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CHAIRMAN METCALF: This is the date and time of the State Public Works Board meeting for September 10th, 2014, starting at 9:00 a.m. Item Number 1 on the agenda is roll call. Michelle?

MS. SCHIERHOLT: Good morning. Michelle Schierholt, for the record. State Public Works Board Meeting roll call for September 10th, 2014 at 9:00 a.m. Chairman Tom Metcalf?

CHAIRMAN METCALF: Yes.

MS. SCHIERHOLT: Vice-Chairman Sean Stewart?

MEMBER CLUTTS: Present.

MS. SCHIERHOLT: Member Steven Kwan?

Member Tito Tiberti?

MEMBER TIBERTI: Present.

MS. SCHIERHOLT: Member Roy Walker?

MEMBER WALKER: Here.

MS. SCHIERHOLT: Member Julia Teska?

MEMBER TESKA: Here.

MS. SCHIERHOLT: Mr. Chairman, we have reached quorum.

CHAIRMAN METCALF: Thank you very much,

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Michelle. And before we get started here, please, I'd like to remind everybody to turn off your phones. Don't turn them down or to vibrate. Turn them off because they mess up the audio and the video.

Also, especially because we're doing a
televised meeting and we have Board members down south and possibly other people down south, if you could please state your name before talking, especially the people down south. We have a court reporter today.

So the next is item, Agenda Number 2, is public comment. Is there any public comment at this time? Anybody down south?

Okay. Next item. Item Number 3: Discussion and Possible Action on the Administrator's Recommendation to the Board for the 2015 Capital Improvement Program, and I'd like to hand this over to Mr. Gus Nunez.

ADMINISTRATOR NUNEZ: Thank you, Mr. Chairman. For the record, Gus Nunez, Administrator, Public Works Division. Since we went to print on the Board packet last week, a few things have happened. I received a call from Director Greg Cox from the Department of Corrections, and then last Friday at a meeting with Director Julia Teska and Director of HHS, Health and Human Services, Romaine Gilliland. The facility needs for the juvenile population in the corrections system was a topic of discussion. We were then requested to meet with Child and Family Services Division to finalize the CIP request. This meeting was held this Monday, a couple of days ago, and as a result of those meetings, the project at Summit View, which is located in North Las Vegas that was a housing unit, what we were calling a modified "T", in the amount of $15,461,937, and the planning project at
Northern Nevada Correctional Center in Carson City in the amount of $3,636,535 have been withdrawn.

In addition to that, four other projects at the Nevada Youth Training Center in Elko have been added to the recommendation. Just a word of caution here.

Project manager basically, we met on Monday at 10:00 o'clock. The meeting was done at about 11:30 with Child and Family Services, and we needed to have everything ready to go to print yesterday morning so we could get everything ready for today, so our project managers basically had about four to six hours to get those four projects ready, NYTC, so what you'll see here today are what I would call an order magnitude estimate for those projects.

Our staff is continuing to do their due diligence and refine, so the final numbers, I expect the final numbers to be completely refined, I would say, by the end of this week or early next week, we should have them so there will be some -- well, the reason I'm saying that is there will probably be some minor -- I don't expect any major adjustment, but there will be some minor adjustment to those costs. The narrative, in other words, the scope will remain the same. It's just that we haven't had a chance yet to really look into the details of those projects, and there will be also a few minor revisions that we caught during our review and preparation of those documents since we sent those out to...
print, and we'll bring those to your attention as we go through the presentation today.

So there is today, you received a packet from us. It's a new list of the Administrator's recommendation and the project cost estimates and narratives. That's also been included in that packet. I will be using the revised documents that we handed out today for our presentation this morning.

We've also, for our presentation, we've done it in a PowerPoint format, and you have a copy of the PowerPoint format with your packet this morning, and it's available on the monitors so those members of the public here can follow along if they would like to on the monitor. At this point, I'll just stop real quick to see if there are any questions from the Board on this, on what we're doing here today.

COUNSEL STEWART: For the record, Member Sean Stewart is present in the south. Glad you could sneak in, didn't you?

VICE-CHAIRMAN STEWART: Yeah, tried to.

MEMBER TIBERTI: He just slipped in.

ADMINISTRATOR NUNEZ: If there are no questions, I guess we can get started. Just a quick overview before we get started. You know, in the past, I typically would have included a statement to the fact that the recommended projects will keep our facilities functioning to meet the needs of the State in a safe environment for the employees and the general public for
the next biennium. And while this is generally correct for this
biennium, we're pushing more and more maintenance down to
those responsible for the day-to-day upkeep of our
facilities. We're also not arresting deterioration
issues of our facilities with this recommendation to the
full extent that should be, which actually will impact
future costs of repairs.

