

MINUTES

MEETING OF THE BOARD OF EXAMINERS

December 9, 2014

The Board of Examiners met on December 9, 2014, in the Guinn Room on the second floor of the Capitol Building, 101 N. Carson St., Carson City, Nevada, at 10:00 a.m. Present were:

Members:

Governor Brian Sandoval
Attorney General Catherine Cortez Masto
Secretary of State Ross Miller
Julia Teska, Clerk

Others Present:

Mike Willden, Department of Health and Human Services
Mindy Martini, Department of Education
Steve Canavero, Department of Education
Patrick Cates, Parks and Wildlife
Dave Prather, Division of Forestry
Kimberly Tarter, Purchasing Division
Jeff Haag, Southwest Airlines
Marta Adams, Office of the Attorney General
Scott Sisco, Department of Corrections
Rick Gimlin, Department of Taxation
Eric Johnson, Department of Conservation and Natural Resources, State Parks
Marti Radu, Office of the Attorney General
Todd Myler, Department of Health and Human Services, Aging and Disability Services
Julie Kotchevar, Department of Health and Human Services, Aging and Disability Services
Clark Leslie, Office of the Attorney General
Ellen Crecelius, Department of Health and Human Services, Welfare and Supportive Services
Leah Lamborn, Department of Health and Human Services, Health Care, Financing and Policy
Kelly Lafayette, Department of Administration, Public Works Division, Buildings and Grounds
Teri Preston, Department of Administration, Public Works Division, Buildings and Grounds
Kathy Wynands, Department of Employment, Training and Rehabilitation
Sue Smith, Department of Health and Human Services, Welfare and Supportive Services
Terry Rubald, Department of Taxation
Steve Fisher, Department of Health and Human Services, Welfare and Supportive Services

1. PUBLIC COMMENTS

Comments:

Governor: Good morning. I'll call the Board of Examiners meeting to order. Can you hear us loud and clear in Las Vegas?

Unidentified Male: Yes, Governor, we can. Can you hear us?

Governor: Yes. All right. Thank you. We'll begin with Agenda Item No. 1, Public Comment. Is there any member of the public present in Carson City that would like to provide public comment? Is there anyone present in Las Vegas that would like to provide public comment?

Unidentified Male: No one here, Governor.

Governor: All right. Thank you.

*2. FOR POSSIBLE ACTION – APPROVAL OF THE OCTOBER 14, 2014 BOARD OF EXAMINERS' MEETING MINUTES

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 Items 2 and 3, which are the Approval of the October 14, 2014 BOE Meeting Minutes and the November 12, 2014 Meeting Minutes. Have the members had an opportunity to review the minutes and are there any changes?

Attorney General: No, Governor. I move for approval.

Secretary of State: Second.

Governor: The Attorney General has moved for approval of Agenda Items 2 and 3. The Secretary of State has seconded the motion. Any questions or discussion on the motion? All in favor say aye.

Attorney General: Aye.

Governor: Aye. Opposed no? The motion passes 3-0. Agenda Items 2 and 3 are approved.

*3. FOR POSSIBLE ACTION – APPROVAL OF THE NOVEMBER 12, 2014 BOARD OF EXAMINERS' MEETING MINUTES

Clerk's Recommendation: I recommend approval.

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

Comments:

***4. FOR POSSIBLE ACTION – UPDATE ON THE FISCAL YEAR 2015 PROJECTED ENDING FUND BALANCE**

Pursuant to subsection 1 of section 67 of Assembly Bill 507 of the 2013 legislative session, if projections of the ending balance of the State General Fund fall below the amount estimated by the 2013 Legislature for Fiscal Year 2015, the Director of the Department of Administration shall report this information to the State Board of Examiners. Subsection 2 states that if the Board of Examiners determines the ending balance of the State General Fund is projected to be less than \$80,000,000, the Governor, pursuant to NRS 353.225, may direct the Director of the Department of Administration to require the State Controller or the head of each department, institution or agency to set aside a reserve of not more than 15 percent of the total amount of operating expenses or other appropriations and money otherwise available to the department, institution or agency.

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. 4, which is an Update on the Fiscal Year 2015 Projected Ending Fund Balance. Ms. Teska and Mr. Willden.

Clerk: Mike, do you want to...

Mike Willden: Julia...

Clerk: ...go ahead and start?

Mike Willden: ...you want to just go ahead and launch in and then I'll help if you need?

Clerk: All right. Thank you, Governor. And I think we've sort of beat this topic to death a little bit yesterday at the IFC meeting, but for anyone who wasn't there, and to fulfill our requirements of making a report to the Board of Examiners, there's a handout in your packet that's described as the FY 2015 Fund Balance. On the second page, I give a brief history of our fund balance from 2012 to 2015. As you can see, 2012 and '13, those were budgets that were approved during the 2011 session, when we were still in the heart of the recession. And as you can see, we had fairly conservative revenue projections, and what we ended up with were revenues that exceeded our budget projections, and as a result we ended up with pretty healthy ending fund balances on those

years. And that ended up being very fortuitous, as fortunes have been a little bit different in 2014 and '15.

The big driver here, as you notice--we had a legislatively approved ending fund balance of \$181 million in '14. We ended up with an actual of \$183 million despite the fact that we started \$87 million above our legislatively approved amount. Of that \$87 million, \$28 million was transferred to the Rainy Day Fund, and the balance helped us absorb the short falling that proceeds that occurred in 2014. And now, here in 2015, we started out just a little above our legislatively approved amount. Our ending fund balance in the budget as approved was \$174 million. We're currently projecting that number to be just a little bit under \$8 million. Again, that is excluding the \$28 million that's in the Rainy Day Fund.

And we're--if you flip over to the next page, it really discusses why we're in this predicament. There's really three things driving the shortfall. One is gaming revenues. We came in a little bit below forecast in 2014. We're projecting, based on the economic forum from last week, to come in a little over \$41 under the forecast. Then we have net proceeds of minerals, which came in \$69 million below forecast in 2014. And, based on the economic forum, we're looking at about \$72 million below forecast in 2015. So the revenue shortfall together, is about \$190 million for the biennium.

The expenditure pressures really that we're feeling that are driving part of this problem as well, are relating to the Distributive School Account enrollment. 2014 enrollment was about 3,400 students above the projection. That accounts for about \$19 million. There was an additional--we do not budget for the Hold Harmless enrollment. Those are districts--or charter schools that have a lower enrollment in the current year than they had the prior year. Under existing law, we have to pay them the higher of those two, based on the higher of those two figures. In--

Governor: So in other words, just to make sure that's clear, if they have more students than we thought, they still get the amount of money on the higher amount of students?

