutes and are there any changes to those minutes?

Attorney General: I don't have any.

Governor: Hearing none, Chair will accept a motion.

Secretary of State: Move to approve the minutes.

Attorney General: I'll move for approval.

Governor: Mr. Secretary beat you to it, Madam Attorney General.

Attorney General: I'm sorry, I couldn't hear him.

Governor: He didn't have his microphone on, but I'm gonna give him the motion. I'll accept your motion as a second. Any questions or discussion on the motion? Hearing none, all in favor, please say aye. Opposed no. Motion passes.

***3. FOR POSSIBLE ACTION – AUTHORITY TO PAY MINING CLAIM REFUNDS**

A. Department of Taxation – \$588,830

Pursuant to Senate Bill 493, Section 16.7 of the 2011 Legislature, the Department of Taxation must submit mining claim refund requests to the Board of Examiners for approval. The Department is requesting authority to pay 50 refund requests totaling \$588,830.

Clerk’s Recommendation: I recommend approval.

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

Comments:

Governor: Now, we’ll do Agenda Item No. 3. Mr. Mohlenkamp.

Clerk: Thank you, Governor. Before the Board is an item that you’ve seen a few times in the past now. Department of Taxation is putting forth payments in the amount of \$588,830 upon mining claims. This is subject to Senate Bill 493, which was passed by the 2011 Legislature. And there’s 50 claims, including the 3 that were carried over from last month. So if there’s any questions, I’d be happy...

Governor: Board members have any questions with regard to this Agenda item? Hearing none, the Chair will accept a motion.

Secretary of State: Move for approval of Agenda Item No. 3.

Attorney General: I second the motion.

Governor: There’s a motion by the Secretary of State, second by the Attorney General to approve the authority to pay mining claim refunds in the amount of \$588,830. Any questions or discussion on the motion? Hearing none, all in favor, please say aye. Opposed no. Motion passes unanimously.

***4. FOR POSSIBLE ACTION – AUTHORIZATION TO CONTRACT WITH A FORMER EMPLOYEE**

A. Department of Transportation – Administration

1. One former employee was employed by the Department of Wildlife. The contract work pertains to water quality monitoring, sampling and reporting. The department’s existing staff are committed to other projects/job duties.
2. One former employee was employed by Department of Conservation and Natural Resources, Environmental Protection Division. The contract work pertains to water quality monitoring, sampling and reporting. The department’s existing staff are committed to other projects/job duties.

3. One former employee was employed by the Department of Transportation. The contract work pertains to the acquisition, relocation, and property management services for Project Neon, which undertakes I-15 improvements from Sahara to the Spaghetti Bowl in Clark County. The department indicates that current workload is such that they cannot respond to this large of a project and keep other priority projects on task.

Clerk's Recommendation: I recommend approval.

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

Comments:

Governor: Agenda Item No. 4. Mr. Mohlenkamp.

Clerk: Thank you, Governor. Before the Board are, now the Board has seen these a couple times, contracts with former employees. And this is the authorization to contract. On Subsection 4A, the Department of Transportation has three positions. The first two are with regard to employees that would be providing water quality monitoring, sampling and reporting on an ongoing basis. The Department is indicating that its existing staff are otherwise committed to other projects and duties and is requesting approval of those first two Items. The third item is related to a former employee, who is now working for a contractor and is working on Project Neon. And that employee has gone off to seek other employment. And now they're asking to be able to have that association through the subcontractor that Transportation deals with. We've reviewed it and have no concerns.

B. Department of Health and Human Services – Health Division

Pursuant to Assembly Bill 240, Section 1 of the 2011 Legislature, the Department of Health and Human Services – Health Division requests Board of Examiner's approval to use a temporary services contract to employ a former employee to chair a working group to study the Early Intervention Services caseload projection methodology and budget projection methodology. The term of the contract services is upon approval through June 30, 2012.

Clerk's Recommendation: I recommend approval.

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

Comments:

Governor: Why don't we take 4B as well. Mr. Mohlenkamp.

Clerk: Item 4B then is for the Department of Health and Human Services. It's the Health Division. And they're looking for a former employee on a temporary basis through June of this year to chair a group study for early intervention caseload projection methodology. And once again, we've reviewed this and don't have any concerns.

Governor: On Agenda Item No. 4, excuse me, did I see Director Martinovich here?

Susan Martinovich: Yes.

Governor: I have one question.

Susan Martinovich: Yes, Governor.

Governor: Good morning.

Susan Martinovich: Good morning.

Governor: My question is a simple one. What is the duration of those contracts? Are they indefinite or are they temporary?

Susan Martinovich: Governor, all three contracts -- two are with JVR. Those are our air quality and water quality specialists. They're typically probably a two-year at the most contract to do some investigations for us. And the other, Project Neon, will be a multi-year contract. There's quite a bit of right-of-way involved in the acquisition of that. And I think that it is a four-year contract and that there are some extensions. And we'll go through the appropriate processes on that.

Governor: Thank you. Thank you. That's all I have. Questions from Board members on Agenda Items 4A and B? Hearing no questions, the Chair will accept a motion for approval.

Secretary of State: I move for approval of Agenda Items No. 4A and B.

District Attorney: I'll second the motion.

Governor: The Secretary of State has made a motion for approval for Agenda Items 4A and B. The Attorney General has seconded the motion. Are there any questions or discussion on the motion? Hearing none, all in favor, please say aye. Opposed no. The motion passes unanimously.

***5. FOR POSSIBLE ACTION – APPROVAL TO ACCEPT A DONATION OF LAND ON BEHALF OF THE NEVADA DEPARTMENT OF WILDLIFE**

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

Pursuant to NRS 321.001 and NRS 353.335, the Nevada Division of State Lands (NDSL) is requesting approval, on behalf of the Nevada Department of Wildlife to accept a donation of two parcels of land from the National Fish and Wildlife Foundation (NFWF).

Clerk's Recommendation: I recommend approval.

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

Comments:

Governor: Agenda Item No. 5. Mr. Mohlenkamp.

Clerk: Thank you, Governor. Before the Board is the request for approval to accept a donation of land on behalf of the Department of Wildlife. There's two different parcels that have been identified in your packages. We don't have any concerns or questions, but I think there's representatives here to answer any questions if we have any.

Governor: I would like a representative to come up. I have no problem with the transaction. I just want a little more specificity with regard to what's happening.

Charles Donahue: Good morning, Governor, Mr. Secretary, Madam Attorney General. Charles Donahue for the record, Deputy Administrator, Division of State Lands. With me is Elmer Bull. He's the Chief of Habitat Division with NDOW. A little more information about these two donations. It's two parcels that are adjacent to or in the general area of the Mason Valley Wildlife Management Area. NDOW is interested in acquiring these parcels to take them out of cultivation. One of them only has 13 acres. The other one has agricultural alfalfa fields on them. Their plan is to restore and get Upland Wildlife Habitat reestablished on those parcels. And this will be a donation from the National Fish and Wildlife Foundation. If you have any questions, either I or Mr. Bull could answer them.