Another item that I'd just like to bring to
your attention is the -- we continue to have discussions
with the Chancellor's Office is the issue of NSHE
maintenance projects because in the past, the only thing

that had been appropriated was the $15 million HECC/SHECC
funding for them to take care of their maintenance.
They've been requesting that we -- that they need
assistance in those areas, and we've had various
discussions as to how we could do that and have their
projects compete with other State projects in an equal
footing, equal basis. And there's a couple of things we
probably need to keep in mind.

Number one, this process is the only source
of funding that we have for State projects, while I
believe NSHE has other options that they can exercise.
The other thing that we've been discussing and we looked
at them this time around, and in doing so, I find that
the Board of Regents' priorities versus how we, because
of the funding levels that we have, how we prioritize our
projects basically are not -- do not align with each other. They're different criteria. They're different footings here.

So however, and we did -- in an attempt to do just that, to have their projects basically be on the same footing with ours and see if they met our criteria for funding, we did find that several of their projects met our criteria and typically would have been funded in here if we were competing on an equal-footing basis.

What I then did is the total amount of those projects that fall within the needs based on the criteria that we use for the State funding turned out to be a bit less than $15 million, so when you take the $15 million dollars off and say well, those $15 million should fund those projects that we typically would have funded here with the funds that are available to the State, we come up with no projects.

So therefore, in this recommendation, you'll find that while there's some discretionary projects that are included in here that are Nevada System of Higher Education, they're what we call discretionary funding because basically, we don't have the money to do them at this point, at least not with general litigation bonds. There's no -- this recommendation does not include any maintenance projects for the Nevada System of Higher Education.

So having said that, we'll move into the presentation today of our recommendation. And the first
thing that we wanted to go over real quick is the Board
criteria the Board has provided to the staff for
prioritizing our projects, and I just wanted to just
refresh our memories.

In the past, the Board criteria has been
let's take care of our existing facilities before going
out and building new facilities. Keep the facilities and
approved programs operational, meet legal and
institutional requirements and recommend a Capital
Improvement Program within the allowable budget.

So that being the criteria, the priorities
that we've used for those to meet that criteria we have
that we have here, number one is life safety/code/legal
issues that we have to meet. We also have security
issues that we have to meet. We have HVAC/electrical
projects to keep our facilities functioning, and
arresting deterioration of facilities is included as an
item in here to keep things operational.

Then we have institutional requirements. And
then at the end here under the last two priorities, we
have discretionary for completion of existing projects.
There are some projects that the legislature approved for
design the last biennium, and this would be just a
continuation of those projects. And then we have
discretionary, which is strictly new projects that have
been proposed for this time alone.

There's also, in prioritizing our projects, I
wanted to mention to you that are actually not shown here.
are we basically, in prioritizing all of these
maintenance projects, we look at first at essential
facilities such as prisons, hospitals, what we call
governance facilities. Those receive a higher priority

in this process than, let's say, museum or park
facilities or Department of Wildlife facilities.

Move to the next slide. A final refinement
of these priorities in the area of fire and life safety
is in the fire alarm/fire sprinklers portion of the
projects that are being requested and recommended.
Typically, the way we prioritize this, all of our
facilities have to have a working fire alarm. That is
priority number one.

The next priority would be, depending on
funding availability, is to sprinkle the building,
provide fire sprinklers in the building in accordance
with the fire marshal's laws and regulations. And in
prioritizing those fire code projects, dormitories and
institutional wards of the State would come first, then
museums, then others. That's typically the way that they
have been prioritized in the past.

Again, in looking at how we prioritize those
things that we call legal requirements, ADA is a legal
requirement that we must meet, and in prioritizing those,
what we typically do is any issues, current issues that
we know of with the Department of Justice of complaints,
anything that have been filed or letters that we've
received from complaints, those are addressed first.
Then from there on out, mental health, administration

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And the reason you see, for instance, prisons
here at the end with respect to ADA is just because of
the fact that prisons can make -- are in a better
position to make special accommodations for their inmates
than, let's say, a mental health or administrative
facilities. They can move their inmates to -- if one of
their inmates became disabled, for instance, while
they're in there, they have the ability to move them into
a different facility that has ADA that can meet his
disability needs. Museums and parks also can make
special accommodations. Then it becomes more difficult
in the mental health or in our administration facilities
and in our office buildings. So that's part of the
reasoning why they're on that priority.

