

# MINUTES

## MEETING OF THE BOARD OF EXAMINERS

June 9, 2015

The Board of Examiners met on June 9, 2015, in the Guinn Room on the second floor of the Capitol Building, 101 N. Carson St., Carson City, Nevada, at 10:00 a.m. Present were:

### **Members:**

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

### **Others Present:**

Patrick Gavin, State Public Charter School Authority  
Mr. Thompson, Office of Energy  
Tara Hagen, Senior Deputy Treasurer  
Sherry Rupert  
Claudia Vecchio, Director of the Department of Tourism and Cultural Affairs  
Steve Hill, Director, Governor's Office of Economic Development  
Steve Canavero, Deputy Superintendent Nevada Department of Education  
David Anderson, ASO, DCFS Juvenile Justice Budget Accounts  
Brian Duffrin, Chief of Administration Division, Gaming Control Board  
Andrew Tucker, IT Manager, Gaming  
Jackie Kingsland, Contracts Administrator, Gaming  
Roger Rahming, Operations Officer  
Donna Lopez, Quality Control Officer, Public Employees Benefits Program  
Dr. Linda Ash-Jackson, Chief Medical Officer, Hometown Health Plan.

## 1. PUBLIC COMMENTS

### Comments:

**Governor:** Good morning, everybody. I think this sets a record for attendance for Board of Examiners. Wow. All right, then, we'll get moving because I know a lot of you have places to be. Can you hear us loud and clear in Las Vegas? Can you hear us in Las Vegas?

**Unknown Male:** Yes, we can.

**Governor:** All right. Thank you. All right.

**Unknown Male:** That's because she's with me.

**Governor:** We can hear you. We heard your whole conversation. Just kidding. No, I'm kidding.

**Unknown Male:** I hope it was entertaining.

**Governor:** Yeah. No, but if you would mute that until someone speaks so there won't be an echo.

**Unknown Male:** Yes, sir.

**Governor:** All right. Thank you. All right, we'll commence with Agenda Item No. 1, Public Comments. Is there any many of the public present in Carson City that would like to provide public comment to the Board? Is there anyone present in Las Vegas that would like to provide public comment to the Board?

**Unknown Male:** No, thank you, sir.

## \*2. FOR POSSIBLE ACTION – APPROVAL OF THE MAY 12, 2015 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:** All right. We'll move to Agenda Item No. 2, Approval of the May 12, 2015 Board of Examiner Meeting Minutes. Have the members had an opportunity to review the minutes, and are there any changes?

**Secretary of State:** I have none. I'll move for approval if there are no other.

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

**Attorney General:** Second.

**Governor:** Attorney General has seconded the motion. Any questions or discussion? All in favor, say aye.

**Secretary of State:** Aye.

**Governor:** Aye.

**Attorney General:** Aye.

**Governor:** Motion passes 3-0.

**\*3. FOR POSSIBLE ACTION – AUTHORIZATION TO CONTRACT WITH A CURRENT AND/OR FORMER EMPLOYEE**

**A. Department of Education**

Pursuant to NRS 333.705, the Department of Education requests authority to contract with a former Department of Education, Administrative Services Officer, through a temporary service, to provide training, knowledge transfer and technical assistance with the allocation and payment models for the Distributive School Account, Class Size Reduction, and Full Day Kindergarten through December 31, 2015.

**Clerk's Recommendation: I recommend approval.**

**Motion By:** \_\_\_\_\_ **Seconded By:** \_\_\_\_\_ **Vote:** \_\_\_\_\_

**Comments:**

**Governor:** Mr. Wells, my understanding is Agenda Item No. 3 has been pulled?

**Clerk:** That is correct, Governor. Item No. 3 has been withdrawn by the (inaudible).

**Governor:** All right.

**\*4. FOR POSSIBLE ACTION – REVIEW OF A CONTRACT WITH A FORMER EMPLOYEE**

**A. State Public Charter School Authority**

Pursuant to NRS 333.705(4), the State Public Charter School Authority seeks a favorable recommendation regarding the Authority's determination to use the emergency provision to contract with a former employee from October 21, 2014 to November 14, 2014 to employ a

former Program Officer from the Office of Teacher Licensure to assist the agency in preparing the annual Licensed Person Report.

**Clerk's Recommendation: I recommend approval.**

**Motion By: Attorney General**

**Seconded By: Secretary of State**

**Vote: 3-0**

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**Comments:**

**Governor:** Then we'll move to Agenda Item No. 4, Review of a Contract With a Former Employee. Mr. Wells.

**Clerk:** Thank you, Governor. Item No. 4, under NRS 33.705, it allows for the head of an agency to contract with a current or former employee, if the agency had determined (inaudible) emergency exists. But they must submit a copy of the contract and a description of the emergency to the Board of Examiners. Item No. 4 is a contract between a former employee and the State Public Charter School Authority, as well as a description of the emergency that precipitated entering into the contract. The Board action here is to notify the Authority whether or not it would have approved the contract had it been entered in to without the emergency declaration.

**Governor:** And this was a three-week contract?

**Clerk:** That's correct.

**Governor:** Which occurred October 21, 2014 to November 14, 2014?

**Clerk:** Correct.

**Governor:** Do we need -- is this for informational purposes, or do we need to approve this contract for services?

**Clerk:** Governor, again, Jim Wells for the record. It's to notify the Agency whether you would have approved it, so there is an action here to notify the Agency whether you would have approved it. But if the Board of Examiners says "no, they would not have approved it," unfortunately there's no way to go back. It just says, basically, don't do that again.

**Governor:** Yeah. And this is authorizing statute to proceed in this fashion, correct?

**Clerk:** Correct.

**Governor:** Questions from Board members.

**Secretary of State:** Yes. If I could, Governor, I'm just curious as to what happened, why it was never brought before the Board before. What was the rationale? And then, why are we just getting this now? What's the emergency?

**Clerk:** Governor, there is a member of the Public Charter School Authority available to answer questions for this.

**Secretary of State:** One of things we should maybe look at, Governor, is whether or not the law needs to be revamped after looking at this statute.

**Unidentified Male:** Is there a--

**Governor:** Yeah, it's -- you're on. So please proceed.

**Patrick Gavin:** Sorry, I'm just so used to being over at the other building. Patrick Gavin from the State Public Charter School Authority for the record. Ms. Cegavske, thank you for the question. The licensed persons report is a report that is required of all local education agencies pursuant both state and federal law. It conflates two separate requirements, one of which is the requirement that charter schools must submit an annual report regarding all licensed individuals for the purposes of compliance with the charter school statute. And that is information that is then reviewed by the Department of Education.

With the other element in our role is the local education agency for all charter schools under our authority, is we required to report on the status of licenses persons also for federal purposes. It was that issue, and the fact that there was a requirement that we certify the accuracy of certain information related to individuals who are not in our employ. And that precipitated the emergency. I was new to the position, and was not aware of the nature of this report at the time. And was gravely concerned by the prospect of putting this Agency, and potentially the department, out of compliance with federal requirements, related to this particular provision of the No Child Left Behind act.

The individual who was identified as an expert in the coding of the new rules related to the submission of this information to the department, was a former NDE employee who had formerly worked in the licensure division. That I reached out to that individual immediately, and we negotiated a verbal agreement. To be candid, I was very new to the position, and did not have an administrative services officer at the time to guide me through the process. We have since rectified that issue.

That former employee did not invoice us until, I believe the date was the end of February. And we have worked with the department of administration since that time to rectify the matter and ensure that it does not recur.

**Secretary of State:** Okay. Thank you.

**Governor:** So just to be clear, the situation was urgent, and there was a deadline...

**Patrick Gavin:** Yes, sir.

**Governor:** ...and there was an emergency.

**Patrick Gavin:** Yes, sir.

**Governor:** All right. So that's the whole purpose of the statute, is to allow for a state agency to be able to hire somebody when they don't have -- or when it doesn't have the personnel to handle the matter, to reach out and get somebody in there right away. Other questions from Board members?

**Attorney General:** Move to approve.

**Governor:** Attorney General has moved to approve the Contract for Services of Independent Contractor as presented in Agenda Item No. 4. Is there a second?

**Secretary of State:** I'll reluctantly second it. I still have some questions I think we need to go over on it. Thank you.

**Governor:** Secretary of State has seconded the motion. Any questions or discussion? All in favor, please say aye. Aye.

**Secretary of State:** Aye.

**Attorney General:** Aye.

**Governor:** Motion passes 3-0. Thank you.

**\*5. FOR POSSIBLE ACTION – SALARY ADJUSTMENT**

The 2013 Legislative Session made appropriations from the General Fund and the Highway Fund to the Board of Examiners to meet certain salary deficiencies for fiscal year 2015, that might be created between the appropriated money of the respective departments, commissions, and agencies and the actual cost of the personnel of those departments, commissions, and agencies that are necessary to pay for salaries. Under this legislation, the following amounts from the General Fund and/or Highway Fund are requested:

<b>BA#</b>	<b>BUDGET ACCOUNT NAME</b>	<b>GENERAL FUND ADJUSTMENT</b>	<b>HWY FUND ADJUSTMENT</b>
2941	Division of Museums and History	\$2,693	
2666	Commission on Postsecondary Ed	\$4,159	
3711	Department of Corrections - Correctional Programs	\$107,664	
3716	Department of Corrections - Warm Springs Correctional Center	\$110,757	
3724	Department of Corrections - Northern Nevada Restitution Center	\$5,637	
3760	Department of Corrections - Casa Grande	\$14,573	

	Transitional Housing		
3760	Department of Corrections - Casa Grande Transitional Housing	\$14,573	
5030	Comstock Historic Preservation District	\$1,921	
	<b>Total</b>	<b>\$247,404</b>	

**Clerk's Recommendation: I recommend approval.**

**Motion By: Attorney General**

**Seconded By: Secretary of State**

**Vote: 3-0**

**Comments:**

**Governor:** We'll move to Agenda Item No. 5, Salary Adjustment. Mr. Wells.

**Clerk:** Thank you, Governor. Agenda Item No. 5 is a request from seven budget accounts for salary adjustment dollars to meet deficiencies between the amounts that were budgeted for and the actual cost of personnel. This difference generally results from agencies not realizing vacancy savings as a result of lower than expected turnover or hiring individuals at higher steps than was budgeted for in their budget.

In the current biennium, it can also relate to not realizing anticipated furlough savings due to overtime related to shift coverage for, say, for instance, the Department of Corrections. This request has 2,693 for the Division of Museums and History, with \$4,159 for the Commission on Postsecondary Education. \$238,631 for the Department of Corrections. And \$1,921 for the Comstock Historic Preservation District.

**Governor:** Sorry, I want a little more details on Corrections. Is there somebody from Corrections here? (Inaudible), use second gear rather than fifth gear when you talk, so don't talk so fast. But, so can you give me a little more background as to your requests, or Department of Correction's request?