Governor: I don't. I appreciate the extra detail. It sounds like a great transaction and a great opportunity for the state. Thank you.

Charles Donahue: Yeah, we believe so. Thank you.

Governor: Further questions from Board members?

Attorney General: No, Governor. This is Catherine Masto. I echo what you've just said. I've had the opportunity to tour the Mason Valley Wildlife Management Area. It is an incredible, incredible facility. And so, first of all, thank you to all of the wonderful work you do out there. And I do think this is a benefit to the state to have the opportunity to have this land incorporated into the Management Area. So thank you.

Governor: Madam Attorney General, I'll take that as a motion for approval.

Secretary of State: I'll second.

Governor: All right. We have a motion by the Attorney General and a second by the Secretary of State. Any questions or discussion on the motion? Hearing none, all in favor, please say aye. Opposed no. Thank you very much, sir.

***6. FOR POSSIBLE ACTION – STATE VEHICLE PURCHASE**

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

AGENCY NAME	# OF VEHICLES	NOT TO EXCEED:
Department of Administration – Public Works Division – Buildings and Grounds	3	\$6,401
Department of Business and Industry – Industrial Relations	1	\$26,890
Total:		\$33,291

Clerk’s Recommendation: I recommend approval.

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

Comments:

Governor: Mr. Mohlenkamp, Agenda Item No. 6.

Clerk: Thank you, Governor. Before the Board are the purchase of four different vehicles, three from the Public Works Division, Building and Grounds Section, and one from the Business of Industry, Industrial Relations, for a total purchase of \$33,291. We have no concerns. These are all included in the respective budgets.

Governor: And we got one of the vehicles for \$1, Mr. Mohlenkamp.

Clerk: We are bargain hunters, yes.

Governor: I have no questions regarding this Agenda item. Other Board members?

Secretary of State: Move for approval.

Governor: We have a motion for approval of Agenda Item No. 6 by the Secretary of State.

Attorney General: I second the motion.

Governor: Second by the Attorney General. Any questions or discussion for the motion for approval? Hearing none, all in favor, please say aye. Opposed no. Motion passes unanimously.

***7. FOR POSSIBLE ACTION – STATE ADMINISTRATIVE MANUAL**

The State Administrative Manual (SAM) is being submitted to the Board of Examiners’ for approval of additions in the following Chapter: **0200 – Travel.**

Clerk’s Recommendation: I recommend approval.

Motion By: Secretary of State

Seconded By: Attorney General

Vote: 3-0

Comments:

Governor: Agenda Item No. 7. Mr. Mohlenkamp.

Clerk: Thank you, Governor. Before the Board is one modification to the State Administrative Manual. This is Section 0204. This is just a technicality to clean up. We're inserting the words, "State Officers Employees are eligible for per diem reimbursements if they are 50 miles or more from their official work station." This is language that's otherwise in SAM, but this is just cleaning it up, making sure it's also in this section as well.

Governor: I have no questions. Questions from other Board members?

Secretary of State: Move for approval of Agenda Item No. 7.

Attorney General: I'll second the motion.

Governor: Motion for approval made by the Secretary of State for Agenda Item No. 7, second by the Attorney General. Any questions or discussion on the motion? Hearing none, all in favor, please say aye. Opposed no. Motion passes.

***8. FOR POSSIBLE ACTION – LEASES**

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

Clerk's Recommendation: I recommend approval.

Motion By: Secretary of State

Seconded By: Attorney General

Vote: 3-0

Comments:

Governor: Agenda Item No. 8.

Clerk: Thank you, Governor. Before the Board are four separate leases. The first is the Office of the Attorney General, second, Health and Human Services, and the next two are also Health and Human Services. I would note that on the third, fourth and fifth that there are savings that we've achieved. And once again, credit goes to both the agencies and our Buildings and Grounds Leasing Section who have been working very well to generate some savings for the state.

Governor: In fact, those savings exceed over \$100,000. I have no questions with regard to Agenda Item No. 8. Board members, do you have any questions?

Secretary of State: I move for approval of Agenda Item No. 8, the four leases.

Attorney General: I second the motion.

Governor: There's a motion by Secretary of State to approve Agenda Item No. 8, a second by the Attorney General. I do have one comment. Madam Attorney General, are you going to miss your BCP as they relocate from the Sawyer Building?

Attorney General: I will absolutely miss them, but we will stay in touch. And let me -- actually Eric is here, Governor, if you would like him just to kind of explain what we're doing. It's not our complete BCP unit. We are actually keeping the Consumer Protection Unit still within here in the Grant Sawyer Building. And we're taking part of the Utilities side of it, including Eric, and relocating them closer to the PUC. As you know, that's such an important area and important part of what they do every day. They're always looked for at the hearings. And so felt it would be -- first of all, take the opportunity to take advantage of the great rates that are down here, but more importantly, to house them closer to the PUC so they can continue to conduct the fabulous work they're doing on behalf of the state on addressing Utility needs. And then, on top of that, it leaves more space in the Grant Sawyer Building for us to add to our Mortgage Fraud Unit, particularly on the Consumer Protection side because we're running out of room. As you know, we had some grant money coming in to help us fund additional positions. And we went before ISC with some of the settlement funds to add additional positions to that unit. So we are expanding the unit. And this will also give us room to accommodate all of those needs.

Governor: And thank you, Madam Attorney General. I thought this was a win-win all the way around. And in addition, it eliminates that commute between the Sawyer Building and the PUC and that's quite some distance between the two.

Attorney General: Yes, it is. So thank you.

Governor: Mr. Witkowski, keep up the good work. We have a motion and a second. Any questions or discussion on the motion? Hearing none, all in favor of the motion, please say aye. Opposed no. The motion passes unanimously.

***9. FOR POSSIBLE ACTION – CONTRACTS**

Eighty-seven independent contracts were submitted to the Board for review and approval.

Clerk's Recommendation: I recommend approval.

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

Comments:

Governor: Agenda Item No. 9.

Clerk: Thank you, Governor. Before the Board are 87 contracts for consideration.

Governor: Thank you. Here are my holdouts. They are 20 through 23, 24, 29 and 30, 31, 33, 34, 46, 78 through 81, and 85. Do other Board members have any holdouts with regard to Agenda Item No. 9?

Secretary of State: No, Governor.

Governor: Madam Attorney General, did you have any contracts you wish to holdout for consideration?

Attorney General: Actually, Governor, you covered the ones that I just had some questions about.