Clerk: Exactly. And they get--on their actual enrollment, if they're growing, and if you're in a situation where you have a--and this happens a lot in some of the smaller districts in particular--they can have a little bubble go through the district. And then when those kids leave, if they had, let's say, 500 students last year and they only had 450 students this year, they get paid on the 500 students for the current year, as well. It basically, creates a soft landing, because contracts for education staffing have to be--you have to notice the teachers by about the middle of March. And often times they don't know that they're going to have a shortfall in their enrollment until the following year, and then the staff is under contract. So, that's why that has been in existence, and that's actually in current law.

So we're paying--these figures on the Hold Harmless, we're paying under existing law. As I alluded to yesterday, I think there's some room for us to examine the specifics of this law. I think it's a good policy, but some of the specifics may need to be addressed.

Attorney General: So we have no real time tracking of students? We don't know when they come in, when they leave?

Clerk: Well, we only pay on--we pay based on count day...

Governor: There's only...

Clerk: ...which is a single-day enrollment. And so, yes, there's not a lot of--we're not doing a lot of active data collection on the transiency of students throughout the year. And, basically, enrollment projections are something that we're, from a state level, that we're trying to focus some more attention on, because we've been--during the recession, we were overestimating enrollment. Now that we're coming out of the recession, we've been underestimating. So, we're trying to find a way to fine tune that, and there's going to have to be some data collection that goes along with that.

Attorney General: Sure. And I--and the only reason I bring that up is because that's why we count the way we do. We don't have real time tracking to make that determination, so we had to come up with some sort of...

Clerk: Yes.

Attorney General: ...ability to...

Clerk: And...

Attorney General: ...estimate.

Clerk: Yes. And I think that there's--again, I think that there's some room for us to have some further discussions and refinement there.

Governor: There will be discussion about more count days, so that we can avoid this issue in the future.

Clerk: So anyway, we had about 1,369 students in 2014. That was about \$7.6 million. This year we really saw an increase in enrollment. There was a projected enrollment increase included in the budget and we, based on count-day numbers, were 9,000 students over that number, plus we have about 3,000 students in the Hold Harmless number, as well. So, that accounts for \$53 million for the actual enrollment, and about \$17.5 million for the Hold Harmless.

Governor: And, Ms. Teska, will you talk a little bit about if there's any difference between the 9,378 and the 3,092, the students themselves?

Clerk: The 9,378 students are actual students enrolled in a school--public school district or charter school in Nevada. The 3,092 students would be accounted--are accounting for an individual district or charter school where the enrollment this year was less than the enrollment

last year. And in particular, what we've noticed is there was a certain amount--I think about 600 of these students are in the rural school districts, and the remainders are differences among the different charter schools. And the way the enrollment system works--the count day system works right now, a charter school--an individual charter school is treated as a district.

So, if you go from charter school A to charter school B, then those are treated as though you went from one school district to another school district. And, I'm getting nods from the folks from the Department of Ed., so...

Governor: But all in between '14 and '15, we have 12,500 more students than we thought we were going to have?

Clerk: Yes, sir. Yes, this is reflective of the fact that the population of state overall is starting to grow again. During the recession, we had a flattening of not only our state's population, but we also--that was reflected in our enrollment numbers on the K-12 enrollment side. And, as we've been coming out, we went with the projections that had been provided by the districts last time. And it looks like we were just--I don't think any of us anticipated that the growth was going to be--come back as quickly as it has.

Attorney General: Is this an anomaly? Have we looked at projections in the past for student growth? Is this unique or is it...

Clerk: This is actually a pretty good enrollment growth number. I actually believe that the number for 2015 is about 1.45 percent. And, the numbers that we've been looking at is, if you look at the last three years, we're averaging about 1.3 percent, which is--before the recession, we were having years where we were having 5 and 6 percent growth, which--that's a little bit dangerous growth level as far as that's hard to keep your infrastructure, keeping up with the increases in enrollment.

At 1.25 to 1.5 percent, that's very consistent with projections that I've seen on national--nationally, as far as in particular our region on the country, to be having per population and in particular, student growth in that range. So these numbers, now that we're--we have three years of data points with the growth, these look pretty good as far as--and we are using this as the data that we're building '16 and '17.

So we had \$191 million worth of issues on the revenue side. We have about \$97 million worth of issues on--as far as increases in expenditures related directly to enrollment in the Distributive School Account. So that--if you, you know, quick math, that's almost \$290 million. So I say that because when we get to the next page, our shortfall for meeting our projected 5 percent ending fund balance, we have almost 200--well, we have about \$290 million worth of revenue and expenditure pressures. And fortunately, because of some other revenues that are--you know, sales tax is still holding pretty strong in some areas where we've been able to achieve a little bit of savings, we have \$161 million--\$161.9, so let's say \$162 million short of our goal of the 5 percent ending fund balance right now.

Then we add to the \$8 million that we're projecting. If you go down to the--towards the bottom of that page, the total Unappropriated General Fund balance on June 30th is the \$7.9 million figure. If we transfer funds from the Rainy Day Fund, we get ourselves up to \$36 million. And then, if we go over to the last page, we've been trying to put together some proposed solutions. We've looked at doing some--there's some excess reserves in the Public Employees Benefits Program to the point where we could afford to do a couple of premium--or AEGIS holidays there. We also have--we've had some favorable experience on our unemployment insurance. We're proposing to just shut that off for the last half of the fiscal year. Their reserves are sufficient to continue paying claims.

There are some--based on some work that the Department of Health and Human Services has done, we believe that there is--and we're working through these numbers with the agency--but we think this is a pretty good estimate right now. There's going to be some services that they're going to be able to get additional Medicaid billings for that should account from somewhere around \$10 million. There's the revenues we're getting from the private UPL, Upper Payment Limit. That's a Medicaid program as well. That's another \$1.2. We have some unclaimed overpayments from the Department of Taxation.

We are proposing--since we do not have access to the reserve accounts at the System of Higher Education, we are in discussions with them about asking them not to take their salary adjustment funds for this year, so that they can contribute like all the other state agencies are going to be contributing to our solution.

Governor: And part of that, just to make the record whole, is didn't they collect \$28 million more than they thought?

Clerk: Yes. At the Interim Finance Committee meeting yesterday, they have increased enrollment. And as a result, they have increased fees and tuition, which under the way the funding formula was approved during the last session, with IFC approval they can keep those fees and spend them. And so, that was approved yesterday, and it was about \$28 million worth of increased fees. This is just the money that is the difference between the--what we had originally proposed as far as salaries for 2015, which was, I believe, three furlough days and the 2.5 percent salary reduction, and what was approved by the legislature was six furlough days and restoring the 2.5 percent salary reduction. So, this is the difference between those two totals for the System of Higher Education.