**Unidentified Male:** There were several things. As you remember -- if you will remember in 2014, we were before you to request an IFC contingency fund allocation because of unrealized vacancy savings. There'd been a substantial increase in our vacancy savings requirement for the biennium, which has been corrected for the 2016-2017.

That was part of a -- the second part of it for Corrections, which is difficult, is we are not budgeted for overtime, so we end up expending overtime dollars anyway. If we have a vacancy, we have -- somebody has to go to the hospital, different things like that, and when this is calculated, any of the BOE salary funds that are available to us are reduced by the amount of overtime that we paid out. So ultimately, we end up not leaving a lot of money on the table, if you will, because of expending money on overtime.

**Governor:** All right. So we should be good moving forward, though, with the new budget.

**Unidentified Male:** Again, the vacancy savings requirement has been reduced substantially for '16-'17. But again, we're not budgeted for overtime, so I can't give you an absolute yes.

**Governor:** Well, I mean, given that there are no more -- will be no more furloughs, and the new positions that your department's receiving...

**Unidentified Male:** That is correct. That -- we anticipate those new positions, the Correctional Officer positions, hopefully are going to reduce our overtime by at least 20%. So we're very enthusiastic about that.

**Governor.** All right. Questions from other Board members on Agenda Item No. 5?

**Secretary of State:** No.

**Governor:** Thank you very much. If there are no questions, the Chair will accept a motion to approve the salary adjustments as described in Agenda Item No. 5.

**Attorney General:** Move to approve.

**Secretary of State:** Second.

**Governor:** Attorney General has moved for approval. Secretary of State has seconded the motion. Any questions or discussion? All in favor, say aye.

**Secretary of State:** Aye.

**Attorney General:** Aye.

**Governor:** Aye. Motion passes, 3-0.

**\*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.

<b>AGENCY NAME</b>	<b># OF VEHICLES</b>	<b>NOT TO EXCEED:</b>
Department of Health and Human Services – Division of Child and Family Services – Summit View Youth Correctional Facility	1	\$26,815
<b>Total</b>		<b>\$26,815</b>

**Clerk's Recommendation: I recommend approval.**

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

**Comments:**

**Governor:** Next is State Vehicle Purchase, Agenda Item No. 6. Mr. Wells.



**Clerk:** Thank you, Governor. Agenda Item No. 6 is the request for a maintenance truck for the Summit View Youth Correctional Facility. This vehicle is included in the Agency's budget for FY16, and the vehicle will be purchased after July 1.

**Governor:** And will that correspond with a reopening of that facility?

**Clerk:** That is correct, Governor. This is part of the plan to reopen the facility in October.

**Governor:** All right. Questions from Board members?

**Secretary of State:** Move for approval.

**Governor:** Secretary of State has moved for approval of the state vehicle purchase as described in Agenda Item No. 6. Is there...

**Attorney General:** I second.

**Governor:** ...a second? Attorney General has seconded the motion. All in favor, say aye.

**Secretary of State:** Aye.

**Governor:** Aye.

**Attorney General:** Aye.

**Governor:** Motion passes, 3-0.

**\*7. FOR POSSIBLE ACTION – REQUEST FOR GENERAL FUND ALLOCATION FROM THE INTERIM FINANCE COMMITTEE CONTINGENCY ACCOUNT**

**A. Office of the Military**

Pursuant to NRS 353.268, the Office of the Military requests an allocation of \$868 from the Interim Finance Committee (IFC) Contingency Account to fund a stale claim from SFY 2012.

**\*\*This request is contingent upon the approval of an action item which was submitted for placement on the agenda of the June 25, 2015 Interim Finance Committee meeting.\*\***

**Clerk's Recommendation:** I recommend approval.

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

**Comments:**

**Governor:** We will move to Agenda Item No. 7, Request for General Fund Allocation From the IFC Contingency Account Office of the Military. Mr. Wells.

**Clerk:** Thank you, Governor. Item No. 7 is a request for an allocation from the IFC Contingency Fund for the Office of the Military to pay a Fiscal Year 2012 stale claim from NB Energy. Statute does allow for agencies to pay a stale claim from current year resources, but only if that claim is less than \$100, or if it is for medical claims, or if it for personnel-related costs. And also, the Agency can also request a allocation from the Stale Claims account, but only if they revert General Funds in excess of the stale claim.

In FY 2012, the Office of the Military did not revert General Funds to the -- or did not revert funds to the General Fund,. Therefore it is ineligible for an allocation for the stale claim, and their only recourse is to ask for an IFC contingency claim to pay NB Energy the \$867.62 that they owe, as a result of a claim being missed during a billing transition.

**Governor:** No. And if there ever was an area for a statutory change, this is it. Because it's for \$867.62, so the department administration has had to process it, and the Board of Examiners had to process this, and with that threshold being at \$100.00, we certainly should explore in 2017 the possibility of raising that floor so that matters like that can be paid summarily by the department.

Madam Secretary.

**Secretary of State:** Thank you, Governor. Is their budget so tight that they don't have a little wiggle room within their own budget to pay for that, because usually the agency -- we have, you know, a little money in there to offset something like this. You know, if a computer or something goes down. So I'm kind of perplexed as to why their budget -- is their budget that tight?

**Clerk:** Thank you, Madam Secretary. That's a great question. I don't believe that their budget is that tight. Unfortunately, the law states that because this is a claim for a prior Fiscal Year, and it is greater than \$100, that they cannot pay it from current year resources. So I think what the Governor was alluding to was...

**Secretary of State:** Yeah, no, I know.

**Clerk:** ...increasing that threshold, which after processing this claim has been on our radar for (inaudible) and FY17.

**Governor:** How many hours of staff time do you estimate went into this?

**Clerk:** Probably enough to pay the claim.

**Governor:** Oh, more than that, I'm sure. But in any event, if...

**Secretary of State:** Okay.

**Governor:** Law's the law, and we have to follow the process, and it's pretty straightforward.

**Secretary of State:** Hopefully we can change it.

**Governor:** So, hey, if there are no further questions, the Chair will accept a motion to approve a General Fund allocation in the amount of \$867.62, for the Office of the Military.

**Attorney General:** Move to approve.

**Secretary of State:** And I'll second it, knowing that we're going to go change the law.

**Governor:** You can use one of your bills.

**Secretary of State:** All right, all right.

**Governor:** So, the Attorney General has moved for approval, Secretary of State has seconded the motion. Any questions or discussion? All in favor, say aye.

**Secretary of State:** Aye.

**Attorney General:** Aye.

**Governor:** Aye. Motion passed, 3-0.

**\*8. FOR POSSIBLE ACTION – LEASE**

One lease was submitted to the Board for review and approval.

**Clerk's Recommendation:** I recommend approval.

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

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**Comments:**

**Governor:** We'll move on to Agenda Item No. 8, Leases, or Lease in this case.

**Clerk:** That is correct, Governor. There is one lease in Exhibit No. 1 for approval by the Board of Examiners, and no additional information has been expressed for this particular lease.

**Governor:** This is for the Nevada State Board of Dental Examiners?

**Clerk:** That is correct.

**Governor:** All right. Pretty straightforward. Any questions from Board members?

**Attorney General:** Move to approve.

**Secretary of State:** I'll second it.

**Governor:** Attorney General has moved for approval of the lease described in Agenda Item No. 8. The Secretary of State has seconded the motion. All in favor, say aye.

**Secretary of State:** Aye.

**Attorney General:** Aye.

**Governor:** Aye. Motion passes, 3-0.

## \*9. FOR POSSIBLE ACTION – CONTRACTS

One-hundred three independent contracts were submitted to the Board for review and approval.

**Clerk's Recommendation:** I recommend approval.

<b>1-8, 10-31, 41-103</b>	<b>Seconded By: Secretary of State</b>	<b>Vote: 3-0</b>
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**Motion By: Attorney General**

<b>32-40-Attorney General abstained</b>	<b>Seconded By: Governor</b>	<b>Vote: 2-0</b>
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**Motion By: Secretary of State**

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**Comments:**

**Governor:** We'll move on to Agenda Item No. 9, Contracts.

**Clerk:** Thank you, Governor. There are 103 contracts that are listed in Exhibit No. 2 for approval by the Board of Examiners today. Contract number 9 has been withdrawn by the State Treasurer's Office. And members have requested additional information on the following.

Contract numbers 1 and 2, between the Office of Energy and the Department of Business and Industries Housing Division.

Contract 7 and 8, between the State Treasurer's Office and Chicago Equity Partners, LLC, an FTN Financial Mainstreet Advisors.

Contract number 16, between the State Public Works Division and HNK Architects. I'd like to note that this contract is contingent upon passage of a related work program by the June IFC agenda, so if Board of Examiners approves this contract today, we will hold it for signature until the work program has been approved (inaudible) June 25 by IFC.

Contract numbers 25 through 31, between the Department of Tourism and Cultural Affairs, and various international representation organizations.

Contracts...

**Secretary of State:** Through 30?

**Clerk:** 31.

**Secretary of State:** Okay. Thank you.

**Clerk:** Contracts 32 through 40, between the Governor's Office of Economic Development and the local government development authorities.

Contract number 44, between the Department of Education and Otis Educational Systems.

Contract number 69, between (inaudible) Center and Lincoln Country School District.

Contract 76, between the Gaming Control Board and Cyber, Inc.

And Contract number 102 between the Public Employee Benefit Program (inaudible) Health Inc.

Number 103 between the Public Employees Benefit Program and Hometown Health Providers.

**Governor:** All right. Today, members want anything else held out? Let's proceed with Contracts 1 and 2. I see Mr. Thompson. Morning, sir.

**Mr. Thompson:** Thank you very much, Governor. Would you just like an explanation of the two contracts...

**Governor:** Yeah, I'm not questioning, but I think there's some really good policies in here and I thought this would be a nice opportunity to bring them to the attention of state employees.

**Mr. Thompson:** I'll be thrilled to give you a little bit of background on these two programs. So, starting with Contract number 1, which is for \$1.5 million, this references the Direct Energy Assistance Loan Program. And this program just became available with the passage of AB466, and your signature.

This program is funded out of the Governor's Office of Energy's Renewable Energy Fund. Prior to 2013, renewable energy projects in the State of Nevada could abate up to 55% of their property taxes, and 45% of the remaining 45% of those taxes went to fund the Office of Energy. And that money needed to be spent for two critical areas, to reduce energy consumption or the price that NV Energy Rate Payers pay for electricity.

And so prior to my tenure here at the Office of Energy, that program was getting up and started, and renewable power plants were being built. Today, we're seeing an average -- or we have a budget of \$4.7 million coming into that program.

And so the Direct Energy Assistance Loan Program is a pilot program that will allow state employees to take out up to a \$6,000 loan or an \$8,000 loan if they're a veteran, at 0% interest and pay that loan back on their paychecks. So if the loan is less than \$3,000, they'll pay \$50 a month. And if it's over \$3,000 they'll pay \$100 a month.