Governor: Great. May we take a moment? If there's anybody who would like to get back to their office, it's no problem at all, if you don't have any issues or are not associated with a contract that's been held. Okay. For the benefit of those that are here, we are going to re-implement a policy. The Secretary of State was kind enough to remind me that there was an amendment made to the regulations associated with the Board of Examiners and how it conducts its business, is that in the future, I'm going to ask each of the Board members to identify contracts they'd like to be held for consideration before the meeting. The items that have not been held by the Board members will be put on a Consent Agenda. And that will be much more efficient so that everybody doesn't have to come and sit here and wonder whether your contract is going to be called out. So Mr. Mohlenkamp is going to send out an all-agency memo so that it will be more beneficial for all of you and have more respect for your time. Is that accurate, Mr. Secretary?

Secretary of State: Yes, Governor. I pulled it. It's Policy 104 of the State Administrative Manual, Agency Attendants and Notification. It essentially says that if a Board member wishes to pull an Agenda item for discussion, we're to notify the Clerk of the Board prior to the BOE meeting, and that if the agency is not contacted by the clerk or the designee, the agency's not required to attend the meeting. So I don't know if that timeframe works for the other members of the Board, but that's the policy in place should we want to revisit it.

Governor: Thank you very much, Mr. Secretary. And I think we should, as I said, out of respect for everybody's time. All right then. First contracts are 20 through 23, Commission on Tourism. Ms. Vecchio, good morning.

Claudia Vecchio: Good morning.

Governor: How are you today?

Claudia Vecchio: I'm good. How are you?

Governor: Very well. Thank you. Just a basic question. We have these contracts with representatives that are going to be in France, Australia, Brazil, and South Korea?

Claudia Vecchio: Correct.

Governor: We are going to be piggy-backing, I would assume, on the LBCBA.

Claudia Vecchio: Exactly right.

Governor: And my question is this, what more are we getting for our \$60,000 for each contract with these entities or these individuals?

Claudia Vecchio: The real value that we get for that \$60,000 is the opportunity for us -- although Las Vegas is a gateway city where these folks come in, it really is to promote the rest of the state. Reno does not have representation in any of these markets. So we are kind of acting as their representative as well, along with the rest of rural Nevada. And really for the \$60,000 it's a very PR driven campaign. We'll be getting media. We'll be trying to get media and tour operators into the state. So I think generally it is a -- we'll be getting great value for the dollars that we're putting into there to represent the entire state.

Governor: That's what I was assuming that that would be, is that this is an opportunity to promote Northern Nevada, rural Nevada, some of these great opportunities within the state.

Claudia Vecchio: And you're exactly right. And those opportunities are those that these international travelers look for. So we really need to be in front of this extraordinarily expanding market.

Governor: I have no further questions. Board members, do you have any questions for Ms. Vecchio? I'll take that as...

Attorney General: No, Governor.

Governor: Okay. Thank you very much.

Claudia Vecchio: Thank you.

Governor: The next item is 24, Commission on Ethics.

Caren Jenkins: Good morning, Mr. Governor and constitutional officers, and happy Valentine's Day. I'm Caren Jenkins, Executive Director of the Commission on Ethics. And I have with me my Board Chairman, Erik Beyer.

Governor: Good morning, Mr. Beyer. It's good to see you again.

Erik Beyer: Thank you. It's good to be here.

Governor: My question -- and we've had you here before. You've been through IFC. Congratulations on that. I wanted to first confirm that this position is indeed going to be overseen by you.

Caren Jenkins: That's correct, Governor. Initially, there was a discussion about the Commission members' involvement in that oversight, but they've now delegated all of the actual signatory authority and monitoring authority, hiring authority to me.

Governor: And the next question is one that I'm sure you know was coming. My recollection of bringing on Ms. Bloom, who's going to be the individual that's going to be handling this contract, is that that position was going to be used exclusively to catch up the backlog of opinions. And in the purpose of the contract, it includes recommend opinions to be included as annotations to Chapter 281A and compiled written suggestions for modifications to Commission's current practices and policies. Is that going -- by broadening her responsibilities, is that going to take away significantly from her efforts to catch up the backlog?

Caren Jenkins: Thank you, Governor Sandoval. The development of Digest and Annotations has always been assumed by the Commission to be a part of the opinion-writing process, because when an opinion is written, we then digest it and submit it to LCB for selection, perhaps for annotation. That all is part and parcel of the same course of conduct in our opinion. As far as recommending suggestions to the mechanics of our opinion process, it simply logically follows that while you're involved in it as an outsider, you might come across ideas that might make sure we don't find ourselves in this pickle again. And actually, Governor Sandoval, it was your suggestion or comment in December at this meeting that what are we going to do to make sure we don't find ourselves here. And as a result of Ms. Bloom's application, our discussion kind of morphed into this last scope of work item. In the course of analyzing and writing, if there are suggestions she could make to streamline the process and make us more efficient, that she would be -- it would be hoped that she would share that. If that item, the scope of work were to be eliminated, I'm certain that she would do it anyway. And so if it gives any heartburn to the Board, we could eliminate it.

Governor: Well, I'm not seeking to eliminate it. I guess my question is, will that take away significantly from her efforts to catch up the backlogs?

Caren Jenkins: At this point, Ms. Bloom has indicated that it's completely doable even at this point. We're getting started somewhat later than I had hoped. She began retroactively. We're asking for approval to the 30th of January. So she's already begun and she believes it's a doable project.

Governor: And is she taking it from a FIFO, first in first out, or is she taking the oldest ones first?

Caren Jenkins: Certainly not. The Commission has identified that the third-party requests for opinion, the complaints, would have priority. And as a matter of fact, we've kind of prioritized them together. She's going to be taking a number -- primarily the request for opinion, the third-party requests, with several smaller, if you will, less complex opinions each month. And the hope is at least five, if not ten, third-party requests for opinions will be issued every month.

Governor: And she's a licensed attorney, isn't she?

Caren Jenkins: Yes, she is.

Governor: And why was she seeking a waiver for the professional liability insurance?

Caren Jenkins: Mostly because she's not providing legal advice per se or even acting as an attorney. Opinion writing may not be an attorney task. And so rather than getting a professional malpractice insurance, because all of her opinions will be going through my office and through Commission counsel before they're recommended to the Commission, our Commission counsels stop-gap, if you will, if any opinions are, you know, found to be legally insufficient or whatever, we would hope that both my review and Yvonne Nevarez-Goodson's review would send them back for review. So it was an additional cost to her and it would have taken some time so that she wouldn't be qualified for the contract to begin at the time it did. And so the Risk Management and the other bodies in state government had waived that requirement.

Governor: What is her hourly rate?

Caren Jenkins: I don't know.

Governor: Well, I ask because we're -- it's \$13,000 a month.

Caren Jenkins: Right.

Governor: And I was curious to do the math as to how many hours she'd be devoting to this. Will this be her exclusive responsibility or does she have other clients?

Caren Jenkins: She has several foreclosure mediation assignments that she needs to complete, but she's not accepting any additional during the term of this contract. It is her primary focus. And I don't know. It would be impossible to guess how many hours this project will take, but it's a substantial undertaking. And the \$13,000 is simply \$65,000 divided by five months.

