

Governor Brian Sandoval
Chairman

James R. Wells, CPA
Clerk of the Board



Attorney General Adam Paul Laxalt
Member

Secretary of State Barbara K. Cegavske
Member

STATE OF NEVADA BOARD OF EXAMINERS

209 E. Musser Street, Room 200 / Carson City, NV 89701-4298
Phone: (775) 684-0222 / Fax: (775) 684-0260
<http://budget.nv.gov/Meetings>

PUBLIC MEETING NOTICE AND AGENDA

Date and Time: April 11, 2017, 10:00 AM

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

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

MINUTES

MEMBERS PRESENT:

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

OTHERS PRESENT:

Reid Kaiser, Assistant Director for Operations, Department of Transportation
Cory Hunt, Deputy Director, Governor's Office of Economic Development
Don Soderberg, Director, Department of Employment, Training and Rehabilitation
Margi Grein, Executive Officer, State Contractors Board

1. Call to Order / Roll Call

Governor: Good morning ladies and gentlemen, I will call the Board of Examiners Meeting to order. All members are present.

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

Governor: We'll move to agenda item number 2 which is Public Comment. Is there any member of the public present here in Carson City that would like to provide public comment to the Board? I hear and see none. Is there anyone present in Las Vegas that would like to provide public comment to the Board? I hear and see none.

3. Approval of the March 14, 2017 Minutes (For possible action)

Governor: We'll move to agenda item 3 which is the approval of the March 14, 2017 minutes.

Secretary of State: I move to approve.

Attorney General: Second.

Governor: Second by the Attorney General. The motion passes 3-0.

4. State Vehicle Purchases (For possible action)

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

AGENCY NAME	# OF VEHICLES	NOT TO EXCEED:
Department of Administration – State Public Work Division – Buildings and Grounds	1	\$36,658
Total	1	\$36,658

Clerk: Item number 4 requests one vehicle from the Department of Administration, Public Works Division, to purchase a new vehicle to provide moving services for state agencies. The vehicle, which is a box van, was included in the legislatively approved budget as an used vehicle. However, an adequate used vehicle was not found and the agency has sufficient other savings to purchase this new vehicle. There were no additional questions.

Secretary of State: I move to approve the State Vehicle Purchases as presented in agenda item number 4.

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

Attorney General: Second.

Governor: Second by the Attorney General. The motion passes 3-0.

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

A. Department of Administration – Purchasing Division

Pursuant to NRS 333.705, subsection 1, the Division requests authority to contract with Cecil McNatt, a former Military Security Officer, to provide uniformed security guard services through AlliedBarton Security Services.

B. Department of Transportation

Pursuant to NRS 333.705, subsection 1, the Department requests authority to contract with a former employee, Tim Mouritsen. Diversified Consulting Services is proposing to engage Mr. Mouritsen to fill the Inspection Level IV position for full administration construction oversight of Project NHP-080-1 (174).

C. Department of Transportation

Pursuant to NRS 333.705, subsection 1, the Department requests authority to contract with a former employee, Ken Oates. HDR Engineering, Inc. is proposing to engage Mr. Oates to fill an Inspector Level IV position to augment NDOT Construction Crew 905 in overseeing NDOT Construction Project SPSR-0439 (003).

D. Department of Transportation

Pursuant to NRS 333.705, subsection 1, the Department requests authority to contract with a former employee, Emmy Rackley. Diversified Consulting Services is proposing to engage Ms. Rackley to fill an Inspector Level IV position in augmenting NDOT Construction Crew 908 in overseeing NDOT Construction Contracts.

E. Department of Transportation

Pursuant to NRS 333.705, subsection 1, the Department requests authority to contract with a former employee, Nick Senrud. Diversified Consulting Services is proposing to engage Mr. Senrud to fill the Office Person position for full administration construction oversight of Project NHP-080-1 (174).

Governor: We'll move to agenda item number 5 which is an authorization to Contract with a current and/or former employee.

Clerk: Thank you Governor, the first request is from State Purchasing who contracts with Allied Barton Security Services through a Master Services Agreement to provide uniformed security guards to various State agencies. This request is for Allied Barton to use a former employee who left state service in October 2015 to perform these services. Allied Barton also uses these employees on other contracted jobs with non-State of Nevada employers.

The second through fifth requests are from the Nevada Department of Transportation (NDOT) to contract with four former employees who have retired or left state service and are working for companies under contract with the Department. The former employees had no influence or authority over the procurement process for the projects they will be working on.