The typical term we've seen is about five years, with people taking out about \$3,600 in loans under the HERO Program, which I'll discuss next. What's I think really kind of -- this is the first of its kind program in the nation. The innovation here is that we're not giving the money directly to the state employee, we're using the Nevada Housing Division, who also implements our HERO program. They have contractors that are licensed and BPI certified that will go out to the homes, approve the efficiency measures, implement the work, and then bill to the Department of Administration, and we will take care of that loan.

The \$1.5 million is for the pilot program. We expect that to impact close to 3 -- approximately 3 to 400 homes, or state employees. But of course, we're going to be monitoring that and kind of in this pilot phase, making any changes to the program.

To be eligible, you have to be an active, full-time employee with at least 12 months of service to the State. You need to be in the NEATS system. We started with the NEATS system because we control those paychecks. We hope that we will be able to expand this program to the Nevada System of Higher Education and other payroll systems, but we wanted to start with a manageable system.

You cannot have any debt owed to the State of Nevada. You have to be a customer of NV Energy, which is in our statute. And you have to provide us proof of home ownership. If you have those five criteria, we're excited to make a loan.

In a similar program for seniors, we have seen an average reduction of about 3,500 kilowatt hours, a savings of close to \$700 a year. So over a 20 year period, we're talking a \$10,000 savings to employees who can take advantage of this program.

So with that, I'll open it up to any questions you might have.

**Governor:** So give me an example. If I want to put windows in my house that are energy efficient, is that an example of something I could do?

**Mr. Thompson:** Absolutely. I have a list here of eligible measures. Would you like me to just read those off?

**Governor:** Yes. Please.

**Mr. Thompson:** So, those include things like duct ceiling, shell ceiling, air conditioners, broken window repair, water heater blankets, dual pane windows, solar screens, for the Las Vegas area, attic insulation, CFL and LED light retrofits, Energy Star rated refrigerators, air conditioner replacement, furnace replacements to 95% efficiency, air conditioner clean and tune, furnace clean and tune, heat pump replacement, water heater replacement, low-flo shower head and faucets, water heater pipe wraps, and water heater blankets, Elasto-Metric coding, and something foam that I can't pronounce for your roof, floor insulation, duct insulation, heat pump water heater, and programmable thermostats.

And we -- in the senior program that we're going to talk about in a little bit, I mean, we've just had great stories of going in to homes where they haven't had a heater for two years. So it's not only the efficiency savings, but also just the health, comfort of the home, and so forth that we're really improving for our state employees in regards to the DEAL Program.

**Governor:** And how are you going to make state employees aware that this program exists?

**Mr. Thompson:** Great question. We've been toying with this. We are still working through how we are going to roll out the program, recognizing that there are 17,000 state employees. We don't want to roll it out so wide and then put everybody on, kind of a long-term hiatus. So, we are going to kind of target departments in Northern and Southern Nevada for this pilot phase. See kind of what the response is to the program, and then incrementally add additional departments so that we can respond in a timely manner.

The Nevada Housing Division has a nice kind of per capita distribution of the money, so that a larger distribution will go to the Las Vegas area based on population, and in Northern Nevada, so that will be an additional overlay on kind of how we look at how we're implementing this statewide.

After the Year One implementation, we're going to look to see if we have additional funding that could go into this, and to see if we need to make any changes to that criteria of, you know, how long of a state employee. The other thing we're going to look at really closely is kind of the attrition rate. What happens when a state employee leaves, should die, et cetera, and really we want to make sure that's kind of like below a 5% margin there. And we'll make any changes to that.

One thing we're also going to do is make it very clear in the application process that should you terminate your employment with the State, the remainder of that loan is due immediately. Because that's really the risk aversion for us is pulling that money out of the paychecks. And so we don't want to get into a position where someone leaves and we're still trying to recover the loan.

If they do leave, and don't true up, or pay up the remaining amount, they'll be immediately sent to the Controller's Office for collections, and then we're going to review that. Because, again, I recognize these microloans, and so we're going to have some losses there, and we're going to really pay close attention to those and see what changes to the program we need to make to limit those as much as possible.

**Governor:** And will -- depending upon demand, will it be first come, first served, or will it be a lottery?

**Mr. Thompson:** It'll be first come, first served.

**Governor:** So, look, you all have a head start. You all do.

**Mr. Thompson:** We really think that the application process will be online, which will give us a timestamp. And we're going to follow that kind of rigorously through the process.

AB466 also required us to create a regulation for the actual payroll deduction mechanism, for not just this program, but any future program that the Office of Energy implements. So we expect us -- we expect to be rolling this out in the fourth quarter of the calendar year.

**Governor:** So that was going to be my next question. So it'll be December when these will start to be available?

**Mr. Thompson:** Hopefully, yeah. October, November, December timeframe. We want to -- as soon as we can get our regulation done and get that in place. We've been working diligently with the Housing Division, the Department of Administration, so we can start to roll this out as quickly as possible.

**Governor:** All right. Do you want to go into Number 2?

**Mr. Thompson:** Sure.

**Governor:** Unless -- did either Secretary, Attorney General, any questions on...

**Secretary of State:** Not on this...

**Governor:** ...that program?

**Secretary of State:** ...but overall after he's done, I just have a clarification question.

**Governor:** All right. Please proceed.

**Mr. Thompson:** So moving on to the HERO Program, which is Contract Number 2, which is for \$1.2 million, this is going to be a \$600,000 contract throughout the biennium, so in year '15, '16, and '17.

This program we rolled out, I think we've had it in place for three quarters now. Nine months. We had an existing grant called Energy Fit Nevada that was funded by the Department of Energy. And what it tried to do was create an incentive program for individuals in the state to do energy upgrades to their home. And after \$5 million in three years, we realized that that federal grant wasn't really targeting some of the most needy individuals in our state, which were low-income seniors, because they just didn't have the \$1,000 to put up front to get matched by the federal government.

And so, my staff came up with the idea for the HERO Program which says if you are a senior, over 60, if you are at 200% of the federal poverty level, and you own your home, the Office of Energy will go in and provide up to \$6,000 of energy retrofits free of charge.



Again, this was a pilot program. We really didn't know how many seniors fit that criteria, and we are thrilled to say that in the first nine months, we have impacted 100 homes for an average savings of about 3,000 kilowatt hours, and 300 therms of energy, saving low-income seniors \$671 a year.

**Secretary of State:** Wow.

**Mr. Thompson:** And that's money that will buy groceries, you know, do really meaningful things for those folks. And those are the stories of the heater that didn't work for two years, and so forth. So, we're also seeing approximately a 2-to-1 return on that investment. So we're spending just about \$3,500 per home. We're saving them over a 20-year period about \$10,000 when you take out the \$3,000 we spent to upgrade the home. And today, we have spent \$500,000 on that program, and seen energy savings of \$1 million.

So, as you...

**Governor:** 5,000 you've spent?

**Mr. Thompson:** 500,000.

**Governor:** Okay. Mm-hmm.

**Mr. Thompson:** And seen a return of \$1 million. So as a Fine Arts major, I can tell you that's a 2-to-1 return on our investment. We want to continue that program and see as we start to click down on those seniors, because we hope that that cohort will start to shrink, and then we can look to the next cohort. So really, both of these programs, one targets our senior population in the State of Nevada, the next is for the state employees.

**Governor:** And veterans.

**Mr. Thompson:** And veterans. Absolutely. And the veteran -- and if I didn't clear that up, the veterans are eligible -- most state employees are eligible for a \$6,000 loan, and because it was the year of the veteran, we said if you can prove your veteran status, you're eligible for an \$8,000 loan, at 0% interest, paid back under the same \$100 or \$50 a month term.

**Attorney General:** Is that a state employee that's also a veteran? Or freestanding veteran?

**Mr. Thompson:** State employee who is a veteran.

**Governor:** All right. Secretary, you have follow-up?

**Secretary of State:** No, not on this. He's fine. I just had an overall question, if I can ask, Governor, when we're done.

**Mr. Thompson:** The last thing I'd just like to mention about this program. It's really, I think, a great example of efficiency between the Office of Energy and the Nevada Housing Division. When we looked at doing this program and kind of setting up our own freestanding contractors, and buying the trucks, and going and trying to do this work ourselves, we looked at a potentially a 60% overhead cost of doing this program.

And when we talked to the Nevada Housing Division, they do a similar federal weatherization program, and we were able to implement this program with about a 16% overhead. And so that's why we've continued this relationship with them. They've been phenomenal in implementing this using their existing contractors and allowing us to spend this money as effectively and as efficiently as possible.

**Governor:** So I just want to first thank you and your staff for putting this all together, because I think it's a tremendous program. And, you know, key word, free. I mean, at least for the HERO program. And I'm wondering how do we market that? I've just got to believe there's a lot -- even more folks out there that could take advantage of this.

**Mr. Thompson:** Well, we've put ads on public radio, and gone to senior centers, and Catholic churches and dioceses and all churches, really. We were limited. Our first rollout was \$600,000, and we've already allocated that 600,000. So, approving this contract today will give us an additional \$1.2 million over the biennium. We're going to crank up those ads, by word of mouth. I think Nevada Housing Division is here, but we already have -- we're accruing a waiting list to participate in that program. So we're just scaling up incrementally again.

We want to -- when people apply, we want to be able to provide them service in a reasonable timeframe, and not have a year-long wait, or anything like that. So, we're seeing that grow. I expect you to hear more and more about it in the next, you know, next 12 months.

And the DEAL Program, I think as soon as we get it started, we've already seen incredible interest from state employees who paid attention during the legislative cycle.

**Governor:** And I know you testified this, but again, just remind me where the funds come from for this.

**Mr. Thompson:** Sure. So the funds come from Budget Account 4869, which is funded through the energy tax abatements for the state. So, none of the funding comes from the General Fund. The renewable energy projects in the State of Nevada have an incredible incentive program. They can abate up to 55% of their property taxes, and they can abate their sales -- for 20 years. And they can abate their sales tax down to the Protected School Account.

Part of that deal, or the agreement for partnering with those companies was that the remaining 45% of those taxes, 45% of that went to fund this office. Now that changed in 2013. In 2013, we said all of that money is going to return to the counties in which the project is developed. So the money we have today is going to, over the next 20 years, decline, with amortization and so forth. But it gives us a real stable income for the 17 projects that were approved under that old program.

And that money went into an account to be spent per statute, it said we have to reduce energy consumption or the price of electricity for NV Energy customers. So that it is a limiting factor of this program. If you're in a rural community not served by NV Energy, you are not eligible for these programs today. We are looking at additional funding that our office has through the state energy program, federal budget, and so forth, to try to look at first identify how many people are in non-NV Energy served. There's about 10% of the population there. And see if we can extend these programs.

So these programs today apply to about 90% of the customers. And the original policy intent was to reduce our energy consumption because we were bringing on this renewable energy. And the idea was if it was expensive, we wanted to provide this cost-saving mechanism for them. And it was really the intent to get this out to, you know, Nevadans and NV Energy customers as quickly as possible. And that's what we're trying to do here today. So no General Fund obligation. It's purely out of the money we've collected from the renewable energy project being built in the state.