As far as the other state agencies, as you know, you approve--at this body, you approve requests for salary adjustment funds. And as we covered all summer, there were very few requests outside of the System of Higher Education.

Governor: Correct.

Clerk: There were a few for corrections and a couple of very small agency requests, but we reverted the majority of that money, and that actually accounted for almost 25 percent of our reversions that we had in 2014. General Fund reversions are already included in our projections

for the revenues for 2015, so--and it would be based on getting a similar reversion from that account. So this is not really treating them much differently than we're treating anyone else. I want to make that clear. We're not penalizing the university system.

And then the last item on there, our reserve sweeps. All of you were--got to enjoy the recession with the rest of us during the late 2000s. And during that time, we went through and we looked for any place where we had additional funds, much like we're doing with the AEGIS holidays and the UI, essentially turning off that rate for the rest of the year. Instead of trying to go about this with operating fund reductions from state agencies, since their budgets are still pretty lean, they're still feeling the effects of not getting--of the reductions we made during the recession. We're trying to go and find the places where we have excess cash, where there's reserves in excess of what's needed to cash flow operations and sweep those reserves into the General Fund similar to how we did during the recession.

I will say that that \$36 million figure on there is a conservative number. I learned a few lessons during the recession, and one is that just because it looks like you can sweep a dollar amount, we did not realize 100 percent of those funds during--when we did this previously, so we've discounted that pretty heavily right now. We're going to continue to work on that and, hopefully--I expect that that's going to be the minimum number that we will be able to come up with.

Governor: Just a question on that. If you--if that turns into more money, will you just increase the ending fund balance?

Clerk: Yes. Since we are not--right now, these solutions do not put us at our 5 percent ending fund balance. If you notice, if we achieve all--execute all of these, we end up at around \$108 million. There's a couple of reasons why I would suggest we do that. One is we're below the 5 percent, still at the \$108 million. The other thing, is that that is assuming that all of the revenues that were projected for 2015 at the December economic forum come in as projected. And I think that if we achieve more than this \$36 million, we need to take those funds into our fund balance so that we have--we leave ourselves as firm a balance as possible in the event that some of those revenues don't come in.

Governor: And vice versa. What if it gets better, then that's just beneficial and not...

Clerk: Yes.

Governor: ...you don't have to sweep as much, I guess would be the...

Clerk: Yes.

Governor: ...way we put it.

Clerk: So that is essentially the presentation that I have for you today. I wish it was better news, but that's where we sit as of the economic forum from last week.

Attorney General: (Inaudible), I've got a couple questions...

Clerk: Okay.

Attorney General: ...if it's all right.

Governor: Okay. Let me ask a couple and then I'll go to you. Again, I just want to make sure it's clear that this is attributable to, first, gaming. The...

Clerk: Yes.

Governor: ...\$50 million less than we thought was going to come in. Mining, what's that, \$141 million?

Clerk: Yes.

Governor: And how do you attribute what--I guess let's get--pardon the pun--but let's build a better foundation for that. I mean the price of gold dropped, and why did it come in so much further below than we thought?

Clerk: And this is actually an interesting dynamic, is that before the recession our net proceeds and minerals collections were very close to where they were projecting them to be now. But then during the recession, the price of gold went way up and so our--the revenue went up. A couple of things are also contributing to the shortfall that we're experiencing right now. One, is the impact of the prepayment that we approved during the recession, is the mining companies have to prepay their taxes. Essentially, I believe they're paying--and I know Terry Rubald's here, and she'll correct me if I'm wrong on this--but I believe they have to prepay in March, for what they believe they're going to do in this calendar year. So, they paid in March of 2014 for calendar year 2014, then they true up.

And during the time that they were making prepayments in the prior years was when gold was falling. And so they had overestimated their payments. We had a buildup of credit and we had to apply those, so it's kind of a double--we're getting a double hit on the net proceeds right now, because it's not just that their actual taxes that they owe are lower because of the decline in the price of gold, but then they're applying credits on top of that. So, that's how come we have a dramatic impact in these two years.

Governor: And then we've covered the student--we just have more students than...

Clerk: Yes.

Governor: ...we thought, I mean...

Clerk: Population is growing.

Governor: Okay. Madam Attorney General.

Attorney General: So, looking at the projected fund balance, it looked like the supplemental appropriations are one of the things that really hit us hard. That's what we've been talking about.

Clerk: Mm-hmm.

Attorney General: And I actually had wanted a breakdown of it, but I found it because you gave it to IFC.

Clerk: Yes.

Attorney General: So I appreciate that. The one question I have, though, is the DSA account on this is about \$81 million, and here, it's a little bit more than that that you've given us. Is that-- I'm missing some number, I'm sure.

Clerk: Okay.

Attorney General: So what's going on there?

Clerk: Okay. We have had a couple of things that have happened favorably. As I said, there's about \$97 million worth of increased costs Distributive School Account. One of our revenues that is doing a little bit better than we expected, is the room tax. And there is--during this biennium, we are taking into the Distributive School Account a portion of the room tax. And so, that has come in, in excess of what was budgeted and is helping offset some of those increased expenditures.

Attorney General: Okay. Is that, again, something that's unique or just--been an increase in room tax or it's something--because I would imagine we anticipate that (inaudible)...

Clerk: Well, visitor volume has been increasing...

Attorney General: Uh-huh.

Clerk: ...and so that's--this is directly--that directly drives that room tax.

Attorney General: Okay. And then you have here disaster relief, which I would imagine--because I know there's still some on the drawing board that we have to pay out. Do we have concerns about having to pay out more in the Disaster Relief Fund in this fiscal year?

Clerk: That's actually a requirement that we make that transfer from the General Fund...

Attorney General: Okay.

Clerk: ...based on the fact that we have funds in the Rainy Day Fund.

Attorney General: Okay.

Clerk: So that's...

Attorney General: Because I know there's pending out there some concerns with respect to the flooding and...

Clerk: Yes, and we've actually got a pretty good balance ending (inaudible).

Attorney General: So we're safe on that. We don't have to worry about that impacting our balance here. And then the last question I have, I think many states do--many cities do, which is the reserve sweep.

Clerk: Mm-hmm.

Attorney General: Have you looked particularly at my office yet, with respect to the settlement funds that have come in related to the mortgage litigation? Does that include that, do you think?

Governor: Are you offering that?

Attorney General: It's--listen, I don't think I have to offer it. You can sweep it. That's my question. It is for the legislature and all of you to take a look at. So I'm just curious if that's included or not, because I know...

Clerk: That is currently not in the dollar figure that you have, but that will be...

Attorney General: Okay. Then we need to talk, because there is some money that has come in that I think we need to talk about that might be available for the General Fund, and we need to figure all of that out.

Clerk: Okay. I appreciate that.