Governor: No. I understand that math, but there's another equation as to how many hours will actually be going into this.

Caren Jenkins: I'm going to suggest that it would be -- it is less than what the Attorney General's office would assess us in charge backs. And that's the way that we developed the agreement, the \$65,000 in the first instance. And so it still is a savings to the state rather than if the Attorney General's office had the work hours available, we would end up being charged back in excess of the contract amount.

Governor: And has she started?

Caren Jenkins: Yes, she has. She understands there's two and a half weeks at risk if you are to reject the contract. And she says that's worth the risk.

Governor: We wouldn't do that. Mr. Beyer, I wanted to give you an opportunity. Did you have any kind of presentation that you would like to make?

Erik Beyer: Thank you, Governor. I appreciate that. As Chair, I think when this first came to our attention last fall, the beginning of the backlog, I felt a personal ownership or responsibility, I guess, since our responsibility is to work with our counsel to get these opinions out. And at

that time I formed a subcommittee which consisted of Commissioner Lamboley and distinguished attorney from Reno, as well as Commissioner Weaver, another attorney from Las Vegas and myself. And we met trying to understand why the backlog occurred and trying to at least discuss some possibilities of how we might be able to catch up on the backlog and not have this happen in the future. And I kind of felt it was one of those quick diets, you know, you go on and you lose the weight and then you go right back on it. So this is the long-term. Obviously, corrections have to be made in our office to get these things out on time. And so the committee met with our Executive Director and with her counsel and see all the things that were on the table. And one suggestion was to retain a temporary consultant or someone who could help us to catch up. And as our Executive Director has indicated, learn maybe some new tricks of the trade from this individual that could help us to streamline things in the future. And so I requested that possibly this subcommittee could sit in on the interviews of the potential candidates. And our Executive Director had picked out of a list of 10 or 12, I guess, that were interested, was 4. And she conducted the interviews. And we sat and asked her a few questions, but came to the conclusion that the one that she had picked as her first choice became the one that was retained. So the Commission, in no way was to interfere with your direction, Governor, in our past meeting that she would work under the direction of the Executive Director. And this is fine with the Commission. I personally felt some ownership and some concern that why we had not been on top of this backlog and it shouldn't have happened in the first place. So that was our role, I think, as a Commission. Of course, I would end up having to sign all the opinions. And so I felt a personal involvement there. But we fully understand your concern and your direction and we want to comply with that.

Governor: Thank you, Mr. Chairman. Do you feel that with the meeting of the subcommittee and the suggestion that perhaps better systems in the future, that once this gets caught up, that in moving forward, that you'll have the resources to stay on top of it as your cases come before you?

Erik Beyer: I think so. I've talked to the counsel about this. And there are ways that we can maybe streamline the opinions that are issued. She's very conscientious and has spent a lot of time on each opinion, but I think we can short-circuit those, particularly with the...

Attorney General: Governor, excuse me.

Erik Beyer: It's all right.

Attorney General: We could not hear her down in Vegas.

Erik Beyer: Should I repeat?

Governor: Yes, please.

Attorney General: That would be helpful. That was the same question that I had as well.

Erik Beyer: No. I had met with our counsel and there are ways that we can short-circuit -- not short-circuit, but streamline the opinions that are being written, particularly those that come for an opinion of the first...

Caren Jenkins: First party.

Erik Beyer: Yeah, and those could be done by a short form request. We have also already put into place the fact that our counsel will give us maybe a rough draft of an opinion that we discussed during the hearing and use that as the background for the hearing rather than a lot of finding of facts and so forth to begin with and have the rewrite the whole thing. She can give us the information that we need during the hearing in the form of the rough draft of the opinion. And so that takes out one segment of her work. So I think we're only implementing some streamlining of the preparation of the opinions. And I'm convinced that once this is behind us that we will be able to catch up and stay on track.

Governor: Thank you very much, Mr. Chairman. I have no further questions. Mr. Secretary, Madam Attorney General?

Attorney General: Governor, I just had one quick question. Caren, and correct me if I'm wrong and this was a while ago, the last time we talked about this, I thought you'd said there was a backlog of about 80 opinions; is that correct?

Caren Jenkins: Madam Attorney General, I believe there were 55 to 60 when I first came to this body.

Attorney General: Okay.

Caren Jenkins: There may be more now.

Attorney General: Okay. And it's just on the heels of the Governor's questions. It was similar to my concerns because this is about a contract only for five months. So you're anticipating that at the very least this new contract will handle ten opinions a month to get through all of those backlogs within the timeframe of the term of service for the contract?

Caren Jenkins: The contract specifies that all of the opinions that are outstanding, as well as any new opinions during the five-month period, will be written by the contract attorney. The minimum for her monthly payment draw, if you will, is ten final draft opinions per month.

Attorney General: Okay.

Caren Jenkins: Certainly it's going to take some time to ramp up. I expect the first month and a little bit might only be ten opinions. But then as, you know, you get a template going and get more used to the statutes, I would imagine that that number's going to rise significantly in the next four months.

Attorney General: Okay. And so, Caren, let me make the offer, and I know we've been working on this, to the extent that we can help in any way. As you know, we are overloaded with work ourselves. But if we can help in any way with some of those opinions, please don't hesitate to reach out to our office.

Caren Jenkins: Thank you, Madam Attorney General. You'll be pleased to know that your Deputy Attorney General provided us with a Senior Deputy to approach several opinions. And we've gotten several drafts back already and we do appreciate any help that you've been able to give. I know that you and your staff are very overwhelmed at this point. But I'm grateful for this opportunity to work with Ms. Bloom. Nineteen years as the Chief Clerk with the Nevada Supreme Court gives her great judicial efficiency background and experience and certainly a lot of opinion-writing and opinion-drafting experience. So we're delighted to have her.

Attorney General: Thank you.

Governor: I have no further questions. Secretary, do you have questions? Thank you very much. It's good to see you, Mr. Chairman.

Erik Beyer: Thank you.

Governor: 29 and 30, Department of Education.

Jane Splean: Good morning, Governor, members of the Board.

Governor: Good morning.

Jane Splean: My name is Jane Splean. I'm the Assistant Director for Special Ed. at the Department of Education.

Governor: Thank you for being here today. When I was looking through these contracts, I saw that they were first implemented in 2007. And these two contracts are for an entity and an individual to review the performance on those grants; is that accurate?

Jane Splean: Yes, pretty much. They are in charge of major pieces of the evaluation. Dr. Gene Hall actually has a lot to do as well with the final year of implementation around some specific professional development activities that are described in the project design.

Governor: And this specifically, and I saw this as an opportunity to ask you the question is, how is it going? I mean, the grant, as I read the letter, is to find the desired student and educator outcomes with regard to the special education.

Jane Splean: Right. Well...

Governor: Are we seeing gains as a result of the grant?