Governor: I have no questions for 5A but I do have questions for 5B, Nevada Department of Transportation. These are pretty straightforward, but as you know, we just held the Board Meeting for the Department of Transportation yesterday. These four contracts are with former employees who have recently retired. I understand that these contractors were not part of the solicitation process and approval process associated with the consultants that they are now working for. Were these former employees on the crews that are now being augmented by the consultants?

Mr. Kaiser: No, actually, three of the employees came from District 3, Winnemucca/Elko area and they will be working with Diversified Consulting Services in the job out on I-80, east of Fernley. Mr. Ken Oates is from Reno or District 2, had no connection to the work on USA Parkway and I think that's where he will be going for HDR Engineering, Inc.

Governor: This is something that will likely be taken up at the Board of Transportation, but the total amount for consultants is \$186 million. That's a really big number. I asked yesterday, it's bigger than the entire payroll of NDOT for a year. Today is not the day to do it but I'd like you to be thinking about it- we pay \$41.93 for an employee to do it and we're paying \$134.40 for a consultant to do the same work. I think a conversation needs to be had with the amount of money that is going out the door versus what is being done internally. As I said, I was very surprised that we have that amount of money. We approve these consulting contracts piecemeal but we've never had them aggregated and that is a massive number. I know your bandwidth is only so wide and we have a lot of projects going on out there, but again, I've got to get a better feel for what's going on because we see at least two or three of these every month for former employees working for consultants.

Mr. Kaiser: Back when the economy was going slow, we did cut our construction crews by one in each district. To fill that space we do have to go hire consultants to manage those projects for us. That was one thing that kind of set us back, now that we do have a good budget and a lot of projects to manage, that kind of did hurt us now that we're looking back at what we did back then.

Governor: I have not had an opportunity to look at the budget requests this session in terms of asking for additional positions in those areas. I need to get more information because we are paying triple for what we can do internally - doesn't pencil out.

Mr. Kaiser: It's painful for us also. We look at that number and if there are things we can do, we spread our guys out as much as we can. It's just to make sure we do

spend all of our money that we have coming in, that's what we need to do to manage it just to comply with our federal requirements when we build our projects.

Governor: There are always two sides to a story and we'll work this out at the Board of Transportation. It just feels like we've been getting a lot of these from NDOT. Rather than paying triple, perhaps we should be asking or the Department should be asking for more positions so we do not have to outsource all of this.

Mr. Kaiser: I agree.

Attorney General: I move to approve agenda item number 5 as presented.

Governor: The Attorney General has moved for approval. Is there a second?

Secretary of State: Second.

Governor: Second by the Secretary of State. The motion passes 3-0.

6. Leases (For possible action)

Governor: We'll move to agenda item number 6 Leases.

Clerk: Thank you Governor. There are six leases in agenda item 6 for approval by the Board this morning. No additional information has been requested by any of the members. Lease number 2 is retroactive to April 1, 2017. And, number 4, we have received a request from the Department of Health and Human Services, Division of Public and Behavioral Health to defer this lease to the May BOE meeting. So, we would request that number 4 be deferred.

Governor: I didn't ask for this to be pulled but as I was reviewing the materials again, on lease number 5 with the Nevada Contractor's Board, it's a 10-year lease. Do we historically enter into leases of that length?

Clerk: Governor, there are times where the tenant improvements are such that in order to amortize them over a sufficient amount of time to make the lease not unaffordable then we will go out to that length of time. In general, we don't see them as a 10-year lease. Usually, we try to do the 5-year lease ranges is usually what we see.

Governor: Do you have any idea what the length of the prior lease was? Was it a 10-year lease?

Clerk: Governor, I do not know what the prior lease length was.

Governor: The Board of Contractors is self-funded- they probably don't have it in their lease that clause that it's subject to legislative funding. They have the authority

to go ahead and enter into a lease this long. It just, leases of that length for a Board or Commission is concerning.

Sarah Bradley, Senior Deputy Attorney General: The Attorney General's Office does review all leases as to form and we do require that non-appropriation clause just because we don't know what the legislature may do with any agency, so we do ask that the standard clause is included.

Secretary of State: I move to approve Lease 1-3, and 5-6 in agenda item number 6.
Attorney General: Second.

Governor: Second by the Attorney General. The motion passes 3-0.

7. **Contracts** *(For possible action)*

Governor: We'll move to agenda item number 7 Contracts.