Governor: You're generous. But it--I mean, it may...

Attorney General: I'm trying to cover the gap here, the hole. But there's...

Governor: No, I understand that. But...

Attorney General: ...but there's stuff that we should talk about.

Clerk: No, and you're--and the analysts have been--based on the fact that we're at this stage of the game, our analysts are interacting with the agencies to try and get--and, again, that \$36 million number again is intentionally conservative. And we are--we have a list that we're

working from, but we're also engaging the agencies for any other items, like you've suggested here, that we have not yet identified.

Attorney General: Okay. And then finally, going back to this one figure, the supplemental appropriations, you have a breakdown. And other than the DSA, I remember a lot of these other costs came before the Board of Examiners.

Clerk: Yes.

Attorney General: And are these--again, is it something that is a one time or is it something that you're going to have to budget for in the future like Department of Corrections? It was dealing with their salaries, revenue and medical needs.

Clerk: Okay. I'll deal with theirs specifically because the others, I do believe, are one-time issues. In relationship to the Department of Corrections, the portion in there that is for salaries, we are changing how we are proposing to budget their salaries in 2016 and '17. So I believe that when you--when the budgets are--if they're approved as we present them or close to that, I do not believe that they're going to need to come and get additional funds next biennium.

The medical piece is related to the--there was an adjustment. We were a little overly aggressive in making the adjustments for the Affordable Care Act, and funds were taken out at 100 percent General Fund when a portion of those funds actually came from a different funding source and it left them short in General Fund in the medical account. And, lastly, on there is revenue...

Governor: So in other words, that was a one-time experience?

Clerk: That should be--yes. And we believe...

Attorney General: Okay.

Clerk: ...we have much better data as far as projecting that going forward. We just had a meeting on that a couple weeks ago. We feel much better about where we're putting their medical budget going forward. And then on the revenue side, there is a grant that we receive from the federal government that is for the--for our costs of incarcerating illegal immigrants. And that is just budgeted as part of their operating revenues. And when that money--in the past, when we received more than what we had originally budgeted, they reverted those funds. In this case, you know, adding insult to injury, we're getting less this year, and so that is--that created a hole in their operating revenues and so we're having to fill that.

Governor: But again, that's because we have less undocumented individuals.

Clerk: Well, and they're just--yes, and the feds are just not funding (inaudible).

Governor: Giving as much.

Clerk: But the rest of these are--with the exception of the Distributive School Account, which that's--we go back and forth with whether they're reverting money to the General Fund. And in 2013, they reverted \$70 plus million to the General Fund. This time they need \$80 million. That's simply trying to get better at dialing in at where we think the enrollment growth is going.

Attorney General: And then finally, just looking at your brief history from 2012 to 2015, and the actual projected revenues, other than 2012--and believe me, two or three years does not make a trend, but it is trending down.

Clerk: Yes. And part of that was that we were--in 2012 and '13, again, those were budgets constructed during the recession when we were still trying to figure out were we at the bottom or not. And so, revenue projections were, I think, much more conservative, as well as we were being very conservative with expenditures. And then in 2013, things were starting to look up and I think we just were a little bit--in just a couple of areas, because if you notice it's really just three things that are driving this, is we missed the mark on enrollment, and then we had a couple of revenues that didn't meet forecast.

And if you look at that they're really not--when you think about the fact that we have about \$6 billion in General Fund revenues over the course of a biennium, and we missed by less than \$200 million, yes, that creates a problem for us, but we really weren't missing by that much.

Attorney General: Thank you. I appreciate that.

Governor: Thank you. Mr. Secretary, any questions? Mr. Willden, I thought I saw you--did you have anything that you wanted to add?

Mike Willden: Governor, I just would note that I have spent the morning talking with Director Breslow on the mortgage settlement opportunity to help with the ending fund balance. And, he believes there is a possibility for sweep there, so we've scheduled some meetings later this week and we will drill down on that and then have a number to add to the sheet.

Governor: And (inaudible) the optimal number is 160, correct, or...

Clerk: It is 169.

Governor: 169. And you're at 109...

Clerk: Yes.

Governor: ...now with at least with what you're presenting today. Is there a benefit to getting as close to that 169 figure as we can?

Clerk: Absolutely. There are two things, really, on the ending fund balance--well, actually three. One is by statute, we're required to present a budget that has a 5 percent ending fund balance. So anything that we can do to improve '15 creates more room in '16 and '17, because we

have to ensure that our '16 and '17 executive budget that we present has a 5 percent--a minimum of a 5 percent ending fund balance in both years. The second piece is that we do need to have a certain amount of cash reserves to just cash flow state expenditures. And the last item is that, you know, bond rating agencies look at what are your reserves. And so, having the 5 percent reserve is one of the key things that they look at. It's interesting, since that's actually not where our bond repayment comes from, but it's one of the key elements that they use in evaluating and rating us. And so, getting as close to that number as we possibly can is definitely our goal.

Governor: And in terms of triggers, we are here because of a statute.

Clerk: Mm-hmm.

Governor: And so let's talk a little bit that.

Clerk: It's actually in the Appropriations Act that was approved in the 2013 session. States that essentially, if we're going to have a--if we're projecting our ending fund balance to be lower than what was legislatively approved, we have to make that report to this body, as we have done. And then what we need is--the second piece of that, (2) of Section 67, requires that if the ending fund balance is projected to be less than \$80 million, this body needs to make that determination and then we would proceed with the corrective action plan at the direction of the Governor.

Governor: And then that also, requires that we report to IFC...

Clerk: Yes.

Governor: ...which we actually have kind of...

Clerk: Done a little bit in reverse.

Governor: Early.

Clerk: Yes.

Governor: But the purpose of that was IFC was scheduled yesterday, and there wasn't another one for six weeks. And so the--obviously, it's better to report to the legislature and make sure it is aware...

Clerk: Yes.

Governor: ...of the situation rather than waiting six more weeks.

Clerk: Exactly. And, I believe we'll be reporting back to them in the January IFC, because that'll be after we release the budget, and we anticipate--because most of these solutions that we've presented will require some legislative action. You know, even doing something as simple as the AEGIS sweep, the bill that funds the Public Employees Benefits Program requires that we

put X amount per employee per month; that we pay that into this account. And so, we're going to have to do a bill that suspends that for two months. So, there is definitely legislative action that will need to take place. And so what we--what the plan is right now is we will have, essentially, those bills ready to roll out with the budget when we present it next month.

Governor: When will we have a better idea of the--I don't know if this is an accounting term, but the firmness of these sweeps?

Clerk: Our office is working on firming these up, if you will, with the agencies right now, to where we would have that ready for presentation with the budget. So we're trying to wrap it up in the next couple of weeks.