Jane Splean: We are. We are. Again, the grant has four specific -- or actually now three specific goals regarding outcomes. And one of the activities is a lot revolves around the mentorship of special education teachers in both Clark and Washoe County, whereby -- so what we're doing now is really looking at very specific outcomes and retention of those kinds of special education teachers over time. This is the fifth and final year of the grant, so we're really looking at pulling together all that evaluation data and looking at trend data. But we do have enough data to know those programs have been highly effective, highly valued by both those districts, as well as effective in retaining the teachers, which is critical for us in the shortage area kind of thing. Regarding some of the actual programs, specifically the instructional consultation program that's being implemented in six of our districts, we're looking specifically now to try to understand how that program impacted the achievement of students with disabilities. So, again, this is a critical year for pulling together all that evaluation.

Governor: Yeah, I get the impression that there's this big vault of information that needs to be reviewed. Is that fair?

Jane Splean: It is. It's been collected over four years. Around implementation each year we collect and conduct implementation assessments. So now it's time to pull it all together, to look at that trend data and collect all of it to put it together into a final report.

Governor: And that's what this entity and the doctor will do?

Jane Splean: Correct. They're both engaged in a big part of that.

Governor: And what's the amount of the grant per year?

Jane Splean: It was originally, I believe, like a \$3.1 million grant over five years. The critical part is, again, we're getting ready to finalize this. The actual end of the contract is in August 31st of this year. We'll be going for a no-cost extension so that it will tide us over yearly until we can apply for a next round of a professional development grant. There are also unexpended funds due to change over of staffing, that kind of thing, that was being supported through this grant. So that way it'll allow us to utilize those funds and complete all the activities, so...

Governor: Thank you very much. It's very helpful. Any questions from other Board members? Thank you again.

Jane Splean: Okay. Thank you.

Governor: Contract 31. Good morning.

Brenda Berry: Good morning, Governor. My name is Brenda Berry. I'm with the Aging and Disability Services Division. And so I'm here to answer any questions you have.

Governor: Thank you. And I have no issue with the contract itself. I just saw -- I'm concerned because our caseloads are increasing dramatically. And I saw that the reason for increase in the

amount of money was due to an increase in enrollees for Medicaid Part D. Could you specify what that increase is?

Dena Schmidt: Good morning, Governor. This is Dena Schmidt, the Chief of Supportive Services. And this particular Part D plan has seen an increase in enrollment. Our eligible members can choose any plan they wish. We just have seen increased enrollment in this particular plan.

Governor: How much is that? Tell me what that increase is.

Dena Schmidt: What percentages? I don't have that number.

Governor: Okay. Just later on, just for my -- I'm just real curious as to how many new folks that we have there. That'd be helpful for me.

Dena Schmidt: We can get that for you.

Governor: Thank you. That's all. Contract 33.

Charles Duarte: Good morning, Governor.

Governor: Good morning. Just a little background. As you know, Mr. Duarte, any item on the Agenda that has this many figures behind it I'm curious about. And this is a real important piece of what we're doing with regard to Medicaid. This is a contract amendment of \$266 million. If you would just set the table in terms of how we're doing, what this is for and what we're going to be doing moving forward, I would appreciate it.

Charles Duarte: Be glad to do that. For the record, Charles Duarte, Administrator for the Division of Health Care Financing and Policy. With me is our Fiscal Officer, Lynn Carrigan. This contract, as you noted, is a contract extension, which allows us to continue working with Amerigroup Nevada, one of our contracted HMOs, to cover medical services for approximately 90,000 Nevadans who are served through that plan. The contract extension will take the contract through June 30th of 2013, a one-year extension. As you recall, our other contracted HMO, Health Plan of Nevada, had a contract extension approved -- a similar one approved in December. And so this is the second contract that we need approval on. The reason for that extension request is that it will allow us more time to analyze the uninsured population that's out there right now, who potentially could be enrolled as a result of the Medicaid expansion associated with the Affordable Care Act. We believe that the vast majority of those individuals who could enroll in Medicaid will be covered by our managed care programs. And so in order to put out an adequate bid with the information that bidders will need to analyze, we need more information on this uninsured population. And so our intent is that this summer we'll be issuing another request for proposal for bidders on our managed care programs. But in the meantime, we need the services of HPN and Amerigroup to continue.

Governor: And this may be drifting a bit, but what do you anticipate -- obviously the Affordable Care Act is in the midst of litigation. I don't know the exact date of the oral

argument, but it's set in the very future is my understanding, that there will likely be a decision by the end of the term, which would be June. If there is a new group of eligible clients or participants in this, will we be having to amend this contract again to accommodate those individuals?

Charles Duarte: For the record, Charles Duarte. Governor, no, this will extend our services with our two current vendors through June 30th of 2013. The Affordable Care Act will take effect January 1 of 2014. And so the idea is that we will have managed care plans in place, potentially new vendors or the same ones in place, in order to serve our current Medicaid population, as well as potentially this new population that we've discussed.

Governor: And as you're aware, Mr. Duarte, I did sit down with the representatives of Amerigroup because I wanted to hear first-hand how they're doing. I mean, obviously if we're extending this contract, their performance has been good.

Charles Duarte: Yes.

Governor: We have complete confidence in them, but I wanted to get your observations.

Charles Duarte: Thank you, Governor. Again, for the record, Charles Duarte. Yes. We're very pleased with the performance of both of our plans. They've done a good job, both in terms of quality of care, as well as cost of care. As an example, we have managed to work with them on rate increases that have been below one percent or a low single digit. As you probably know, in terms of health care inflation in general, it's been running high single digits for the last three years. And so in terms of their overall cost of care, you know, they have managed to keep that down. We did conduct a study through UNR last year with Professor Jeanne Wendel and her team to look at comparable savings associated with managed care versus other programs. And she did find -- her team did find that there was still some savings associated with our managed care programs. We intend to repeat that study with Dr. Wendel at some point in the near future. And one of the things in terms of cost effectiveness I'll point out is that in 2010, we worked with both managed care plans to reduce their administrative costs, what we would allow as administrative costs, from approximately 14 percent to 10.5 percent. That was hard for both of our plans, but we find that, you know, that was an effective way to help reduce costs. And they've managed to continue to provide quality services with that reduced level of administrative overhead. So if you compared commercial plans, you're looking at commercial overhead of anywhere between 26 and 15 percent versus the 10.5 percent we're running now.

Governor: And I'd imagine, I mean, four percent doesn't sound like a lot, but that's a lot of money.

Charles Duarte: It is.

Governor: Could you quantify that?

Charles Duarte: Yeah, I wish I could. I'm sorry, I can't put that into dollar terms, but it is a significant portion of the premium that we pay the plans.

Governor: And that in turn we can use that to providing more funds for care, correct?

Charles Duarte: Correct.

Governor: I have nothing further. Board members, do you have any questions in regard to this Agenda item? Thank you very much.

Charles Duarte: You're welcome.

Governor: Are you here for 34 as well?