Clerk: Thank you Governor. There are 38 contracts in agenda item 7 for approval by the Board this morning. Members have requested additional information on the following: Contract Number 32 between the Department of Employment, Training and Rehabilitation and the Governor's Office of Economic Development and Contract Number 38 between the State Contractors Board and the Allison Law Firm.

Governor: I have had the benefit of being aware of this contract through the Governor's Office of Economic Development (GOED), at our GOED Board Meeting, but this is a really important contract associated with workforce development in the State. I ask that it be explained in more detail how it works and what we're doing in terms of training individuals for jobs in the new economy.

Mr. Hunt: This is a partnership between our two agencies - Department of Employment, Training and Rehabilitation (DETR) and GOED. During the Special Session in 2015, we created the Workforce Innovations for New Nevada (WINN) Fund. At that time, that fund was funded with \$2.5 million of general fund to assist in the development of a workforce development program for up to 4,500 persons, assembly workers, at the Faraday Future automotive plant. That program has also been expanded to provide services to other companies and industries across the State.

We currently have a program in Northern Nevada which has been launched in partnership with Truckee Meadows Community College, Panasonic North America and the Hamilton Company, to provide customized training and workforce development services for the Panasonic Plant and the Hamilton Company. These trainings are customized to the company's needs. They're quick. We are providing scholarships so that Nevadans can get these jobs. That's our goal, that Nevadans have these opportunities to serve in our new Nevada industries.

These funds today before you, the \$800,000 is an additional \$800,000 to that \$2.5 million of General Fund from the Governor's Reserve, funded by the Workforce Investment Opportunity Act. This money will be used to support additional training for advanced manufacturing in northern and southern Nevada, as well as cyber security training programs that we're rolling out, industry controls and automation programs that we're rolling out and some healthcare related programs that we're developing.

Governor: Mr. Hunt could you please touch on the association with Panasonic- what we're doing with Panasonic in terms of the number of jobs that are going to be available. There's actually a demand issue here. That is one of the reasons why this is important.

Mr. Hunt: Panasonic has expressed that in the coming year and a half they expect to hire between 1,000 and 2,000 people at the giga-factory itself. The scholarships that we've been able to provide are for 345 people so far. You can see that we're chipping away at that with them but it's the tip of the iceberg.

What that is helping to do is, we're not intending to fund every single individual that's going to be employed at the factory, but what we've done is, we've invested in the equipment and curriculum so that these are available to all Nevadans. We've made foundational investments in the advanced manufacturing industry with these funds so that more Nevadans can take part in that training and we can meet that. Right now, what we're trying to do is fill that pipeline and generate interest and demand around these new jobs that can take people from 60-80 hours at their own pace, nights, weekends, whatever the case may be, from say working a minimum wage job without healthcare benefits to starting in a job that's \$13 - \$17 an hour, to a job that pays between \$18 - \$20 an hour with some additional training with benefits, full time. With these funds we're looking to fill that pipeline.

Then in southern Nevada, we're working again on the Faraday Future Program which will start ramping up later this year. In quarter 2 and quarter 3 of this year, we'll start training approximately 350 people for their Phase 1 of their plant. That will be a much higher level skill that we're training for and a higher cost per person. Again, it's building on that. All of these funds will go to develop those projects both north and south.

Director Soderberg: We're pretty excited about this. In southern Nevada, as Mr. Hunt talked about, we're moving forward with training for Faraday Future which is one of the initial WINN fund employers. When Mr. Erquiaga testified before the Legislature at the Special Session, he talked about some ancillary benefits and we didn't really know what those would be at the time. The ancillary benefit of the WINN fund efforts is going to be providing advanced manufacturing Career and Technical Education (CTE) at Desert Rose High School, the Southeast Career and Technical Academy; two sites where the College of Southern Nevada will actually be providing the Faraday training.

Because the equipment is there, the Clark County School District will be able to leverage that and so they'll be offering advanced manufacturing CTE training to Mohave High School, Legacy High School, Canyon Springs and West Prep. Essentially, the high schools that are all within North Las Vegas.

Your goal, when you announced the Faraday Project and revitalizing North Las Vegas is being realized by a number of high school students getting this training separate from any partnership with Faraday Future which would allow them to apply for jobs with Faraday Future upon graduation, to apply at other advanced manufacturing employers throughout the State, as well as further their education over in our secondary institutions where they can get more advanced certificates or go for degrees.