Governor: Okay. And having done all this hard work and research, et cetera, if we don't do the things that you have presented today, it's your opinion that the ending fund balance will be below \$80 million.

Clerk: Absolutely.

Governor: Okay. Any other questions?

Secretary of State: No, Governor.

Governor: Anything else, Ms. Teska?

Clerk: I think that covers it.

Governor: All right. No--and I know how hard you've been working on this, and I really appreciate everything that you've done. As you said, this is not an optimal exercise and none of us want to be in this situation, but there's just some realities that we have to deal with which is, again, revenue is down. The mining revenue is down. And then, as you said, you have the double whammy of the prepayment.

Clerk: Mm-hmm.

Governor: And then, you know, this is good news/bad news. The good news is we're growing. We have almost 10,000 more students than we thought we were going to have. That means the...

Clerk: Mm-hmm.

Governor: ...economy is improving, et cetera. But at the same time, we underestimated the number of students were going to be there, but we have to cover that as well as that Hold Harmless...

Clerk: Mm-hmm.

Governor: ...as well. So that brings us to why we are here. And I think it's pretty straightforward why we're here. I mean, it's a lot more difficult, as you say, to make up that shortfall in this ending fund balance. But as I said, I know that it's been very challenging to do that and, you know, you've also had to work with many state agencies with regard to those sweeps. And, I want to thank the state agencies that were involved as well and helped contributing to a solution for this.

So if there are no other questions or comments, I will accept a motion that the Board of Examiners accept the report of the projected ending fund balance as presented, and further that in accordance with Section 67 of Assembly Bill 507 the Board of Examiners has determined that the projected ending fund balance will be below \$80 million.

Attorney General: I move for approval.

Secretary of State: Second.

Governor: The Attorney General has moved for approval. The Secretary of State has seconded the motion. Are there any questions or discussion on the motion? If there are none, all those in favor say aye.

Attorney General: Aye.

Secretary of State: Aye.

Governor: Aye. Motion passes 3-0. Ms. Teska, I'm directing you to proceed with the proposed corrective action plan as presented today and to report back in February on the solutions presented to the 2015 legislature.

Clerk: Yes, sir.

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

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

AGENCY NAME	# OF VEHICLES	NOT TO EXCEED:
Department of Conservation and Natural Resources – Division of Forestry	3	\$13,983
Total	3	\$13,983

Clerk's Recommendation: I recommend approval.

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

Comments:

Governor: All right. That brings us to Agenda Item No. 5, State Vehicle Purchase. Ms. Teska.

Clerk: Thank you, Governor. Just one agency's request on the Agenda today, is for the Department of Conservation and Natural Resources, Forestry Division. They're requesting permission to purchase three vehicles. These are used NHP vehicles that they'll be using to replace some vehicles they have that are in pretty bad shape. And they've got--while these were not necessarily included in their legislatively approved budget, they're going to be using Fire Assistance Grant funds to pay for these.

Governor: No, and I--hopefully, we can do this more often. I mean this is one agency buying...

Clerk: Mm-hmm.

Governor: ...vehicles from another agency, buying them from Nevada Highway Patrol and...

Clerk: Recycling.

Governor: Yes, getting more out of them. And, although they may not be secure enough for NHP, they can be useful for forestry. And it's \$13,982 [sic] and get three vehicles out of that, so I think that works out well. Any questions from Board members? If there are none, the Chair will accept a motion for approval of the state vehicle purchase as described in Agenda Item No. 5.

Attorney General: I move for approval.

Secretary of State: Second.

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

Attorney General: Aye.

Secretary of State: Aye.

Governor: Aye. The motion passes 3-0.

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

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

Pursuant to NRS 333.705, the Division of State Parks requests authorization to contract with Ellison Electric, which is owned and operated by current Assemblyman John Ellison, to provide on-site electrical repair services to various state parks sites on an on-call basis.

Clerk's Recommendation: I recommend approval.

Motion By: _____ **Seconded By:** _____ **Vote:** _____

Comments:

Governor: We will move on to Agenda Item No. 6, Authorization to Contract with a Current or Former Employee. Ms. Teska.

Clerk: Thank you, Governor. We have two requests on the Agenda today, and I will begin by saying that Item A is put on here. It's unclear as to whether this is technically required. However, in the interest of full transparency, we decided to put this item on the Agenda. It's essentially, the Division of State Parks is contracting with an electric company that is owned by Assemblyman Ellison. And this was a result of an RFP, and this was the RFP that was most responsive in terms of providing the services necessary in the geographic areas necessary.

Governor: And there were two bidders and Mr. Ellison's company had the more favorable bid, correct?

Clerk: Yes. And, in fact, I believe, based on the agency's response that the other bidder did not cover the entire--all the services necessary for the full area, so...

B. Department of Taxation

Pursuant to NRS 333.705, the Department of Taxation requests authority to contract with a former employee to provide training on the preparation of the yearly cost of capital/discount rate studies on the utility, airlines, railroad and alternative energy industries, review the current studies, and expert witness services in contested cases concerning cost of capital and discount disputes. The contract period is upon approval to June 30, 2015.

Clerk's Recommendation: I recommend approval.

Motion By: Attorney General

Seconded By: Secretary of State

Vote: 3-0

Comments:

Clerk: The second item is from the Department of Taxation to request to contract with a former employee to provide training on the preparation of yearly cost of capital discount rate studies on utilities, airlines, railroad, and alternative energy industries. These are very specialized areas, and so they're asking for the ability to conduct this training, and also for expert witness services with a former employee.

Governor: Any questions from Board members? If there are no questions, the Chair will accept a motion to approve--or to authorize the contracts with a current or former employee as described in Agenda Item 6-A and B.

Attorney General: Move for approval.

Secretary of State: Second.

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

Secretary of State: Aye.

Governor: Aye. The motion passes 3-0.

***7. FOR POSSIBLE ACTION – LEASES**

Four statewide leases 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

Comments:

Governor: We'll move to Agenda Item No. 7, Leases. Ms. Teska.

Clerk: Thank you, Governor. There are four leases for your consideration on the Agenda today, and we'll be happy to answer any questions if you have any.

Governor: I have no questions. Board members? The Chair will accept a motion to approve Leases 1 through 4, as described in Agenda Item No. 7.

Attorney General: Move for approval.

Secretary of State: Second.

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

Attorney General: Aye.

Secretary of State: Aye.

Governor: Aye. The motion passes 3-0.

***8. FOR POSSIBLE ACTION – CONTRACTS**

Twenty-five 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

Comments:

Governor: We will move to Agenda Item No. 8, Contracts. Ms. Teska.