Charles Duarte: Yes.

Governor: And I think I understand. I held this one out. Is it simply that we are putting inmates within the Medicaid Program, whereby, we weren't doing that before? Or what are we doing now that we weren't doing before that necessitates this contract?

Charles Duarte: Again, thank you. For the record, Charles Duarte. And we have a representative here from Corrections. But let me just -- before we talk about that, I would like to say that this contract is a result of an initiative that Director Cox, Director Mohlenkamp and Director Wilden asked us to get engaged in. Some of the folks here at this table right now were involved in a project team to develop this contract. In addition, staff from the Division of Welfare and Supportive Services were involved. The intent is as you said, Governor, individuals who are served outside of the correctional medical system in the community, community hospitals, what we're going to be doing is making them Medicaid eligible and paying facilities using Medicaid rates, which is significantly lower than what they're currently paying. My understanding is that for comparable care, they were looking at paying approximately \$1.2 million in state general fund. And now that cost per year will be approximately \$315,000. There's a representative from Corrections here who might want to add to that.

Deborah Reed: Deborah Reed for the record. What we looked at basically for presentation purposes today is how much money we could have saved in general fund if we had implemented this July 1st, and we estimate just roughly about \$350,000 for this just through December. So this is obviously a very good incentive for us to continue with this. And we're also looking at further opportunities within Medicaid to see if there's other opportunities and also other agencies to see if there's opportunities there to save more general fund dollars. But we do want to thank Mike Wilden and Chuck Duarte and their staff for working with us so diligently on this. It came together rather quickly, but Director Mohlenkamp is the one who planted the seed before he left. So thanks to all.

Governor: You know, I just want to take this moment to congratulate you and compliment you for what you've done because this is exactly the essence of what we're trying to accomplish here in terms of state agencies working together to save money so that we can put it toward other issues as well. But this is creative, it's innovative and it's what I described as thinking big. I

mean, it's just really thinking outside the box. So thank you very much for all of your efforts. Next item is 46. Good morning, sir.

Dave Prather: Good morning, Governor. For the record, Dave Prather. I'm the Administrative Service Officer for the Division of Mental Health and Developmental Services.

Governor: And my question is -- we're kind of getting to the end of the line in terms of reaching all these agreements with their respective counties; is that accurate? Is there anything else hanging out there that you're concerned about?

Dave Prather: Not that we're concerned about. We don't have a contract with Clark County yet, but due to the turnover in their legal department, for lack of a better term, that one's been delayed. But they are currently paying the invoices on schedule, so we're not having any issues in terms of revenue. So everything is going pretty good. We still have one, I believe, with Nye County and they've just had some turnover down there too. So things are just taking a little more time than we've...

Governor: Which is fine and I know those things take time. But I do recall Director Wilden talking about Nye County and perhaps that was escalating, that issue, perhaps to a legal challenge. Is that still where it is?

Dave Prather: I'm not sure if I would call it escalating. I'd just developed a pretty good relationship with their county manager and they terminated him last month. So, like I say, we're now stopping and starting over with those folks. So there's a -- I haven't spoke with the legal...

Governor: You're a tough negotiator.

Dave Prather: It's just bad timing on that one. But, like I say, so we're still pushing forward with them.

Governor: All right. Thank you very much.

Dave Prather: You bet.

Clerk: Governor, I might add that -- Jeff Mohlenkamp, for the record, that we actually see significant progress in the last three months. Whereas, three or four months ago I was very concerned. Overall, the picture's really looking much better.

Governor: It was 78 through 81, the DETR and the Workforce Connection, Nevada Works contracts.

Dennis Perea: Good morning, Governor. For the record, Dennis Perea, Deputy Director of DETR.

Governor: Yes. Good morning, Dennis. Just so I understand these items on the Agenda, this is a result of the Department of Labor changing its policies and requiring you to shift the

Governor's reserve money into -- or the Governor's reserve account into a different category; is that accurate?

Dennis Perea: A portion of that. Yes, that's correct, Governor.

Governor: Okay. And my concern or question is this, is by approving these transfers, will that also be considered tacit approval of these budgets that were attached to the contracts for Workforce Connections?

Dennis Perea: Yes, Governor.

Governor: They will be?

Dennis Perea: Yes, sir.

Governor: So the Board of Examiners is approving -- I'm looking at that attachment AA that was revised January 3, 2012. And I had certain questions within that budget that I don't know if they'd be appropriate to be asked today. So my question was -- I have no problem transferring the money. I just have questions about how that money is going to be spent.

Dennis Perea: There are members from Workforce Connections and Nevada Works in the audience if you'd choose to ask questions.

Governor: Well, as I said, this attachment AA is essentially what is the proposal for how to spend the additional money that is coming from the Governor's reserve account; is that accurate?

Dennis Perea: No. The additional money would be going into, I believe -- and correct me if I'm wrong, Ms. Wicks, but the money would be going into the unallocated dollars of the Board so that they could either be reallocated under current contracts or roll forward into next year's contract.

Governor: Okay. Because there's one item on here, it's 6850 Strategic Initiative, which is going to be seeing additional money of \$688,000.

Dennis Perea: Yes, Governor. Director John Ball has joined the table if you'd like to try and explain that.

John Ball: Good morning, Governor.

Governor: Good morning.

John Ball: John Ball for the record, Workforce Connections. Unlike most state agencies or even local government agencies, Governor and Board, we do not have a carryover from year to year. We're not allowed to do that by the Department of Labor. So we generally have a line item that picks up revenues that come in after our original budget is adopted by our Board, usually in June. So this budget has been operative since July 1st of 2011. And that line item is

simply a place a temporarily collect revenues, for instance, that were carried over, did not get spent last year. And as of July 1st, we did not know the total that did not get spent in programs. Sometimes programs will send some money back. Or, as in this instance, additional revenue will come from the state or federal government. That's a temporary parking place until our Board decides which particular kind of contracts those revenues will be allocated to. In this case, under the Department of Labor's budget adjustment, that moves this money from the Governor's reserve. Some of the money is in Adult Services and some is in Dislocated Workers' Services. So they will be reallocated to training contracts in those two areas.

Governor: Okay. And also there's a line item in here for travel for staff for \$70,000.

John Ball: Yes.

Governor: Is there extensive travel that the staff has to undergo?

John Ball: There's quite a bit. Governor, and we would expect -- we're on track to significantly underspend that item. But we have, as you understand, a large service area across southern Nevada, also have travel required to Carson City on occasional basis. So all the travel that we do in terms of covering the four counties of southern Nevada and the four cities that we serve come into that line item.

Governor: Well, I guess I'd ask this. With going back to the strategic initiative and the workforce training, would you please coordinate with DETR and I would like to see how that money is being spent to ensure that it is consistent and complements what we're trying to do with regard to economic development in terms of training a workforce that is aligned with our economic development plans?