And just to give you kind of a size to wrap your head. In the last four years, we've seen \$5.5 billion of investment in renewable energy projects in the State of Nevada, and that's from our tax incentive program that we've spent \$500 million on. So we've seen a 10-to-1 return investment in that program as well.

**Attorney General:** All right. Thank you.

**Secretary of State:** Thank you very much.

**Mr. Thompson:** My pleasure.

**Governor:** Thank you, Mr. Thompson. Did you want to make a comment, Madam Secretary?

**Secretary of State:** I do overall on the contracts. I just have a couple questions, if as we're going through the contracts, if you could tell me whether or not any of these have been enhancements to the budget -- to their budget, if it was something that was in the overall budget that was just closed. And then the clarification question I have is some of these don't seem like contracts. They seem more like they should be grants. And I'm just curious about that, if that could be defined a little for me. And if you need to talk to me after this, that's fine. But I just wanted it on the record that I just had some questions about some of these, especially towards the end of -- that they seem more like they should be a grant instead of a contract.

And then if everyone who comes up that we're having discuss any of these could talk to us about when you do this, what is the giveback to the people. You know, what is it that you're asking for all this money? And again, it's actually towards more of the end of it, what is it -- we're giving this amount of money, and how do the people benefit from these dollars being spent?

So I just wanted to put that on the record. Thank you. So if you could, I mean, if you can clarify the contract grant versus grant issue with some of these. Because of them do seem more that they'd be in line to be a grant awarded than a contract. So.

**Governor:** Well, why don't we save that for a conversation, because I think that could be a while to...

**Secretary of State:** Okay.

**Governor:** ...explain all that.

**Secretary of State:** All right. That's fine.

**Governor:** So, it'll give Mr. Wells an opportunity to consider the question.

**Secretary of State:** Thank you.

**Governor:** Okay. We'll move to Contract 7 and 8, which is the Treasurer's Office. Good morning.

**Tara Hagen:** Good morning, Governor, members of the Board. Tara Hagen, Senior Deputy Treasurer. So the Treasurer's Office solicited proposals for investment asset management services for a variety of the portfolios under the Treasurer's purview. For what you have in front of you today are directly related to the general portfolio, and the local government investment portfolio, what we call LGIP.

We did have 15 firms bid on the general portfolio. And 7 firms bid on the LGIP.

So through a variety of screening, both qualitative and quantitative, we did whittle those down to some finalists. And you have in front of you today, one would be the Chicago Equities Partner contract. Chicago Equities will manage a portion of the general portfolio. So at the Treasurer's Office, we look at the general portfolio as really two distinct buckets of money, if you will. One is what we deem the operating portfolio, which is currently approximately \$1.2 billion. That, as we look at that in terms of shorter duration, less risk, fixed income securities, those monies will continue to be managed in-house by the Treasurer's Office.

What we're looking for Chicago Equities partners is to manage what we call the core, which currently is about \$650 million. We have capacity for \$750 million for that core. The Treasurer's Officer personnel really doesn't have expertise in the longer-term riskier fixed income securities. Also, we don't have expertise in some of the specialized security, such as corporates and mortgage-backed securities.

So what we're looking for is obviously for both the LGIP and the general portfolio to increase the yield on those not only above and beyond what we're at today, but also above and beyond the fees

that we're being assessed by the partners. So, similar to LGIP, the -- you want me to go ahead and move to the next contract...

**Governor:** Yes.

**Tara Hagen:** ...if that's okay? Okay. So, once again, we had 7 firms bid to manage the LGIP and through that same process, both qualitative and quantitative, we're looking to contract with FTN, who understands the LGIP, they -- it's an operating funds of local government. So it is shorter, also, in duration. But FTN does have experience in operating portfolios for public clients.

Just one last piece. On the quantitative that I think is important to note because as you know, statutes requires certain restrictions on the investments that we can invest in within both of these portfolios. In addition to we have investment policies that they must abide by.

So when we look at the qualitative, we look at their ability to manage those pools of money within the statute and within the investment policy. So with that, I'm happy to take any questions.

**Governor:** All right. So the -- right now, you do all -- the Treasurer's Office does all that investing internally, correct?

**Tara Hagen:** That's correct, for both those portfolios.

**Governor:** So now, we're going to go externally with those types of investments that you just testified about. So, essentially, these outside investors will have to outperform what you are doing currently, at least by -- Chicago Equity by \$1.5 million, and then FTN by \$272,000.

**Tara Hagen:** That's correct.

**Governor:** So is that a -- is it capped at that amount? Let's say they just did extraordinarily well. And earned even more than this. This is the most that they can make?

**Tara Hagen:** No, that's a great question. Within these investment manager contracts, it's actually based on assets under management. So it's a percentage of assets under management. Generally they're tiered, so the more assets they have, the lower those fees are going to be. But that also incentivizes them to increase that rate of return. So it could go above and beyond that should those assets grow.

**Governor:** And if they underperform, and it's basically costing the state money, then you would go back and consider whether we should go down that -- continue to go down that path.

**Tara Hagen:** Absolutely. I think two things that we would do. Obviously, through the Board of Finance, we will report quarterly. We will show those managers separate from the

internally-managed monies. But also we would start to peel back that money, because they are paid on an asset basis fee, so we would start to bring those back in-house.

**Governor:** So we do -- there is a, for lack of a better term, perhaps there's a more technical term, but there's an escape hatch for us if they're not doing what we hope they do.

**Tara Hagen:** Absolutely, because they are paid on asset-based fees, we can simply just move that money back in to the operating portion of the general portfolio...

**Attorney General:** Are there any limitations or can you move it all back?

**Tara Hagen:** We certainly can. There's no restrictions within these contracts.

**Attorney General:** Okay.

**Governor:** And then just finally, you sought a waiver in terms of when you reached out on the RFP for these two companies. And so you're comfortable with those? It didn't go through the traditional department administration process.

**Tara Hagen:** We are comfortable. This is similar. I've been with the Treasurer's Office three years now. We conducted a similar investment management request for proposal in-house for both permanent school fund and prepaid tuition. So we bring this in-house just because we have the expertise to kind of whittle those down both from a qualitative and quantitative perspective. So.

**Governor:** And these two firms haven't had any history of complaints or anything of that nature?

**Tara Hagen:** No, they have not.

**Governor:** Okay. I have no further questions. (Inaudible) questions. Okay. Thank you.

**Tara Hagen:** Thank you.

**Governor:** The next item is Number 16, and you know, the purpose -- I've asked for this to be brought up, but it's more an opportunity to talk about Stewart. So if you want to come forward and -- Sherry, and talk about the great things that are happening now.

**Sherry Rupert:** Are you sure you have enough time? So, did you want to specifically talk about this, or ...

**Governor:** Well, specifically talk about this, but you know, we have a lot of other matters, but I just thought it was important to socialize what's going on out at Stewart. And this is an important component of that. Gus, good morning to you, as well.

**Gus:** Good morning, Governor.

**Sherry Rupert:** This particular contract is for HNK Architects. And this is for the design and construction documents for Building Number 1, out at the former Stewart Indian School. Building Number 1 is the former administration building and what we're looking at is establishing a cultural center in that building. So this will take care of the professional services for that particular building.

What we're trying to do out at Stewart, and for those of you that don't know a lot about the Stewart Indian School, the school was established in 1890, as part of a federal mandate to remove American Indian children from their homes and from their tribes and bring them to these boarding schools to assimilate them, to immerse them in a different culture and a different language. And, Stewart Indian School was one of the very first 25 that were instituted across the nation.

So we're doing is not only establishing the cultural center and a welcome and information center, but to create a cultural heritage destination out at the former Indian School. And this destination would be unlike any other across the country. We've done some preliminary research, talked to board members at the Carlisle Indian School, which was the very first Indian school in Carlisle, Pennsylvania. And they are just blown away by what we have here in Carson City, and really what this school can become.

So we're really excited about the future of the Indian school, and want to thank the Governor for his support, and of course the legislature in this legislative session. So this is just the beginning, the planning stages of this vision.

**Governor:** Now you have an application into the National...

**Sherry Rupert:** Park Service.

**Governor:** ...Park Service, and what would...

**Sherry Rupert:** Actually it was a letter of inquiry, and it's like the first step of the two- to three-year process. But what we're surmising is that the Stewart Indian School is unique, and that it does have national significance. It is on the National Register. And so what we're seeking is a national landmark designation. And so we just received word back this last week that they concur, that they feel that there is national significance in three different objectives that they have.

And so we are going to move forward with an application. We've been working with the State Historic Preservation Office, and they have drafted a grant that would assist us in hiring somebody to help us to draft that application. It's very lengthy. It's very technical. We'll have to do an analysis of some of the other schools from the same era. So that's going to be very interesting and provide us with a lot of great research and information moving forward.



**Governor:** And I brought you up here because I think everyone needs to know about this. We have a national treasure right here in Carson City. And it's important that we preserve it, not only for the benefits of the tribes, but the benefit of the people of this country. And I think that people will come from all over the world to see that. And frankly, I see it as a great opportunity to show off the culture of our tribes across the State of Nevada. And Sherry, I want to publicly thank you because it's through her tenacity and drive to get this done, that this is happening.

And so, again, thank you for that. And this is an important first step into getting that done. But the day will come, and it's not far away, where this will be restored. And people will truly get to see an important part of not only Nevada history, but American history and Native American history. So I'm excited and proud and thankful for what you've done.

**Sherry Rupert:** Thank you.

**Governor:** Thank you. Gus, I don't know if you had anything to add.

**Gus:** No sir. We're here in a supportive role to her.

**Governor:** Just know it's a big priority for me, Gus. So...

**Gus:** (Inaudible). We'll be working with -- very closely with Ms. Rupert and also with Shipple.

**Governor:** All right. Questions from other Board members?

**Secretary of State:** Just congratulations.

**Sherry Rupert:** Thank you.

**Attorney General:** Congratulations.

**Governor:** Thank you.

**Attorney General:** Governor, if it's okay, 19 I don't want to pull, but I just need do a quick disclosure...

**Governor:** Okay.

**Attorney General:** ...while we're in order.

**Governor:** Sure. Mr. Attorney General.

**Attorney General:** Just want to state for the record that I need to disclose that I have a relative that works for Loomis and Associates, which is Contract 19. The Loomis employee is Mitch Burns. We got on the phone this morning, figure out what the level of relation is. He and my mother are second cousins. So we think that makes me second once removed.



And my independence of judgment will not be affected by this, and I will vote on the contract.

**Governor:** All right. Thank you, Mr. Attorney General. We'll move to Contracts 25 through 31. Claudia, I see that you're here. Good morning.

**Claudia Vecchio:** Good morning, Governor, members of the Board. Claudia Vecchio, Director of the Department of Tourism and Cultural Affairs. I just want to reiterate my excitement over the Stewart Indian School. And as you mentioned, really it does have a tremendous significance for us from a tourism standpoint, as we highlight the cultural significance of this facility and its appeal to travelers from around the world.