Clerk: Thank you, Governor. There are 25 contracts for approval by the Board today. I believe we would like to hear testimony on Contract No. 10, which is the Department of Education; Contract No. 22, which is Department of Wildlife, Game Management, and then Contract No. 24, which is Conservation Natural Resources Forestry, the Wild Land Fire Prevention Program.

Governor: Board members, do you have any other contracts you'd like to hold out? All right.

Clerk: Okay.

Governor: There's someone here from the Department of Education. So, Marta, if you want to come up, you can. No? You're okay? Okay. Good morning.

Mindy Martini: Good morning. Thank you. I'm Mindy Martini, the deputy superintendent for business and support services at the Department of Ed. This particular item requests authority to contract with the regents of the University of California to obtain access to the Smarter Balance Assessment items. And this would be in English and mathematics. This assessment, the plan is to replace our current criteria and reference testing system, CRTs. The contract is over three years, \$3.9 million, \$1.3 per year, and it's all in federal assessment money. I do have our deputy superintendent for student achievement, Steve Canavero, who has some more specific information about this contract.

Governor: And let me just give you a bit of background why I asked you to come up. And, I'm not questioning the contract in any way, but this is a pretty monumental shift with regard to education policy in the state of Nevada. So, I was hoping that you could give a little bit more background on the importance of this contract.

Steve Canavero: Absolutely. And thank you, Governor and members of the Board. Steve Canavero. And you're absolutely correct. And a few meetings ago, we--this body approved our sort of master assessment contract with a nationally recognized testing vendor, which is required in law. And sort of underneath that contract it covers our grades 3 through 8, as well as our high school assessments. And the need for that--those adjustments were due to legislative action last session, AB 288, where we--the state instituted end-of-course assessments in lieu of the high school proficiency exam and a capstone, a career and college readiness assessment in 11th grade. And, the State Board selected ACT to perform that duty.

This contract hangs underneath that umbrella to provide our 3 through 8 assessment system. That measures our standards that we adopted in 2010, which are our current college readiness standards. And, the assessment system itself is part of, geez, four to five years of work--the Smarter Balance Assessment Consortium to which Nevada has been a governing state, a voting member of this entity for the last four years to develop, really, the next generation assessment system, which measures career and college readiness really on a trajectory for students in English, language arts, mathematics, and I'm going to add writing to that as well.

So our writing component is also addressed here. And rather than just 5 and 8, which is their current practice, it'll be across 3 through 8, as well, under the Smarter Consortium. So this is sort of the end of one relationship that Nevada has had with the Smarter Balance Assessment Consortium in terms of its development activities. And it's the beginning of our contracting with the UC regents, which is where this work and intellectual capital is now housed, in order to provide our students in grades 3 through 8, 200-plus thousand students in the state, sort of an assessment on current college readiness standards in English, language arts, mathematics and writing.

The only other thing I'll mention is this is a computer adaptive assessment. So historically, our students have sat and taken sort of the, you know, Scantron or handwritten performance activity in writing, let's say, or some in science I believe, as well. This transitions our assessments to online, where students and their interactions with the items, whether they get correct or incorrect, the questions, adjust themselves accordingly, so that now students can access content either below grade level standard, should that be where the student is performing or beyond grade level standard as well, which we think will give not only the system but also teachers and families additional information.

And then there's a performance task, as well, attached to the assessment, so it's a different way or assessing learning. And, I think it's an exciting time but obviously, you know, it's also a challenging time for just the logistics of trying to stand up a fully online operational assessment for our state.

Governor: And that leads to my first question, which is do we have the infrastructure to accommodate this new test?

Steve Canavero: Governor, that's a wonderful question and something that we've been actively engaged on, understanding the challenge and then where we can provide solutions. So, there are two issues when we talk about access. There's access to devices, so the devices that are compliant to deliver this particular assessment. And, in that area we're doing fairly well. We had a meeting last week hosted at the Switch facility down in Las Vegas, with all of our districts, and we have a Nevada assessment readiness team that's sort of studying this question. And, we have a list of schools that failed to meet the 4 to 1 ratio of students to devices, and to understand what can we do in this particular area. It looks like we're making great headway there and that'll probably be the least of our concern right out of the gate on devices.

Then there's the broadband connectivity issue, so is the pipe or the delivery system within schools--and I'm just learning this right now, but hopefully I'm explaining it in a way that makes sense--is the pipe to the Internet or is the pipe around the school system big enough to accommodate the use for the computer adaptive assessment. And, we're finding that there are some unique challenges, especially in some of our rural communities, but also some urban core areas within the state. There are ways to manage your way around that, and then there are ways that are much more long-term, where you have to supply broadband to some of our communities. The superintendent, Monie Byers in Esmeralda County, for example, has some unique concerns there which we're working.

So the short-term solution is that the SBAC Consortium will provide paper and pencil assessments to students at schools where, either through access of devices or broadband, we can gain a couple of years of time in order to then deliver the solution. But, we're active conversations with the group and we're getting wonderful sort of technical guidance from Switch to really help us understand and appreciate what the private industry, how they would approach these solutions. Our superintendent went to the private industry and said, well, here's our problem; how could you help us sort of think our way through this. And, they've been wonderful partners to describe what they're working on and potentially how microwave towers and things of that nature can support the infrastructure for some of our school districts that are in the sort of dark, if you will, and broadband issue access.

Governor: Now is this like a one-day test or a two-day test like the CRTs?

Steve Canavero: That's a good question. So the time of the assessment is slightly longer than the traditional CRT assessments. As you can imagine, the computer adaptive nature will, you know, allow students to test a little bit longer, so it's approximately three and a half to four hours per subject area. So the way that we're--the State Board is having conversations around, you know, narrowing sort of the testing window so that students across the state in 3rd grade have, you know, within two weeks would have the--would be taking the assessment.

Right now, we're working with the school districts and working with the State Board for this first year to maintain our broad testing window which would allow students to test over the course of a few weeks, if you will. Not on the same subject, but just to logistically manage the computer labs, and make sure we have the ebb and flow of the students and the computers taking care of. But historically, it would be a one subject per day and then they would schedule, let's say,

English, language arts, and then they would schedule mathematics to follow within, you know, a day or two days depending on how the school district manages their resources.

Governor: And part of the reason I asked that question is at least for a short-term solution until the infrastructure is there, for example, in Goldfield could the students go to Tonopah...

Steve Canavero: Mm-hmm.

Governor: ...or Beatty and take the test there if that infrastructure is there?

Steve Canavero: They certainly could. Absolutely.

Governor: And is that something that the superintendents would consider?

Steve Canavero: I believe that's been a conversation.

Governor: Share resources?

Steve Canavero: Share resources and to move students to a location that is, you know, lit up with sufficient broadband. That's absolutely been part of the conversation.

Governor: Okay. Any questions, Board members? Thank you. I...