John Ball: Absolutely, Governor. And let me just say, I just stepped out of a meeting with Steve Hill here on the same floor. And we're having that discussion right now with Steve and his team. We have organized all our efforts over the last three years around sector councils. We have two of those up and running in green and health care now, have been for a couple of years. And we have a couple more coming online. So we have foreshadowed, in some instances, these strategic efforts that you and Director Hill kicked off last week. We're happy to coordinate with that very closely. One item that came up in that meeting was this issue of overhead at the local Board, particularly the southern Board. Let me just say, we are limited by federal law to ten percent overhead expenditures. As you know from being around local and state government, that is a very lean operating mix on the administrative end. And every dollar that we have in each of these line items has to be accounted for through multiple audits, both in our own internal audits and at the level of the Department of Employment and Training and the regional office in San Francisco and the federal office in Washington.

Governor: Well, at the end of the day we all want the same thing, which is to get as many dollars as possible to those that we serve.

John Ball: Yes, we do.

Governor: Great. I have no further questions on these Agenda items. Thank you very much.

John Ball: Thank you.

Governor: The last holdout I had was Contract 85.

Clerk: Governor, it doesn't appear that there's anybody here to discuss Contract No. 85.

Governor: And it's not a significant question. I understand that the Executive Director of the Audiology and Speech Pathology Board had stepped down and this is to hire somebody to do the same work functions. My question was, is the amount that we're contracting now more or less than what the previous individual was charging?

Clerk: Governor, I don't have that information now, but I can certainly -- we have somebody here who can speak to it?

Henna Rasul: Good morning, Governor. I've been called last minute.

Governor: Oh, you're fine.

Henna Rasul: I wasn't anticipating -- I'm here in place of the Executive Director. I'm the Senior Deputy Attorney General assigned to this account and hopefully will be able to answer any questions.

Governor: Just would you state your name for the record, please.

Henna Rasul: Henna Rasul, Senior Deputy Attorney General.

Governor: It's good to see you again, Ms. Rasul.

Henna Rasul: Nice to see you again.

Governor: I know that this contract was simply to -- the former Executive Director had left. This is a contract with this Lori Lynn Limited for that individual to perform those functions. The contract was for \$2,075 a month for a total of \$24,900. I was just curious as to whether that was more or less than what the prior individual was charging.

Henna Rasul: Thank you, Governor. It's more and that is because the previous Executive Director was not really performing the functions that needed to be performed. And this Executive Director is also an Executive Director for another Board I have and she's done phenomenal work for that Board in putting it back on track. There's a lot more to the position than what was actually being done by the previous Board Executive Director, if that makes any sense.

Governor: I understand how you're trying to present things. So this other individual is currently the Executive Director for the Board of Occupational Therapy.

Henna Rasul: Correct.

Governor: And so she would taken on these responsibilities for this Board but at a higher cost before but to in essence get the Audiology and Speech Pathology Board back on track. Is that a fair statement?

Henna Rasul: Exactly.

Governor: That's all I have. Thank you.

Henna Rasul: Thank you.

Governor: But I have no other questions with regard to any of the contracts contained within Agenda Item No. 9. Do any of the Board members have any contracts they'd like to be held out for consideration?

Attorney General: No, Governor.

Governor: So with that, the Chair will accept a motion for approval for Agenda Item No. 9, Contracts 1 through 87.

Secretary of State: Move for approval.

Attorney General: I second the motion.

Governor: So motion by the Secretary of State for approval of the Contracts 1 through 87 under Agenda Item No. 9, a second by the Attorney General. Are there any questions or discussion on the motion? Hearing none, all in favor, please say aye. Opposed no. Motion passes.

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

Two master service agreements were submitted to the Board for review and approval.

Clerk's Recommendation: I recommend approval.

Motion By: Secretary of State Seconded By: Attorney General Vote: 2-0

Comments:

Governor: Agenda Item No. 10, Master Service Agreements. Mr. Mohlenkamp.

Clerk: Thank you, Governor. Before the Board are two master service agreements. The first is court reporting for \$500,000. The second, ISIS, LLC, and this is a \$10 million contract that provides for the vendor to go out and seek ways that the state can save money essentially, go out and look out at our technology, our phone uses, some of the various different ways the state is

spending money and to identify methods where the state could actually operate more efficiently. It is a contingency contract in that the vendor collects only when the state has bona fide savings that we've achieved. Kimberlee Tarter's here if you have any questions on NIC No. 2.

Governor: I'm curious, what would be an example of what they would look into?

Kimberlee Tarter: Good morning. For the record, Kimberlee Tarter. Some of the things, when they come in and they do the audit, they look at the number of lines that an agency has assigned. And they may identify lines that don't have any usage on them. And they will bring it to the agency's attention to determine if it truly is a vacant line that we are paying for or it's a vacant line that perhaps is an emergency service line that we do need to maintain. So they'll go in, make identification of unused things. They'll look at billing rates. They pull all the invoices that the state's received from the vendor. They look at the contracts and they determine if we're being billed at the correct rate. And then if there's overbillings, those are the type of things that they'll also pursue. They look at the equipment that we have. Do we have any excess equipment? The ability to go down through a very thorough and detailed list and their expertise truly does lie in telecommunications. And so it allows them to look at things with more depth and with more vigor than, say, a state employee would do because they have more skin in the game in the fact that they're going to only be paid in the event they actually are able to determine that there are any operational savings.

Governor: And will they be working with Mr. Gustafson? Does that come within his spear of influence, I'll call it?

Kimberlee Tarter: Yes. They will be starting off with Enterprise Information Technology Systems. That's the kickoff point. But the contract was actually written to be used by any state agency down to political subdivisions. There has been some decentralization in the telecommunications of the state. So Mr. Gustafson's agency doesn't have sway over all state agencies. We're hoping that with some of the successes that we're comfortable we will be able to achieve with his agency, other agencies will then want to participate.

Governor: And how do you encourage maximum participation in this program?

Kimberlee Tarter: Because the Governor says so.

Governor: I was trying to put it as gentle as possible, but, no, I would like there to be, you know, all the affected agencies to be participating in this to see if indeed there are ways that we could save money.

Kimberlee Tarter: That would be absolutely wonderful. There will be an all-agency memorandum released letting the agencies know this contract is out there, point of contacts so that they can begin moving forward with it. The more support we can have the highest level possible will certainly encourage that participation.

Governor: And I'm sure everybody wants the same thing. It just isn't perhaps a matter of being aware of it. So as broadly as you can disseminate this, the better.

Kimberlee Tarter: Absolutely. And it is very important because the more participation that we're able to achieve, the contractor reduces the percentage of what they charge on the (inaudible).

Governor: Thank you. Board members, do you have any questions with regard to Agenda Item No. 10, No.'s 1 and 2, Master Service Agreements?

Attorney General: Governor, I do have a question on the last item that was just discussed. I understand that it's a contingency agreement. I'm wondering if they can discuss the particulars of the percentage fee amount that was entered into.