The mission of the Division of Tourism, which is within the Department of Tourism and Cultural Affairs, is to drive revenue to the State of Nevada through travel and tourism activities. And we do that through a fairly robust integrated marketing program that appeals to both domestic and international travelers. From a domestic standpoint, primarily consumers, but also business travelers. And then from an international standpoint, primarily leisure, but we also work with our partners on international business travelers, as well.

The contracts that you see before you now represent seven of the nine internationals in-market representative firms that the Division employs to help us with our marketing in each of these countries. It's imperative that we have in-country representatives because each country really operates somewhat differently. The culture is different. The nuances of marketing to these audiences differ from country to country. So we do get great insights from our firms in each of these countries to help us best appeal to our audiences in these countries.

So you have, as I said, seven of the nine contracts here. We are undergoing sort of a contract evolution, if you will, based on best practices of contracting. And so you see some of these are for the full contract, so that's Contract 25, 26, 28, 30, and that's it. Those are for the full two-year contracts for these rep firms. Those were all gained through a competitive bid process, working in partnership with our partners at Purchasing.

The other ones, which are Contract 27, 29, and 31, are six-month contracts. And we are undergoing the RFP process in those countries as we speak, to get those contracts sort of back under a two-year format, and with the right timing and all that sort of thing. So that's why the difference in the contract amounts.

**Governor:** All right. Did you ask to have these held, Madam Secretary? Or maybe did I?

**Secretary of State:** I think you did. It was...

**Governor:** Okay.

**Secretary of State:** But again, my questions still stands as to why their contracts are not grants and (inaudible) difference.

**Governor:** Well, their -- I mean, why don't you explain, Claudia, where the money comes from...

**Secretary of State:** What -- some of this is lodging...

**Governor:** ...to fund these.

**Secretary of State:** And I think the other ones are general fund, but most of these are lodging.

**Governor:** It's just room tax.

**Claudia Vecchio:** Yeah, these are 100% lodging tax.

**Secretary of State:** Yeah.

**Claudia Vecchio:** The Division is 100% lodging tax funded. So these are contracts with agencies, with marketing firms.

**Secretary of State:** Right.

**Claudia Vecchio:** So that's why they're contracts. We have a grant program that we provide out to our partners. They submit applications for grant funding. But those are for particular programs and projects. This is kind of an overarching marketing contract with an agency. So that's what makes these contracts as opposed to grants.

**Secretary of State:** Okay. I appreciate that, because I knew that they were grant funding, so I just wanted to make the difference...

**Claudia Vecchio:** Exactly right.

**Secretary of State:** ...between the two.

**Claudia Vecchio:** Yeah.

**Governor:** So, Ms. Vecchio, do you believe it's worth it? I mean, you've got some contracts for 300-and-some-thousand dollars?

**Claudia Vecchio:** I absolutely believe it's worth it. This really when we look at our growth in Nevada tourism, our international audiences present -- we have absolutely no idea what the growth is going to be in this area. China alone, which is not one of these contracts, but China grew 30% last year in terms of in-bound travelers. And they are going to become the number one in-bound travel market. Their number one place that they want to visit is Las Vegas. So we work very closely with our partners at the Las Vegas Convention and Visitor's Authority.

They also have a robust international program, but the partnership is so critically important because we use our major metropolitan areas as hubs, but these international travelers also are very interested in rural Nevada. They're very interested in the western culture. They're very interested in Native American culture. They're very interested in that authentic Americana that we can offer them in the rural communities.

So, the growth is stupendous. And we have chosen these markets based on potential growth. But we also see a great return on investment. The amount that we provide these agencies is miniscule in terms of the work that they provide for us. We get a -- we measure the results through a quarterly report. They have to submit that along with their invoices so we know that they are working consistently and working to the highest level possible.

So, we absolutely believe this is well worth it. We do track the return on investment for these agencies. It's a two-year contract, with a four-year -- with another two-year renewable option. So if things aren't working, we can quickly make a change. So, yeah, I think it's very well worth it. Very well worth it for the industry and for returning dollars back to the State of Nevada.

**Governor:** And I don't have a question, Ms. Vecchio. I wanted to also -- today I'm full of compliments, but I hosted a breakfast at 6:00a.m. for a small group that is doing a Discover Your Nevada Adventure.

**Claudia Vecchio:** Oh, good.

**Governor:** And they pulled out a map from the Department of Tourism that has the state parks and all destinations on it. And I thought -- I had not seen that map, and I thought it was fabulous. Because it really is, for somebody who doesn't know the state, they can open that and then plan a one- or two-day adventure and know exactly where they want to go or need to go. So...

**Claudia Vecchio:** Well, that's excellent.

**Governor:** So that's very well done and that was the first thing that they had pulled out and were going to use.

**Claudia Vecchio:** Very good to hear. Yeah.

**Secretary of State:** Where do we get the map?

**Governor:** I think they -- you have it available.

**Claudia Vecchio:** We do. We have it available. We do that in partnership with the Department of Transportation. I believe that's the one. Is that the regular state map, or is it a separate...

**Governor:** It's a separate map.

**Claudia Vecchio:** Oh, it's a separate state map. Those are all available, and if we can certainly get you those as well. But the new state map, actually, has a lot of tourism information on it as well. So, great partnership with Transportation on that one, too.

**Governor:** And I hope you're planning my itinerary for the Discover Your Nevada for Lincoln County in the State Parks.

**Claudia Vecchio:** We are. We are.

**Governor:** In Southern Nevada.

**Claudia Vecchio:** Looking for the fall. Looking for some days for you in the fall for that, yeah. That'll be tremendous. We are - the program's underway at the moment, and we look forward to reporting that. It's kind of in conjunction with the Nevada magazines, Silver State Scavenger Hunt. So it's a great way for people to get out and mark their tour through Nevada.

**Governor:** And are you seeing a lot of interest in the passport -- State Park passport programs? Say that fast three times.

**Claudia Vecchio:** Yeah. All passport programs are appealing, as they really allow people a chance to kind of check off where they've been and what they've done, so they have a great feeling of accomplishment. And certainly the state parks, in and of themselves, are great visitor destinations. So having that, kind of, real tangible product along with these great destinations is a wonderful combination. And we look for that sort of thing as we drive tourism. Great partnership with the state parks.

**Governor:** All right. Wonderful. All right, thank you, Ms. Vecchio.

**Claudia Vecchio:** Thank you.

**Governor:** All right, I see Mr. Hill in Southern Nevada, and we have several contracts with the Governor's Office of Economic Development with the Regional Development Authorities throughout the state. Good morning, Mr. Hill.

**Steve Hill:** Good morning, Governor, members of the Board. My name is Steve Hill. I'm the Director of the Governor's Office of Economic Development. And we have nine contracts with Regional Development Authorities that we are making the request to extend. And I'll back up just briefly to make sure that the new members of the Board know what the Regional Development Authorities are and how we work with them.

As I said, there are nine contracts. There are nine Regional Development Authorities throughout Nevada representing all of the state. When the legislature with the Governor's leadership in 2011 changed really the way we are doing the economic development. Part of that change was with respect to the Regional Development Authorities. In the -- prior to that time, grants were made directly out of the State General Fund to the development authorities. The legislature and

Governor in 2011 felt that that fundage should go through the Governor's Office of Economic Development.

I think that was a good choice, and I think that has been helpful in providing an opportunity to define the relationship between the state organization and the regional organizations, defining the roles that each will play. And offering an opportunity to work through contracts with those Regional Development Authorities so that we could document what those respective roles would be. When the Regional Development Authorities would do -- take the lead role in some areas, and where the state would take the lead role, and others.

Certainly we partner really on a daily basis with all of the RDAs. And I think that partnership over the past four years has become both much stronger, and much more effective. So I think this method of contracting and developing that relationship has been very beneficial.

In the budget that was recently approved during this past legislative session, and in each of the sessions 2011 and 2013, there has been a line item for regional development authority funding that goes through this contracting process. That funding level was unchanged from 2013 to 2015, and rather than requiring the Regional Development Authorities to go back through an RFP process, respond to that RFP, and end up frankly, in the same funding levels that we currently have, we felt that it was a more streamlined approach and effective use of time to simply extend the current contracts that we have with each of those nine Regional Development Authorities.

So today, we are requesting an extension of those contracts for two years with the exact same funding, other than in two instances. And those two instances involve the Lander County Effort shifting from the Great Basin Regional Development Authority, to the Northeastern Nevada Regional Development Authority, which is really around Elko, simply because Lander feels that the efforts that they're working on are more aligned with that regional development authority, and they -- I think all of the parties involved agreed that that shift made sense.

So, the funding that basically allocated for the Lander County Effort is shifting in those contracts. That is the only change in the nine contracts that we have before you today.

I'm happy to answer any questions you may have.

**Governor:** Briefly, Director Hill, is the accountability associated with those funds that are going to development authorities?

**Steven Hill:** Yeah, thank you, Governor. And each of those contracts has 12 distinct metrics that we ask that they report to and we measure for really satisfactory progress. And those 12 all apply in the major -- to the major Regional Development Authorities, so the Las Vegas Global Economic Alliance, EDawn, really the Northern Nevada Development Authority around Carson, and Douglas, and Churchill, and Lyon counties. Those 12 metrics all apply to each of those Regional Development Authorities.

As the development authorities get smaller, and some of those metrics, by the way, are helping in our work to open Nevada globally. So, for our export efforts, for our foreign direct investment, those types of things. They apply to the technology commercialization areas, and the entrepreneurial areas. So there's a broad swath of topics that are addressed by those metrics. And they certainly include helping companies come to Nevada or expand in Nevada, the job creation, average wages, the things that we report at our board level as well.

But as those efforts are directed through smaller Regional Development Authorities, really, what we try and do is identify somewhere between three and six of those areas that we will concentrate on together, partner on, and not necessarily require that they would be responsive to maybe a global effort that doesn't necessarily apply in a smaller and less populated region in the state.

We collect those metrics on a quarterly basis. They are a criteria for continued quarterly funding. So we both collect those and analyze those on a regular basis. But we are certainly happy with the progress and the results produced in each of the regions. We think that those results are certainly more than proportional with the funding that we provide.

**Governor:** Thank you, Mr. Hill. Madam Secretary of State.

**Secretary of State:** Thank you, Governor. And thank you, Steve Hill. I appreciate everything that you and all of the other arenas throughout the state and what you're doing for our economic development. So thank you for that.

This request is roughly about \$6 million. And my question would still be -- but I think you tried to explain that to me about -- in reference to why it's a contract and not grants, as -- because of the change in the 2011 legislature. I'm curious as to in reference to your statement based on what the Governor asked, so you're combining efforts, such as I see in each one you say grant writing, account services, legal services. Are those combined that you would be trying to find one grant writer, because I remember from legislative days that we have always had a terrible time trying to find people that know how to do grant writing.