Secretary of State: I want to thank you both too. I not only enjoy this but the other Commission that I'm on with you, learning so much about our great State. I personally just wanted to thank Mr. Soderberg, Governor. He has reached out to some individuals that have schools that have children with disabilities and he has been very, very instrumental in working with them and looking at the workforce development and what he can do. I just personally wanted to make sure that you were aware of that and thank him so much, they're very happy Mr. Soderberg, so thank you very much for everything that you're doing with them and the response time. They were shocked. So, thank you.

Governor: Thank you. We will move to Contract 38, with the Allison Law Firm and the Contractor's Board.

Attorney General: It's a large contract, over two years. I'd like to hear a little bit more about how you arrived at needing this outside contract.

Ms. Grein: As you may be aware, the Board hires outside counsel for all of its legal needs. We've been doing so since 1941. We are probably the busiest self-funded Board in the State. We currently have, prosecute and investigate over 3,000 cases every year. We maintain counsel as Board counsel, also counsel that prosecutes cases, separate counsel. We have two attorneys that are on staff that act as administrative law judges (ALJ) and also prosecutors.

Mr. Allison's contract will be primarily as Board Counsel. He will represent the Board during hearings, recovery fund meetings, offer legal counsel to the Board and staff, represent the Board in litigation- not the cases that we prosecute but actual litigation. We also use outside counsel on employment matters. Our employees are not part of the State employee group or part of PERS. We're independent at-will employees, so we have different needs other than what State employees have.

Although the cost of the contract may seem a little bit high, we never know when there may be that case that involves extensive litigation. We had one last year that ended up with high legal fees. We did recover those costs from the licensee,

however, that goes as revenue offset, not back to the legal costs. That is why the cost may seem a little bit high.

Attorney General: I know we've been through this on this Board with a number of our other State boards and that is inquiring about whether you've looked into actually hiring an inside counsel and bringing someone in permanently. Obviously, that can save costs and then you're looking at more like a \$150,000 or less, for an around the clock employee. A number of the other really large boards have gone that direction in the last few months, as well as reaching out to our office to figure out whether we can supplement in any way to help make that a reality. I know you guys are self-funded and you have your own authority to hire outside counsel, but best I can tell, it's a two-man lawyer shop and they're getting, you know, really, a very, very massive per year contract, \$375,000 a year, that's pretty good money. I just wanted to know whether you guys have looked at that option or were aware of it?

Ms. Grein: We have looked at that option and in the past we have had a full-time in-house counsel. We have found it has not worked for our best interests. We have a very high success rate in having our cases upheld when they are challenged and we find that the expertise that we gain from our outside counsel is second to none as far as our outside counsel goes, but thank you for your comments on that. We do have two part-time counsels that we do use for matters, but we have such a high volume of legal matters, we do need that expertise from outside counsel.

Attorney General: It's your members' money; it's not taxpayer money, so if you guys think that's the best way to go then okay.

Governor: Was that amount capped- the maximum of \$375,000 per year?

Ms. Grein: I would have to look at the contract but I believe they would have to go back and ask for an augmentation to the funds, so they watch that carefully on a monthly basis.

Governor: Frankly, this has happened with some of the other boards that have outside counsel, if there's a huge amount of money and then that is used up and then there's a request for more on top of that. As I said, I understand and I agree with the Attorney General in terms of you have autonomy in terms of the counsel you retain and the amount you pay, but this is a big dollar amount. It just would concern me that it would cost even more but as the Attorney General says, it comes out of that licensing fee, but in any event, I just want to make sure that in terms of legal fees that are paid that we're good stewards of the money that happens there. Again, that's more of a comment than a question.

Secretary of State: I move to approve Contracts 1-38 as noted in agenda item number 7.

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

Attorney General: Second.

Governor: Second by the Attorney General. The motion passes 3-0.

8. Master Service Agreements (For possible action)

Governor: We'll move to agenda item number 8 Master Service Agreements.

Clerk: Thank you Governor, there is one master service agreement in agenda item 8 for approval by the Board this morning and no additional information has been requested by any of the members.

Attorney General: I move to approve Master Service Agreement in agenda item number 8.

Governor: The Attorney General has moved for approval. Is there a second?

Secretary of State: Second.

Governor: Second by the Secretary of State. The motion passes 3-0.

9. Information Item – Clerk of the Board Contracts

Pursuant to NRS 333.700, the Clerk of the Board may approve all contract transactions for amounts less than \$50,000. Per direction from the August 13, 2013 meeting of the Board of Examiners, the Board wished to receive an informational item listing all approvals applicable to the new threshold (\$10,000 - \$49,999). Attached is a list of all applicable approvals for contracts and amendments approved from February 22, 2017 through March 20, 2017.