Steve Canavero: Thank you.

Governor: ...and when will those tests be first implemented or given?

Steve Canavero: I believe the window opens in April and it goes through June.

Governor: Okay. Good luck with...

Steve Canavero: Of this year. Yeah, right, of this year. Yeah.

Governor: Thank you.

Steve Canavero: Thank you.

Governor: I believe that takes us to 22, Wildlife.

Patrick Cates: Good morning.

Governor: Morning.

Patrick Cates: For the record, Patrick Cates, Deputy Director, Parks and Wildlife.

Governor: And, Mr. Cates, I don't have any issues with the contract. I just--always are looking--am looking for opportunities for us to consider the use of UAVs or the drones. Is that something that you're looking at in terms of these types of contracts--the wildlife survey contracts?

Patrick Cates: Yes. This particular contract is for a fixed-wing aircraft for wildlife surveys, both with pilots and biologists, and both--and telemetry equipment. We have been looking at drones as a possible alternative for the last couple of years. The Western Association of Fish and Wildlife Agencies has drone technologies, an ongoing topic. Colorado Fish and Game is actually conducting some preliminary experiments right now with the use of drones. You know, we use a lot of aircraft. This is just one contract. We have others. We have our own helicopters and fixed-wing aircraft.

I think what they're finding so far, is that the industry is maybe not quite mature enough for our applications. I know Owyhee Air themselves have looked at using drones and what they've found is that commercially available drone aircraft can't stay aloft as long as a regular plane; can't necessarily fly at the same low elevations; can't do some of the performance that we would need from an aircraft. Certainly military grade drones could, but that's not available to us and cost prohibitive.

Governor: Right.

Patrick Cates: So I think it's something we're very interested in. We've had a lot of conversations about it, and WAFWA is working with all the western states to develop techniques. I mean, these are really scientific surveys, and if you start changing methodologies that could create issues with modeling, so they want to be very consistent across the western states. And, I think it's something that's going to come to fruition over the next few years, but as of right now this is all we have.

Governor: No, and I understand that. I just want make sure that we're looking at the possibility.

Patrick Cates: Absolutely.

Governor: And given the state's unique position of being a UAV center of excellence that perhaps there are some opportunities there to showcase some uses for UAVs for that type of practical solution.

Patrick Cates: Absolutely. I think there is in the future, definitely.

Governor: Okay. That's all I had. Thank you.

Patrick Cates: Thank you.

Governor: Questions? All right. Thank you, sir.

Patrick Cates: Thank you.

Governor: And last is Contract 24, which is Conversation and Natural Resources.

Dave Prather: Good morning, Governor...

Governor: Good morning, sir.

Dave Prather: ...and members of the Board. For the record, I'm Dave Prather. I'm with the Nevada Division of Forestry.

Governor: And just talk a little bit about this contract if you would.

Dave Prather: This contract represents Elko County joining the Wildland Fire Protection Program. They're scheduled--and so that also transitions away from their current 473 district set in motion by the legislature four years ago. And, they're choosing to transition in January to stay ahead of fire season. And it's also going to be a little more difficult if you were trying to do this July 1, if things were already active.

Governor: So what will be the difference? What will it look like there in Elko County because of this contract?

Dave Prather: It shouldn't look much different at all. We're still going to be providing what we do best, which is wild land fire protection. The difference for Elko County is that they will be assuming the all-risk services, so--all-risk services being medical responses, accident responses, things of that nature in town, that are typically county responsibilities statewide that we have maintained as a division for, geez, I'm not even sure, I think since the 1950s out there. So, as they assume that from the separation, we've been working with them very well forever. And, I don't really see any difference in the services provided to the citizens of Elko County.

Governor: And they'll be ready to handle it when the time comes.

Dave Prather: Yeah, they've already went through the hiring process. They've made all their decisions. So from the boots on the ground perspective, if you will, they're completely ready to start January 1st. The only thing that they're not quite ready for, is to take over the dispatching and they're working on that as we speak, to include the all-risk in with the central dispatch in Elko County.

Governor: Yeah, and I...

Dave Prather: You'll have to talk with them more about their particular dispatching issues. So basically, what we're going to do for them is we're going to continue dispatching as we currently are until they're fully ready to take that over. And, they're anticipating that to be sometime in March.

Governor: That's all I have. Thank you. Board members, any other questions or issues that you wanted to consider with regard to Agenda Item No. 8? If there are none, the Chair will accept a motion for approval of Contracts 1 through 25 as described in Agenda Item 8.

Attorney General: Move for approval.

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. The motion passes 3-0.

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

Six 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

Comments:

Governor: We will move to Agenda Item 9, Master Service Agreements. Ms. Teska.

Clerk: Thank you, Governor. There are six master service agreements--a little bit lighter Agenda this time than we had last month--for your consideration. And, I believe we'd like to hear a little bit about Item 5, which is the agreement with Southwest Airlines.

Governor: All right. Sorry. And, I'm the one who asked for this, because obviously, when we all fly we see a lot of state employees on Southwest Airlines. And, in fact, I had called the head person at SWA, because I saw how much money we were spending and was there something that we could do to save the state a little bit more money. And, I was told that we could get a 15 percent across the board discount, but that would actually cost us more money because state agencies are more efficient and we book in advance, so we save more than that 15 percent. But, I still asked if--is there's anything else that we can do to try to save us some more money. So, I think that's what the genesis of this was. So, if you would just tell us how much further this master service agreement has taken us.

Kimberly Tarter: I'd be happy to. For the record, Kimberly Tarter with the State of Nevada Purchasing Division. And, we also have Mr. Jeff Haag with Southwest Airlines here, who can address some more specifics regarding the master service agreement before you. The Purchasing Division actually worked with the State of Oregon, and the State of Oregon led a Western States

Contracting Alliance solicitation for airline services. And, Southwest Airlines was the only airline that came to the table for that solicitation.

And, we participated not only in the development of the specifications, but in the evaluation, and were able to put together a participating addendum with the help of Jeff and Southwest Airlines. And quite honestly, we're really excited that we're able to tell you we have two different discounts on the table. And, they're important because state employees and agencies travel differently. So, we do have for those agencies who have more fluid schedules the refundable fares that are available through Southwest Airlines, get a 5 percent discount. And then, for those agencies that don't have the need for the refundable fare, those agencies that can take advantage of the Wanna Get Away fare--because as you're well aware, Southwest has three different tiers--if they can use the Wanna Get Away and they book it within a certain window, they'll get an additional 3 percent savings.

So, those savings across the board, I think, as we track them, are going to become very meaningful. We spend with Southwest Airlines, depending on the year and whether we're coming into legislative session, anywhere from \$3 to \$5 million. And, the other thing that was important, as Jeff and I were working on this agreement, for us we were really trying to get it put together and before this body, prior to going into legislative session. We felt that was also very important.