So, do you combine all of those efforts? Do you have the same accountant firm that helps all of them? Legal services, is that where you're talking combining services?

**Steve Hill:** Madam Secretary, for each project, and this answer applies to some of that question, and I'll try and answer the other separately.

For each project that we work on with a regional development authority, we try and determine which organization is best suited to serve as the lead. We work pretty hard not to work at cross purposes, or to both be working and eating through resources separately, but working on the same thing.

So if we have a project that requires a grant to be written, for example, we will certainly work with more and more of the RDAs to determine who should do that, and who should take the lead on that.

From a back office standpoint, and this also partially relates to your question regarding grants versus contracts, the -- a little more than half of the Regional Development Authorities are nonprofit corporations. They not only receive state funding, they'll receive, typically, some local government funding as well as private funding. So we're able to leverage the state dollars usually more than 1-to-1. Certainly in the case of the big Regional Development Authorities that's the case.

So we don't share back office help because they're really separate organizations from ours. But on a project-by-project basis, we will determine which organization should take the lead role on that so that we're not wasting resources.

From a contract versus a grant question, there's really a couple of reasons for that. The grant process typically allows a little less oversight and accountability than an actual contracting process, or working through that contract has been beneficial from defining the working relationship and helping to define results. Not that you can't do that in grant process, but we found that it works a little better in the contracting process.

The other issue that came up during the 2011 session is that providing state money directly in a grant to a business or -- and that includes a nonprofit corporation, is probably questionable, constitutionally. Certainly we can contract with those organizations. So we have chosen that path for the working relationship with the RDAs.

**Secretary of State:** Okay. I think, if I might, Mr. Chair. In this, Mr. Hill, it -- each one of your items is exactly verbatim word-for-word, except for the amount of money for each number. So that's one of the things that just -- why I asked that question, if you're combining, just because all of the statements for the contract description were identical, except for the amounts for the authority. So thank you defining that for me.

And these were all enhancements to the General Fund, is that correct?

**Steve Hill:** Madam Secretary, Steve Hill. Actually they were not enhancements, these were amounts that were in our base budget and just continued forward.

**Secretary of State:** Oh, okay. Okay. Thank you. Thank you, Mr. Chairman.

**Governor:** Thank you. Any other questions? Thank you, Director Hill.

**Steve Hill:** Thank you, Governor.

**Governor:** We'll move to Contracts 44. Madam Secretary, you'd asked for this to be held. The Department of Education.

**Steve Canavero:** Hello, Governor, members of the Board. Steve Canavero, Deputy Superintendent Nevada Department of Education.



**Secretary of State:** Trying to remember that this one -- I think, if I'm not mistaken, give me just one second here. But I think this one is cleared up. I think that the agency was able to get back to us with the information. So I think we're fine. I'm fine, unless there's anything else you want to state on it. But I think -- Governor, thank you for holding it back, but -- okay. And staff's reminding me that we just wanted an explanation of the program, if we could. Otis Educational System. If you could just briefly do that.

**Steven Canavero:** Certainly. I'd be happy to provide some background. So Otis Education Systems is really one -- I think it was the primary architect of our SAI System, our Student Accountability Information System for the state where we received academic outcome-based data for our -- on our students. We received demographic information about our students. And received financial information. And we have an annual relationship with Otis Ed. This particular contract extends that for two years into the biennium. And it's included in our budget.

There's a -- I think there's four or five core areas of work related to the services that we'll receive from Otis going forward to support our staff and ensuring that our data system provides the level of accountability and reporting that we need.

**Secretary of State:** And this has been in the works for a long time, because when we had the Charter School Committee, this was one of the issues that was debated for I can't even tell you how many sessions before we got it. So are we actually -- we moved forward, you're getting this, it's all intact going forward, working with the Department of Education, and with the 17 counties?

**Steve Canavero:** Steve Canavero. Yes. So this is the backbone and the legislature actually enhanced this upcoming biennium where we are now unified on a single student information system. So the charter schools, under the State Public Charter School Authority, as well as all the school districts, will now be on the same student information system.

**Secretary of State:** Okay. Thank you. It was just a refresher for me.

**Steve Canavero:** No, it's--

**Governor:** And I guess you come up here at the risk of more questions. I'm going to move to 47. And that's the Charter School Authority with Deloit. And it provides for forensic audits of two charter schools. So, Mr. Canavero, you can be excused...

**Steve Canavero:** Thank you, sir. Thank you. I think it'd be appropriate for Patrick Gavin...

**Secretary of State:** Thank you for doing that. I really appreciate it.

**Governor:** So, my question is this. What are the two charter schools that are going to be audited?



**Unidentified Male:** Thank you for the question, Governor. The two charter schools in question are Silver State Charter School here in Carson City and Quest Preparatory Academy in Las Vegas.

**Secretary of State:** What was the second one?

**Unidentified Male:** Quest.

**Secretary of State:** Okay.

**Governor:** And why were those two schools selected?

**Unidentified Male:** We uncovered irregularities in both the financial audits of the schools, and discrepancies between those audits and other information which was available in our records. In the case of one school, there were, among other things, information revealed, and the Board Minutes revealing that there were additional bank accounts which were not disclosed. And the audit is unclear if this a result of a skill gap, or of something more nefarious.

And then in the other case, there were a number of irregularities, including self-dealing transactions that we've uncovered, and based on the experience of other Charter School Authorities in other states, we felt it was appropriate to engage with a big-four accounting firm to engage in a deep forensic audit of both schools to ensure that we had full access to the facts, both to make accountability decisions and recommendations to our Board, and also to make recommendations during the biennium for potential changes to either law or regulation.

**Governor:** And when do you anticipate that these audits will be completed?

**Unidentified Male:** We anticipate they will commence within the next seven to ten business days. I actually have representatives of Deloit here with me. I met with them this morning prior to this meeting. And I think that this will be probably a 45- to 60-day at maximum process. But I -- based on the scope of work that has been discussed with Deloit up until this time.

**Governor:** Well, the reason I ask that is I'm sure you're hopeful, as I am, that this will be completed before school starts again in the fall.

**Unidentified Male:** Thank you for the comment, Governor. I would submit this is an area where our need to be safe -- to safeguard public funds as an agency in some ways conflicts with our need to safeguard public funds for our -- of our schools. This is a process that I began in discussions with Director Teska of the Budget Office back in the October/November time period. It's taken a significant amount of time both to identify an appropriate auditor that was able to work through our process, and also to ensure that we were following all of the different administrative processes.

Certainly this does not constitute an emergency under statute, and could not be -- and neither the IFC nor the BOE reviews could be waived. And this is an area where we certainly anticipate in

the future as we build more capacity and more expertise in this area, we'll be able to move more expeditiously.

I don't think any of us are thrilled with the timeline that we're on at this time, to be candid with you, sir.

**Governor:** Other questions from Board members? I'd like an update on that as that...

**Unidentified Male:** Absolutely, sir.

**Governor:** ...proceeds (inaudible) something. All right. Thank you. Next is Contract 69, Department of Health and Human Services, Child and Family Services, and the Lincoln County School District. Do we have someone here from BHHS?

**Unidentified Female:** In Las Vegas.

**Governor:** Oh, in Las Vegas. I apologize. All right.

**David Anderson:** Sorry, I was on mute. Good morning, Governor, members of the Board. David Anderson. I'm the ASO over at DCFS Juvenile Justice Budget Accounts. This contract, very briefly, has been in effect since the early '90s. It basically is used to operate the educational portion of the high school operated at the Caliente Youth Center. The terms themselves have not changed since its inception. It's at the same rates, following the same scope of work, with small nuance differences, of course, since its inception.

This request is basically to, in a sense, renew that contract for another four years. As far as questions, I'm open and available to answer any questions that you may have.

**Governor:** Madam Secretary, you'd asked to be -- this to be held?

**Secretary of State:** Yes. Was there -- thank you, Governor. I appreciate it. Was the old inner local agreement, when did that expire?

**David Anderson:** It's actually going to expire at the end of this fiscal year.

**Secretary of State:** Okay. And where did the fee or tax come from for this? Is it from the property?

**David Anderson:** For the most part, everything is General Funds. It's set up on a quarterly basis. 80,440 per quarter, when you multiply it out, times the four-year time span, it comes out to the 1.2 million, which is directly related to General Funds.

**Secretary of State:** Okay. So we're getting it in time so there's no lapse with the agreement that was in place.

**David Anderson:** Correct.

**Secretary of State:** Okay.

**Governor:** Do you get money from the DSA for that?

**David Anderson:** No. Not to my knowledge.

**Governor:** So that's all General Fund money.

**Secretary of State:** Yeah.

**David Anderson:** Yes.

**Secretary of State:** I thought there'd be some DSA in there, as well.

**Governor:** Sorry to interrupt, Madam Secretary.

**Secretary of State:** No, no, no. That's fine. No, you ask the questions, so that's -- so, thank you. No, thank you, Governor.

**Governor:** Any other questions? Thank you, sir.

**David Anderson:** Thank you.

**Governor:** I have next Contract 76, Gaming Control Board, with Cyber Inc.

**Brian Duffrin:** Good morning members of the Board. I'm Brian Duffrin with the Gaming Control Board. I'm the Chief of Administration Division. And I have two other people here with me. Would you like to introduce yourselves?

**Andrew Tucker:** Sure. Andrew Tucker. I'm the IT Manager for Gaming.

**Jackie Kingsland:** Jackie Kingsland, Contracts Administrator.

**Governor:** Okay. Madam Secretary?

**Secretary of State:** Thank you, Governor. Yeah, I just wanted a brief explanation because I know we went from 1.9 million to 5.3 million, so I just wondered if you could kind of give us a little overview to all of this.

**Brian Duffrin:** Sure.

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

**Brian Duffrin:** So, this started many, many years ago. The attempt to get funding for our Cobal system.

**Secretary of State:** Okay.

**Brian Duffrin:** We finally got success in the last session, and we were awarded \$2 million to get this program started. And basically what this is is migrate off our Cobal System into a more modern system.

**Governor:** How old is Cobal?

**Secretary of State:** Oh, that name is so old.

**Brian Duffrin:** We actually -- I started with the Board in 1989 and this particular program we started in 1982. So you can imagine...

**Governor:** So that's as primitive as it gets, isn't it?

**Brian Duffrin:** It is. And, thankfully the legislature this last session appropriated approximately \$4 million so that we can continue the project that we've already started. And basically what it is, is we have a lot of our licensee information -- actually all of our licensee information, all of our disciplinary history, all of the disciplinary actions, everybody that's been licensed, everybody that's been denied a license, we have all of our tax information in this system.

**Secretary of State:** Okay.

**Brian Duffrin:** It's just a tremendous amount of information that we're trying to get to a, once again, a more modern system, which we're using Microsoft.net. And we currently have approximately nine cyber contracted employees that work with this today. And we've been revolving those in and out as the project -- as needed for the project. And, we've made some progress, we have a lot of progress to go. We have many, many records that need to be converted, and then we have over 1,000 programs that we've had. When the Governor was the Chairman of the Nevada Gaming Commission, it's the same stuff that we have -- that you used back then.