Clerk: There were 32 contracts under the \$50,000 threshold approved by the Clerk between February 22, 2017 and March 20, 2017. This item is informational only and no additional information has been requested by any of the members.

10. Information Item – Report

A. Governor's Finance Office – Budget Division

Pursuant to NRS Chapter 353, the Governor's Finance Office, Budget Division presents a reconciled fund balance report for the TORT Claim Fund, Statutory Contingency Account, Stale Claims Account, Emergency Account, Disaster Relief Account, IFC Unrestricted Contingency Funds and IFC Restricted Contingency Funds as of March 13, 2017.

TORT Claim Fund	\$ 6,205,227.33
Statutory Contingency Account	\$ 1,048,569.53
Stale Claims Account	\$ 1,427,701.70

Emergency Account	\$ 279,841.00
Disaster Relief Account	\$ 6,749,890.72
IFC Unrestricted Contingency Fund General Fund	\$ 9,327,408.70 *
IFC Unrestricted Contingency Highway Fund	\$ 1,676,832.35
IFC Restricted Contingency Fund General Fund	\$ 3,429,834.00
IFC Restricted Contingency Highway Fund	\$14,966,311.00 *

* Pending claims approved at the January 26, 2017 Interim Finance Committee Meeting are deducted from the available balance.

B. Fiscal Year 2017 – 2nd Quarter Overtime Report

Governor: We'll move to agenda item number 10 Information Reports.

Clerk: Thank you Governor, there are actually two information reports in item number 10. The first report is the balances in the various contingency accounts that are managed by the Board of Examiners and the Interim Finance Committee as of March 13, 2017. One thing to keep in mind on this is as we near the end of FY 2017, there will be a bill introduced in the legislative session to replenish some of these accounts. Those that are getting somewhat lower in balances than we would probably need for the biennium will be replenished. At this point, the IFC, the unrestricted contingency funds, cannot be accessed while the legislature is in session. There is a different mechanism for doing that, so you won't really see that change throughout the rest of the fiscal year. The Statutory Contingency Account Balance, we'll probably need to add a little bit more than we had originally thought when we submitted the Governor's Recommended Budget. The other accounts right now seem to be about where we thought they would be.

Governor: We're good through June 30th, right?

Clerk: Yes.

Governor: The balances remain the same and if in terms of what we need to do it, we don't move it all out and then move it back in, we just take the smaller amount to get it to where it needs to be.

Clerk: Yes, none of these accounts actually revert, and we augment them with additional appropriations.

Clerk: The second report that's in your packet this morning is the overtime report for the second quarter of 2017. Overtime pay and accrued compensatory leave accounted for a total of \$22.5 million or 4.84% of total pay, for the first two-quarters of FY17. That represents a 24% increase from the same period in 2016.

The five agencies with the highest dollar amount of overtime and accrued comp time for the quarter account for 88.6% of the total. Those are the Department of Corrections at \$6,880,216; followed by the Department of Health & Human Services

at \$5,063,861, the Department of Public Safety at \$3,751,766, the Department of Transportation at \$2,244,351 and the Department of Conservation and Natural Resources at \$2,046,850.

At the Department of Corrections, overtime and comp time are driven by the large institutions and medical personnel. Overtime and comp time for the quarter was greatest at the Ely State Prison, almost \$1.3 million, followed by High Desert State Prison at a little over \$1.1 million. Prison Medical at \$828,000. Southern Desert at \$724,000. Northern Nevada Correctional Center at \$695,000, and the Florence McClure Prison at \$565,000. Those six equate to about 76% of the total for the Department of Corrections.

If you look at the first two-quarters of FY16 and compare those same two-quarters for those institutions, Ely State Prison increased by \$426,000 from FY16 to FY17. High Desert actually decreased by a little over \$157,000. Prison Medical increased by \$170,000. Southern Desert increased by \$104,000. Northern Nevada Correctional Center increased by \$184,000, and Florence McClure increased by \$187,000. Lovelock State Prison and Warm Springs Prison also increased by more than \$75,000 between FY16 and 17.