The information has been disseminated to the local governments, directly to the legislative body, as well as to the Supreme Court. So they're aware of the generality of this agreement and we let them know that subject to approval we would then be releasing a secondary memo with specifics on how to use it, where they access the information. And, of course, we'll be updating our website with that, as well, once we know that the agreement has been approved.

Governor: Why wouldn't they use it; the legislature and the Supreme Court or any other government agency?

Kimberly Tarter: I don't think there would be any roadblocks for any of them to use it. It helps us in a couple of different ways, because in order to access the discounts, to ensure that those that are accessing the discounts are, in fact, entitled to it you have to use SWABIZ, which is Southwest Airlines' corporate booking tool. So, the only change that may have to occur--and this is just for the legislature. For state agencies, it's currently in our policy. We're currently using it. And a couple of the values that it provides to the state.

Through SWABIZ, if somebody has to cancel a ticket, we can go back out to SWABIZ and we can look and we can search, make sure we don't miss something that was cancelled and ensure that we actually use that credit. We can run reports. That's part of the reason we know how frequently we're using Southwest, where we're traveling with Southwest, because this is not just for the Reno to Las Vegas segment. This is anywhere someone takes Southwest going out of Reno to a location out of Vegas to another location. So it's broader than just our standard travel patterns which, granted, are the bulk of our travel.

So SWABIZ is the key. It has a lot of value. For the legislature, the only thing that might be a bit of a challenge--and it's on their side, it's an education piece. I don't know how our individual legislators book their travel. So, I don't know if they're booking it on their own personal card or if they have a liaison within the legislative offices that books it for them. So, if they did have a liaison, that person would then be using the SWABIZ tool in order to get the discounts. That's the only ambiguity for me. I'm not sure how they do their business, but obviously we're there to help them set it up to get the access. Mr. Haag with Southwest Airlines is a fantastic resource, and would be there every step of the way.

Governor: No, I would just ask and encourage you to chat with Mr. Combs, who is the head of the LCB and just make him aware that this is available, because I don't know what the legislative budget for flying, but I would imagine during session it's pretty big. And so, every little bit counts.

Kimberly Tarter: And Deputy Director Ann Wilkinson, I believe she actually reached out directly to him to begin that discussion for us.

Governor: Wonderful. And, Mr. Haag, I want to just--you don't need to come up, but I want to thank you for your hard work on this because, I mean, it's just another benefit that provides cost savings to the state. And, given our discussion earlier on the Agenda, it's appreciated. And, I also wanted to publicly thank (inaudible) written privately for Southwest's participation in the sesquicentennial celebration and making sure that Nevada 1 airplane was available and just the reception at each of the gates. It really made it special. And, I want to compliment you and your staff that were there, because the other passengers on the plane just loved it and it just made a great day that much better.

Jeff Haag: Thank you, sir. I really appreciate that. The partnership with Nevada is important to Southwest. We were thrilled to be able to participate at the 150th anniversary last month. And I think to Kimberly's point, this agreement just kind of takes it to the next level, solidifies our commitment to the state, and provides some (inaudible) as well, so thank you.

Governor: Thank you very much. Any questions?

Attorney General: No.

Governor: All right. Ms. Teska, does that complete Agenda Item No. 9?

Clerk: Yes, sir.

Governor: The Chair will accept a motion to approve Master Service Agreements 1 through 6, as described in Agenda Item No. 9.

Attorney General: Move for approval.

Secretary of State: Second.

Governor: The Attorney General has moved for approval. The Secretary of State has seconded the motion. All in favor say aye.

Attorney General: Aye.

Secretary of State: Aye.

Governor: Aye. The motion passes 3-0.

10. INFORMATIONAL 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). Below is a list of all applicable approvals for contracts and amendments approved from April 16, 2014 through May 16, 2014.

Twenty independent contracts were submitted to the Board for review.

Comments:

Governor: We'll move to Information Item, Agenda Item No. 10. Ms. Teska.

Clerk: Thank you, Governor. Under Information Item No. 10, again, this is the contracts that were formerly contracts or amendments to existing contracts that were formerly, prior to the 2013 session, brought to the Board of Examiners. These are ones that fall between the \$10,000 and \$49,999 level. There are 35 items for your review today, and we'll answer any questions if you have any.

Governor: I have none. Do any of the board members have any questions?

Secretary of State: No.

Governor: So since it's an information item, we will not be taking a motion or taking action, so which that completes Agenda item.

11. BOARD MEMBERS' COMMENTS/PUBLIC COMMENTS

Comments:

Governor: And moves us to Agenda Item No. 11, which are Board member comments and public comments. Before I go to public comment, I want to thank the Attorney General and the Secretary of State. I think this is your last Board of Examiners meeting. I don't know if that's relief or what. But, it's been a privilege to serve with each of you, and I really thank you for your

participation and hard work to the people of the state of Nevada. And, it's just been a real honor to be able to be a constitutional officer with the both of you. So thank you very much.

Secretary of State: It's been a privilege.

Attorney General: Thank you. It has been a privilege. And let me just say to the staff--the fantastic staff of the Board of Examiners. You guys do an incredible job and thank you for all of the support and what you've done for us over the eight years that I've been on the Board of Examiners. So appreciate it.

Secretary of State: Thank you.

Governor: Yeah. Public comment, is there anybody here in Carson City that would like to give public comment to the Board? Is there anyone present in Las Vegas that would like to provide public comment?

Mike Willden: No one here, Governor.

***12. FOR POSSIBLE ACTION – ADJOURNMENT**

Clerk's Recommendation: I recommend approval.

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

Comments:

Governor: Then the Chair will take a motion for adjournment.

Attorney General: Move for adjournment.

Secretary of State: Second.

Governor: The Attorney General has moved to adjourn. The Secretary of State has seconded the motion. All in favor say aye.

Attorney General: Aye.

Secretary of State: Aye.

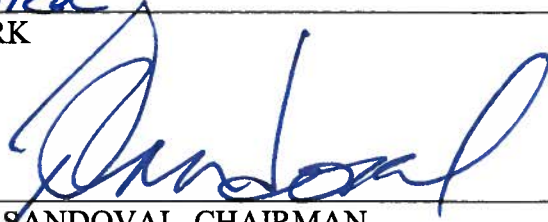
Governor: Aye. The motion passes 3-0. This meeting is adjourned.

Respectfully submitted,



JULIA TESKA, CLERK

APPROVED:



GOVERNOR BRIAN SANDOVAL, CHAIRMAN



ATTORNEY GENERAL ADAM PAUL LAXALT



SECRETARY OF STATE BARBARA K. CEGAVSKE