**Governor:** That was a long time ago.

**Brian Duffrin:** So in a nutshell, we're just continuing our program with this particular vendor who we're pleased with up to this point.

**Secretary of State:** And you had mentioned the 2 million, that's the General Fund you're referencing?

**Brian Duffrin:** That's correct. So the...

**Secretary of State:** Okay.

**Brian Duffrin:** ...2 million was a one-shot bill that we got last session, and then this...

**Secretary of State:** This enhanced -- this continues.

**Brian Duffrin:** Yes.

**Secretary of State:** Okay. And I really appreciate you updating me, and thanks for your indulgence, Governor, so I can get up to speed and ask those questions. Thank you so much for what you're doing. I'm looking forward to seeing how this advances, because I know that there's many other entities in the state are looking to also enhance and improve what we're doing for the recordkeeping.

**Brian Duffrin:** Absolutely. Thank you.

**Governor:** No, and this important, not from a modernization standpoint, but a preservation standpoint. And this is very sensitive information. It's very important information that is critical to the mission of the Gaming Control Board, and operating under 1982 technology, I just...

**Secretary of State:** Unbelievable.

**Governor:** Yeah, we can't do it. And so, I'm glad that you guys are moving through this so that I think -- I don't want to imply that's there any security issues, but this will enhance that issue as well.

**Brian Duffrin:** You bring up two really good points. Security is of utmost concern to us. And we have -- we're not concerned about that with the new system, but we are with current system. But we, you know, we have many safeguards for the old system. But once again, it's old. The other issue is when we hire new employees, and even our current staff, keyboards that we have actually for the commands on how to run some of these programs, don't even exist. So we have to actually train and retrain our staff. And it's somewhat embarrassing. But anyway, the...

**Governor:** Are there any people around who could work on that?

**Secretary of State:** Yes.

**Brian Duffrin:** I think the three of us are probably the last.

**Governor:** No, I was in my first year of college when you were working on this system. Wow.

**Secretary of State:** If I may. One of the committees I chair is of course the records. And that's why I ask, because we would really like to work in collaboration, because we're looking at all of the different agencies, and also the offices within the state, trying to make sure that we're

archiving, that we're doing all the things. So your expertise would be greatly appreciated in working with what we're doing.

**Brian Duffrin:** Absolutely. We're happy to spend time with your staff and have, and will continue to do so in regard.

**Secretary of State:** Thank you very much. And thank you for allowing me to have that.

**Governor:** Last question. Is this all you'll need to complete the project?

**Brian Duffrin:** I wish. I know there's been another question from Madam Secretary regarding grants. If you guys know of any grant money out there that we could use. But no, I think the initial plan, when we looked at this and the volume of activity and volume of records that we had to migrate, was a 10-year project. And I don't see that lessening at this point. So we're once again, we're into our second biennium. I expect there'll be a couple more bienniums. But we are learning as we go, and we're trying to actually migrate less and less information and maybe push it off into a different format so we don't have to use General Fund monies to do that. So we're constantly looking at that and trying to move forward.

But the answer to your question is no, it'll probably expand out to 10 years total. So another couple bienniums, I believe, to get this to where we want to go.

**Governor:** But as you process contemporary information, that is going into a modern...

**Brian Duffrin:** Yes.

**Governor:** ...technology system.

**Brian Duffrin:** Correct. Excellent question. So, some of the information we have going into the new programs that we've developed, unfortunately it's a very small percentage. So as we continue to roll out new programs and roll out new technologies, the answer is yeah, eventually we're going to have to scrap this altogether. But our Cobal's will be running that 10-year period as a backup. But the idea is just eventually get rid of that altogether.

**Governor:** But my point being that you won't have to migrate information if you're putting it -- what the Commission...

**Brian Duffrin:** That's correct.

**Governor:** ...and the Board are doing now into whatever...

**Brian Duffrin:** That's correct.

**Governor:** ...the new system is. Yeah.

**Brian Duffrin:** What we've done is we actually have a snap shot, so there's a picture file of the information in some of the areas. So if somebody needs to go back historically and look at that, they can click on a tab and there's -- up comes a picture of the information. So we're not actually migrating that per se. We're not actually re-keying it in or any of that. That would take more than 10 years to do that. So, yeah, so we're not -- once again, we're evaluating that process and trying not to migrate things that are not necessary to migrate.

**Governor:** Okay. Anything else?

**Secretary of State:** No. I really appreciate it. Thank you very much.

**Brian Duffrin:** Thank you.

**Governor:** Thank you very much.

**Secretary of State:** The unfortunate thing though (inaudible) any of this? It's like that new car you drive off the lot, there's new technology that comes right behind it. And that's what is happening with us, as well.

**Governor:** All right, the last two items that I have are 102 and 103 with regard to the Public Employee's Benefit Program.

**Unidentified Female:** Good morning, Governor.

**Governor:** Good morning. And I was asking how you were doing last meeting. I'm very happy to see you up and doing well.

**Unidentified Female:** Thank you. Thank you.

**Governor:** So I had asked for these two items to be held just for an explanation of what their purpose is, and then just essentially how else everything is going within the program.

**Roger Rahming:** My name is Roger Rahming. I'm the Operations Officer. And I'll talk about the first item and it's a new contract with Extend Health. So in 2011, we moved the Medicare eligible retirees with ANB to an exchange. So private market exchange. Extend Health was the contractor. They did both the HRA administration and the enrollment. That contract came due -- or will come due June 30. We went out to bid. We had three bidders. We had Aon Hewitt, Mercer, and again, Extend Health Towers Watson.

We gave the contract back to Towers for a five-year term. It's got a max of \$2,023,000. And the reason we did so is they were actually the -- they're farther along in servicing state clients. They've been with us for five years. They really know our business. So it made sense to mitigate disruption to go back to them. They also lowered their HRA administration from \$3.50 to \$2.75. So that's what this contract is. It's a new contract for five years with a max of a little over \$2 million.

**Governor:** And what does mean to the clients or the beneficiaries that will be subject to this?

**Roger Rahming:** It means that it's a continuation of what they have currently. This is the group that administers their HRA. So if we were to go to a different vendor, you had a potential that this group that we transitioned in would remain here, and those new ones would have to go somewhere else. So of course, creating substantial confusion. Who do you call? Who really is going to service your account?

So at a certain point, let's say I was to move to a different type of insurance, then I would end up going to the new carrier. Again, there would be very much, we felt, considerable disruption. And this vendor has been a very good partner with us. We work diligently on some of the contract language. At the end talk about how we would transition, if in fact that would happen in five years. And to better manage the program.

So in 2011, this was very, very new for states. At this point, we have five years of experience. Again, we took that experience and we put this in the contract language, and we believe it's a good contract. Again, price points are very solid. And they are a very good partner with us.

**Governor:** All right. Let's move to the Hometown Health Provider Contract.

**Donna Lopez:** Okay, Governor. Thank you very much. And Board members. For the record, my name is Donna Lopez. And I'm the Quality Control Officer with Public Employees Benefits Program. And with me today is Dr. Ash-Jackson. And Dr. Rosen down there at the end. And all three of us are here to answer any question the Board may have about this contract.

At this point, how would you like me to proceed?

**Governor:** Just tell -- if you would tell us what the contract's about and what it does.

**Donna Lopez:** What this contract does is right -- it's going to fill a void that's going to be there when our current contract with U.S. Preventive Medicine terminates next week on June 13. And just for historical purposes, you may remember that the U.S. Preventive Medicine contract had -- it had two components.

It had a component for the wellness program, which is the one that most people remember. And the other component was a diabetes care management program, so -- or a diabetes disease management program. So, Hometown Health has basically stepped up to the plate, and they are going to assume that responsibility, and take over those patients, and hopefully we will get more diabetes patients enrolled in this program, because it is structured significantly different than the program that U.S. Preventive Medicine managed.

And so at that time, if the doctors have anything else that they'd like to add.



**Dr. Linda Ash-Jackson:** Okay. Thank you. Um, we've been working with the Public Employee's Benefits Program I think on the HMO since 2006. Before then. A long time. Yeah. And on PTOs since prior to that. And so we've held the utilization management contract for the last two years. And have four more years to go.

So, we're pretty familiar with your population for the -- both the fully insured in Northern Nevada and the self-insured in Southern Nevada. We manage 36,000 lives for you, and we think you should have about 3,500 diabetics. And U.S. Preventative basically had 750 people engaged in the diabetes program that was purely a call-out program. And, with the cost of diabetes, especially those renal failure patients, having the potential in excess of \$300,000 a year, we believe that having a program that engages the patient and the physician is much more realistic in terms of trying to manage their disease process.

For about 11 years, in Reno, we've had a program called Quality Is Premium with the physicians where we reward them for improved blood sugars, getting their diabetes A1Cs, and LDLs, getting the eye exams, and the urinary tract -- their urine microalbuminuria measured to try to keep them from getting renal failure.

And we on our insured book have given up -- given out just last year about \$700,000 because physicians respond to the performance. So...

**Governor:** So you're rewarding the...

**Dr. Linda Ash-Jackson:** The doctors.

**Governor:** ...physicians.

**Dr. Linda Ash-Jackson:** For getting the patients in control. And we've seen that substantially improve our numbers, and it's given us five stars on our senior product in terms of diabetic control. So, we believe that mixing that with the program where we have a consultative way where we look at the pharmacy profiles for the patient, reach out to the patient, get them engaged with local resources in their marketplace, and then deal with the decisions, will improve the outcomes for the patients. And that's one of the reasons why we're doing a more comprehensive program.

And Dr. Rosen was our star in our Quality is Premium program. So of course, I yanked him out of practice and put him in as Medical Director for us. So he'll be primarily responsible for all the physician interaction and the analysis of the medication, along with our pharmacy team.

**Governor:** So you said you -- right now there are 850 identified diabetes patients and it could be, at least based on your metrics, 3,500?

**Dr. Linda Ash-Johnson:** Correct.

**Governor:** How will you identify those individuals that may be...

**Dr. Linda Ash-Johnson:** So we know currently today, statistically we think it's about 3,500. Currently today, based on the claims data that we get from Health Scope, who is the third party administrator, we know that they have identified 2,200 diabetics.

**Governor:** Wow.

**Dr. Linda Ash-Johnson:** So, the fact that there was only a 33% engagement rate was of some concern. We believe that year -- that we will probably get a minimum of 50% engagement just because the providers are going to respond to us because in the north, because they've already been rewarded. But this is available for every member, regardless of where they are. And we have a number of members in the rurals, and we have the ability to use even just in the north, Telemedicine with endocrinologists that are available and renowned to be able to reach out to them as well, to try to get their patients in control. And we've had some substantial successes in our senior product with Telemedicine and getting patients treated and actually moving and managed.

So we're pretty encouraged by having the ability to bring a broader scope of services to this population. And try to improve their health and save the state some money at the same time.