Kimberlee Tarter: I can give you some general information. We also have individuals from Information Technology that participated in the evaluation of the solicitations. Currently it is at 30 percent. And that is set as a maximum that they would keep for their recovery fee. And then the greater participation, the more lines that are provided, they will negotiate that fee down.

Attorney General: Okay. Would you -- I would like to see a copy of it. I'd appreciate that if you can send that over to my office. That would be great.

Kimberlee Tarter: Absolutely. We'll have a copy out to you today.

Attorney General: Thank you.

Clerk: And just -- Jeff Mohlenkamp, for the record. I do have a write-up in front of me just to clarify the record. And we'll have to verify this, but I've got that any collections from \$1 to \$249,999 is at 32 percent. Then it drops down to 29 percent for anything over \$2 million. So it is a decreasing -- the amount of collections decreases the amount of percentage fees that we would pay to the vendor.

Attorney General: Thank you.

Governor: Perhaps we should pass that on to some law firms as well, I would say. All right. Chair will accept a motion for approval of Agenda Item No. 10, Master Service Agreements 1 and 2.

Secretary of State: Move for approval.

Attorney General: I'll second the motion.

Governor: There's a motion by the Secretary of State for approval of Agenda Item No. 10, Master Service Agreements 1 and 2, a second by the Attorney General. Are there any questions or discussion on the motion? Hearing none, all in favor of the motion, please say aye. Opposed no. Motion passes unanimously.

11. INFORMATION ITEMS

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

Pursuant to NRS Chapters 111, Statutes of Nevada, 1989 at page 263, the Division of State Lands is required to provide the Board of Examiners quarterly reports regarding lands or interests in lands transferred, sold, exchanged, or leased under the Tahoe Basin Act program. Also, pursuant to Chapter 355, Statutes of Nevada, 1993, at page 1153, the agency is to report quarterly on the status of real property or interests in real property transferred under the Lake Tahoe Mitigation Program. This submittal reports on program activities for the fiscal quarter ending December 31, 2011 (reference NRS 321.5954).

- **1989 Tahoe Basin Act**

The agency reports there were no transfers of lands or interests in lands during the quarter.

There were no acquisitions of lands or interest in lands during this quarter.

- **Lake Tahoe Mitigation Program**

The agency reports that there was one Residential Development Right transaction under this program for the quarter. The Right was associated with a parcel of land that the Nevada Land Bank purchased using excess coverage mitigation funds received in calendar year 2000. The sale of the Right generated a total of \$12,950 in proceeds for the Nevada Land Bank.

No other transactions are reported for the first quarter of FY12.

Comments:

B. Report to the Board of Examiners regarding Arbitrage Liability on the \$149,990,000 Capital Improvement Series 2006E Bonds

The Department of Administration has contracted with Arbitrage Compliance Specialists Inc. This company has significant legal and financial expertise in tax exempt bond issuances and specifically in the area of arbitrage calculation. In the issuances of tax exempt bonds, arbitrage payments can be owed to the federal government when a state or municipality does not spend funds within a prescribed time frame. Further, if timely spending requirements are not met and the state or municipality accrues interest income that exceeds interest payments, a payment is owed to the federal government.

Leading into the close of calendar year 2011, the State Controller's office had determined that a payment of \$868,245 was due. Since arbitrage is a complicated matter and requires a very specific level of expertise, it was determined appropriate to seek specialized expertise. This expertise proved very helpful as the contractor identified accounting methodology that demonstrated expenditures were timely and in full compliance with required time frames which

eliminated the liability. Therefore, no arbitrage liability exists with regard to the \$149,990,000 Capital Improvement Series 2006E Bonds.

Comments:

Governor: Agenda Item No. 11, Information Items.

Clerk: Thank you, Governor. Before the Board is two different reports from the Department of Conservation and Natural Resources, Division of State Lands. The first is with regard to the Tahoe Basin Act and the second is with regard to Lake Tahoe Mitigation Program. I believe there are still representatives here to answer questions. I'm not sure if they are or not. Yes, there are.

Governor: I have no questions regarding this Agenda item. Board members, do you have any questions with regard to Agenda Items 11A and B?

Clerk: For the record, I wanted to advise the Board. A while back there was a news article that discussed the state's potential liability with regard to arbitrage. Arbitrage payments can be due from states or municipalities in the event where the interest earned from bond proceeds exceeds the expenditures from, you know, the state or the municipality. In this case, the State Controller's Office had indicated that potential liability of over \$860,000 was potential. Going into the end of the year, we were looking at that. At the same time we were in discussion with both the Controller and the Treasurer's Office with regard to having this examined more carefully. So my office took the liberty to move forward and to hire any contractor, in this case, Arbitrage Compliance Specialist, Inc. They looked at the -- they worked extensively with our staff and also with the Controller's Office and the Treasurer's Office and were able to determine that, in fact, the state does not owe any money in the form of arbitrage. The counting mechanisms that we were using before we converted actually were appropriate in the calculation of arbitrage. And by applying those allocations on a first in, first out basis for the expenditures on bond proceeds, we determined that there are no, there will be no liability on the bonds at this point in time. So that's good news and I wanted to advise the Board of that.

Governor: And thank you, Mr. Mohlenkamp. And the two individuals in your office that were identified as being responsible for assisting in that determination were brought to my attention. And I've written them notes to thank them for their efforts. But certainly I want to compliment you for what you've done here. And that was a large amount of money that was alleged that the state would owe. And now, you know, it's been determined that we don't. So I appreciate your diligence and hard work in that regard.

Clerk: Thank you, Governor. And just for the record, Evan Dale and Jim Rodriguez are the two members of my staff that put in a ton of effort into this. And I think they should be acknowledged and I really appreciate that.

Governor: Any questions with regard to Agenda Item 11B?

Secretary of State: No, Governor.

12. BOARD MEMBERS' COMMENTS/PUBLIC COMMENTS

Comments:

Governor: Any Board member comments on, excuse me, under Agenda Item No. 12?

Secretary of State: No, Governor.

Governor: Is there any public comment here in Carson City under Agenda Item No. 12? Any public comment in Las Vegas?

Attorney General: No, Governor.

***13. FOR POSSIBLE ACTION – ADJOURNMENT**

Comments:

Governor: All right. Then is there a motion for adjournment?

Secretary of State: So moved.

Attorney General: Second the motion.

Governor: The motion by the Secretary of State for adjournment, second by the Attorney General. Any questions or discussion on the motion? Hearing none, all in favor, please say aye. Opposed no. Motion passes. The meeting is adjourned. Thank you, Ladies and Gentlemen.

Attorney General: Thank you.

Respectfully submitted,

JEFF MOHLENKAMP, CLERK

APPROVED:

GOVERNOR BRIAN SANDOVAL, CHAIRMAN

ATTORNEY GENERAL CATHERINE CORTEZ MASTO

SECRETARY OF STATE ROSS MILLER