The highest as a percentage of total pay for the quarter is the Department of Veterans Services at 11.76%, followed by the Department of Conservation and Natural Resources at 10.38%, the Department of Corrections at 10.14%, the Department of Public Safety at 9.67% and the Governor's Office at 8.24%. I need to clarify here that the Governor's Office is due to the transition of the Budget Division from the Department of Administration to the Governor's Office in 2015. The overtime that is in the Governor's Office is attributable to the budget analysts creating the Governor's Recommended Budget during the fall of 2016. Previously this amount has been reflected in the Department of Administration.

The top five increases by dollar comparing the first two-quarters of FY16 to FY17 were the Department of Corrections at \$1.4 million more than FY17 than in FY16. The Department of Conservation and Natural Resources was \$713,000 more than FY16. Health & Human Services was \$700,000 more. The Department of Public Safety was \$500,000 more and the Department of Veterans Services \$280,000 more.

Conversely, four Departments decreased their overtime and comp time accrual by more than \$10,000 from the first two-quarters of FY16 to FY17; they were the Department of Wildlife, \$34,000; the Department of Employment, Training and Rehabilitation, \$28,000.;the Gaming Control Board \$25,000; and the Department of the Military at \$16,000. We also look at—because there are some biennial trends, such as the creation of the budget that only occur in odd-numbered fiscal years, so we do look at a two-year time span as well to see if there is consistency or inconsistencies between those two. In looking at that, the Department of Corrections increased almost \$3 million from the first two-quarters of FY15 to the first two-quarters of FY17. For the same period, the Department of Conservation and Natural Resources increased by \$1 million. Health and Human Services increased \$1.4

million. Public Safety increased \$850,000. Veterans Services increased \$151,000. The Department of Wildlife decreased \$2,000. The Department of Employment, Training and Rehabilitation decreased \$134,000. The Gaming Control Board increased \$6,800. The Department of the Military decreased \$3,500.

All in all, we see a continued trend for the Departments of Corrections, Health & Human Services, Public Safety, Conservation and Natural Resources, Transportation, Motor Vehicles and Taxation. We see them on a trend where they're increasing their overtime consistently between the three fiscal years. The Department of Employment, Training and Rehabilitation, we see on the other side, actually having a decrease over the last three fiscal years. Most other agencies don't really show a trend, they show different cycles between the three fiscal years.

Governor: As you recall, we added 100 positions to the Department of Corrections, not in this budget but in the previous budget. Why hasn't the overtime gone down if we've been adding positions? It bears mentioning that we're increasing correctional officer pay in this budget because of the turnover in Corrections. I ask for more information on both of those issues.

Clerk: Thank you Governor, we had the 100 shift relief factor positions that were added. I think there were 55 — I might get this backwards — 55 in the first year of the biennium and 45 in the second year or vice versa. Most of those have been hired at this point. We would've expected to see some relief from the additional guards that are available to the Department of Corrections. We're still seeing a fairly significant amount of turnover. The turnover really hasn't decreased significantly. If you look at the institutions where the overtime is the highest, those also correlate to the institutions where there's the most turnover. The pay increase that is provided in the Governor's Recommended Budget in 2017 would be effective in July. Again, that's an attempt to kind of normalize some of the salaries compared to the local governments, the competition for these guards, the local Sheriff's offices and jails pay significantly more than the State does, as well as covering 100% of the retirement system. So, we continue to struggle with that particular facet of competition among governments.

The increase in salaries should have an impact on our ability to recruit and retain staff. I believe that as we go forward and get the shift relief guards and have more tenure, I'm hoping to see this start to reverse. As you know, we have also started an audit of the Department of Corrections and one of the things that they're looking at is the shifts and the of posts and whether or not there are things that can be done to minimize the amount of overtime that the Department is generating.

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

Governor: Thank you, Mr. Wells. We'll move to agenda item number 11 which is public comment. Is there any member of the public present in Carson City that would

like to provide public comment to the Board? I hear and see none. Any public comment from Las Vegas?

Las Vegas: No Governor.

Governor: All right. No public comment from Las Vegas.

Secretary of State: Governor, I really wanted to tell you how much I appreciate Mr. Wells. My staff and I, as we go over this booklet, have questions and they've been very accommodating and very fast in responding to us. I just wanted to let you know what a good job that he's doing and thank you very much for that.

Governor: I agree and see it every day. Mr. Wells and his staff do a great job.

12. Adjournment (For possible action)

Governor: Agenda item number 12, is there a motion to adjourn?

Secretary of State: Moved.

Governor: Secretary of State has moved to adjourn. Is there a second?

Attorney General: Second.

Governor: Second by the Attorney General. The motion passes 3-0. This meeting is adjourned.