**Governor:** All right. You took the words right out of my mouth. That's extraordinary, because it's a win/win/win. I mean, first and foremost better care and better treatment for those patients. But then that saves a substantial amount of money, which is good for the program so that we can reinvest that for employees or reduce premiums, those types of things.

**Donna Lopez:** If I may, Governor.

**Governor:** Yeah.

**Donna Lopez:** I would also like to add that is -- it is our intent to identify individuals who are pre-diabetic also. And get those individuals engaged in the program, too. And Dr. Ash-Jackson had also mentioned the reward to the physicians. There is also an incentive to the participants who engage in this program in the benefits that they receive.

So, for example, they get two -- those individuals get two office -- physician office visits a year with no co-insurance, no deductible, no co-pay. And they also get two A1C testing, no deductible, no co-insurance, no -- whatever I just said. And they also get co-payments for their diabetic-related medications, and not subject to the high deductible.

**Governor:** So what is that in real dollars do you estimate?

**Donna Lopez:** Did not have that. I think it's about -- Jim might know this better than me right now. It's about \$2 million a year that we...

**Governor:** No, I mean, but for that individual.

**Donna Lopez:** Oh, for the individual.

**Unidentified Male:** It's about \$2,000 per individual, the value of that that the benefit...

**Governor:** So that's \$2,000 in that patient's pocket.

**Donna Lopez:** Yes.

**Dr. Linda Ash-Jackson:** But...

**Governor:** And better care.

**Dr. Linda Ash-Jackson:** But if you look at it from the perspective what some of the newer diabetic meds that the patients have been moved to these days, particularly to avoid insulin, looking at average monthly costs of \$350. So the hurdle to get patients to actually getting control is substantial, unless they have this prescription. So, we're really encouraged by the fact that benefit's been in place for a long time. And we believe that engaging the physicians and literally Dr. Rosen's calling them up and saying, hey, you're not doing a good job here. We're not only we're going to pay you for it, but can we get you to be more engaged and work with your patient?

**Governor:** That's great.

**Dr. Linda Ash-Jackson:** I think we have an opportunity that we can really improve some care.

**Governor:** Madam Secretary?

**Secretary of State:** Thank you. First of all, if I could have your first name. I don't know if we got it.

**Dr. Linda Ash-Jackson:** Linda.

**Secretary of State:** Linda? Okay. And you are with?

**Dr. Linda Ash-Jackson:** I am the Chief Medical Officer of Hometown Health Plan.

**Secretary of State:** Okay.

**Dr. Linda Ash-Jackson:** Providers, I believe we're the only Nevada...

**Secretary of State:** Thank you. I missed that, so I apologize.

**Dr. Linda Ash-Jackson:** ...company. That's my commercial.

**Secretary of State:** Okay. Well, thank you for that. And then, so this is for just for PIP, anybody who's involved in PIP. And how did they -- how are they finding out about it? Is this what you're doing? You're putting something into paychecks, emails, how are...

**Dr. Linda Ash-Jackson:** It's specifically in the plan document.

**Secretary of State:** Okay.

**Dr. Linda Ash-Jackson:** There's an entire (inaudible) that we've worked with staff on.

**Donna Lopez:** We already know who those patients are. As Dr. AJ said, that they receive the claims information from Health Scope Benefit, who's our third-party claims administrator. So they will get that information along with the list of patients who are currently participating with U.S. Preventive Medicine. We will start our communication campaign upon...

**Secretary of State:** So if you were...

**Donna Lopez:** ...Examiner's approval.

**Secretary of State:** So if you see something from a physician or a pharmacist that indicates somebody's getting supplies as being a diabetic, that triggers for you, and then you make the contact to the person that's...

**Donna Lopez:** Correct.

**Secretary of State:** Okay.

**Dr. Linda Ash-Jackson:** We start the contact and then we get the report on who the treating physician is. And then we initiate that contact with them.

**Secretary of State:** Okay. And that doesn't do anything with the patient/client...

**Dr. Linda Ash-Jackson:** No. We do that...

**Secretary of State:** ...privilege.

**Dr. Linda Ash-Jackson:** ...patient -- we do the patient, but we also do the physician. (Inaudible) outreach.

**Secretary of State:** Okay. And I know that the supplies are part of it, but also any programs to help these individuals with eating habits, exercise, all of those are extremely important. And that is something that you're working with as well.

**Dr. Linda Ash-Johnson:** Well, we would have this sort of program that we would do an outreach on in terms of web-based programs, et cetera. But one of the things that I think was

missing before is that we hadn't fully -- I don't believe local resources and the market had been engaged. So for instance, all the hospitals in Vegas had diabetes management programs. We have programs up here. Think we would encourage patients and work with those vendors...

**Secretary of State:** Okay.

**Dr. Linda Ash-Johnson:** ...to get those people engaged. So they have that ability to have face-to-face contact, as well.

**Secretary of State:** And one other question, if I might, Governor. Do you go to outreach programs where there's senior events or where there's, I mean, any population, any type of a community event, you'd be able to go and this is something you'd be able to talk about or?

**Dr. Linda Ash-Jackson:** Well, we certainly could. We have a wellness division that reports...

**Secretary of State:** Okay.

**Dr. Linda Ash-Jackson:** ...organization that does all of our flu outreach, and we do health fairs. We've done -- I think we've done the Silver (inaudible) very active in senior fest, all sort of things like that.

**Secretary of State:** Right. Thank you, Governor. Thank you very much.

**Governor:** Thank you. Any other questions? Thank you very much. Glad you're well (inaudible).

**Donna Lopez:** Thank you.

**Governor:** Are there any other questions with regard to Agenda Item No. 9? If there are none...

**Attorney General:** I did have, Governor. For Contracts 32-40, the (inaudible) contracts, I don't believe that there's an actual contact conflict for me to vote on them, but concerned of a perceived conflict, as we are in constitutional litigation on these. So I will abstain from those contracts.

**Governor:** All right, then. So I'll start this way. I'll accept a motion to approve Contracts 1-31, and also incorporate by reference the Attorney General's disclosure on Contract No. 19. And I'll accept a motion to approve those contracts.

**Attorney General:** Move to approve.

**Secretary of State:** Second.

**Governor:** Oh, good point. I even had a note there.

**Secretary of State:** With the exception of 9.

**Governor:** With the -- exclude -- with the exception of Contract No. 9. So, 1-8, 10-31.

**Secretary of State:** I second the motion.

**Governor:** All right. So, Attorney General's move for approval, the Secretary has second. Any questions on the motion? All in favor, say aye.

**Secretary of State:** Aye.

**Attorney General:** Aye.

**Governor:** Aye. That motion passes 3-0. I'll now accept a motion to approve Contracts 32-100 -- or I'll do it this way. I'll do 32-40.

**Secretary of State:** Okay. I move to approve.

**Governor:** I will second the motion for approval. Any questions or discussion? All in favor, say aye.

**Secretary of State:** Aye.

**Governor:** Aye. That motion passes 2-0. Would you please mark the Attorney General as having abstained from the vote on Contracts 32-40. I'll now accept a motion for approval for Contracts 41-103.

**Secretary of State:** So moved.

**Governor:** Okay. Secretary has moved for approval. Is there a second?

**Attorney General:** I second.

**Governor:** Attorney General has seconded the motion. All in favor, say aye.

**Secretary of State:** Aye.

**Attorney General:** Aye.

**Governor:** Aye. That motion passes 3-0.

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

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

**Clerk's Recommendation: I recommend approval.**

**Motion By: Attorney General**

**Seconded By: Secretary of State**

**Vote: 3-0**

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**Comments:**

**Governor:** We will move on to Agenda Item No. 10, Master Service Agreements. Mr. Wells.

**Clerk:** Thank you, Governor. There are 14 Master Service Agreements in Exhibit 3 for approval by the Board. There has been requests for additional information on the following: No. 4, 9, and 11, relate to occupational health services to state employees. And No. 10 and 13 which relate to laboratory testing. There are purchasing representatives here to discuss the (inaudible).

**Governor:** Did I -- I'm okay on those contracts. So, actually don't. So if there are no further questions, the Chair will accept a motion to approve Master Service Agreements 1-14.

**Attorney General:** I move to approve.

**Secretary of State:** Second.

**Governor:** Attorney General has moved for approval. The Secretary of State has seconded the motion. Any questions or discussion?

**Secretary of State:** Nope.

**Governor:** All in favor, say aye.

**Secretary of State:** Aye.

**Attorney General:** Aye.

**Governor:** Aye. That motion passes 3-0.

## **11. CONTRACTS APPROVED BY THE CLERK OF THE BOARD – INFORMATION ITEM**

Pursuant to AB 41 of the 2013 Legislative Session, the Clerk of the Board may approve all contract transactions for amounts less than \$50,000. Per direction from the August 13, 2013 meeting of the Board of Examiners, the Board wished to receive an informational item listing all approvals applicable to the new threshold (\$10,000 - \$49,999). Attached is a list of all applicable approvals for contracts and amendments approved from April 21, 2015 through May 15, 2015.

Thirty-Seven independent contracts were submitted to the Board for review.

**Comments:**

**Governor:** We'll move to Agenda Item No. 11, which is an information item. Those contracts approved by Clerk of the Board, Mr. Wells. Any comments?

**Clerk:** There were 37 contracts under that threshold between April 21 of 2015 and May 15 of 2015. And then we did not have additional requests for comment on these contracts, Governor.

**Governor:** Any questions from Board members?

## **12. BOARD MEMBERS' COMMENTS/PUBLIC COMMENTS**

**Comments:**

**Governor:** Then we'll move to Agenda Item No. 12, which is Board Member Comments. Any Board member comments?

**Secretary of State:** I just wanted to thank you for allowing me to ask some of the questions and get some more information on these items. So, thank you very much.

**Governor:** You're very welcome. Thank you. Public comment. Is there any member of the public here in Carson City that would like to provide comment to the Board? Is there anyone present in Las Vegas that would like to provide public comment to the Board? I see a wave of no.

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

**Clerk's Recommendation:** I recommend approval.

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

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**Comments:**

**Governor:** So we'll move on to Agenda Item 13, adjournment. Is there a motion for adjournment?

**Secretary of State:** Yes. Adjourn.

**Governor:** The Secretary has moved for adjournment. Is there a second?

**Attorney General:** I second.

**Governor:** Attorney General has seconded the motion. All in favor, say aye.


**Secretary of State:** Aye.

**Attorney General:** Aye.



**Governor:** Aye. Motion passes 3-0. This meeting's adjourned. Thank you ladies and gentlemen.

**Respectfully submitted,**

  
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JAMES R. WELLS, CLERK

**APPROVED:**

  
\_\_\_\_\_  
GOVERNOR BRIAN SANDOVAL, CHAIRMAN

  
\_\_\_\_\_  
ATTORNEY GENERAL ADAM PAUL LAXALT

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SECRETARY OF STATE BARBARA K. CEGAVSKE