By the way, if you have any questions on
these as we move along, please just stop me at any time.
Again, with respect to the ADA issues, we try to remove
actual barriers. By that, I mean if a building does not
have a ramp, there are steps and there's no ramp, that is
considered a barrier, and that needs to be removed and
corrected. Things such as a landing or a sidewalk that
has to be -- cross grade has to be less than two percent,
and we go out there and we find that perhaps it's not two
percent. It's 2.2 or 2.3. That's not a -- that would not reach as high a priority as, let's say, not having a ramp or an ADA parking space at a facility. Typically, those we cover, take care of those either if we have a complaint, we address those immediately, or we would do, as we do our major remodels, once the sidewalk and parking lot wears out and it needs to be redone, remove and replaced, then that's the time when we do those repairs that we take care of those minor discrepancies. Again, unless there is a complaint, then we immediately take care of that.

Then moving along into our projects that we're recommending here today, starting with our highest priority, life safety/code and legal issues, these here are the projects that fall in those categories, which is the fire station upgrades at the Kyle Canyon Fire Station, the Statewide ADA Program, of course, to meet the ADA needs, the Statewide Fire and Life Safety, and the Statewide Indoor Air Quality.

If you need to see later on if we wanted to look at which projects are actually included in those, they're in the packet that was handed out to you this morning. You can go through those projects and, individual statewide projects that are attached, and so if the Board -- we can either move on, or if the Board
wants to, we can go to the actual projects, individual projects in the packet, and look at those individual projects to see what they're -- I mean, they were all covered during the last presentation that we saw a week and a half ago, but if the Board wishes, we can go individually through each one of those projects.

CHAIRMAN METCALF: I think we're good.

ADMINISTRATOR NUNEZ: I think we're good, so we'll move right along then. On the security issues, again, this is within that priority number one, these are the projects that fall within those, which is the upgrade of door and control panels at Lovelock Correctional Center, replace doors and locks at Florence Mcclure Women's Correctional Center, and the security, safety drainage improvements at the Nevada Historical Society Building in Reno. Those are the projects that fall in that category.

I would like to mention to you that as we were going along, I was going to mention to you the corrections that we made between now and then. For some reason that I'm still looking into, the upgrade of door control panels for Lovelock in the recommendation that went out last week in your packet, it was actually -- it said High Desert State Prison. That's been changed now to Lovelock Correctional Center. It should have always been Lovelock Correctional Center. The dollar amount is
basically the same. No changes there.

The difference -- and Chris just reminded me there's a difference in cost of about a hundred thousand dollars, but anyhow, the main thing is that Lovelock Correctional Center is the project that needs to be done this next biennium. The others can wait until the following biennium. Just wanted to bring that to your attention. We now get into what we call HVAC and electrical. This first group here are all --

CHAIRMAN METCALF: Member Walker?

MEMBER WALKER: On the security issues, the M33, the drainage improvements, what were the -- the Historical Society's submitted several different drainage improvements. What were the draining improvements?

ADMINISTRATOR NUNEZ: There's two things there. There is a security safety issue there that has to do with the stairs and the handrails going into the back.

MEMBER WALKER: I'm good with all of that part. Is the drainage --

ADMINISTRATOR NUNEZ: Right. What we found in further review during this last week is that there's also a drainage issue behind the back of the building that's affecting those improvements.

MEMBER WALKER: Is that the same building?
It's not the one out on the Boulder Highway?

ADMINISTRATOR NUNEZ: That's the same building.
MEMBER WALKER: I'm good.

ADMINISTRATOR NUNEZ: And it's affecting actually the structure of those improvements, and we thought no reason in building something new there and then putting them in jeopardy because the area doesn't drain. So basically, the drainage improvements in the back is actually basically very minor grading, almost none. But basically, we're constructing a what I would call a French drain in there to -- because the drainage is being trapped in that area, and it's affecting the structure, and then a pipe to direct that drainage away from the foundation, so it's perforated and then to collect the water inside the French drain and then exiting out the system. That's what it is. It's all actually a very minor part of the cost, but it needs to be done. Any other questions on that?

Moving onto the HVAC/electrical. This first group here are all of the electrical projects that are included in our recommendation, and those are replace distribution switchgear and panel board at Southern Desert Correctional Center, replace switchgear and panels at Lake's Crossing in Sparks, electrical system upgrades at NYTC at the youth center in Elko, emergency power system upgrades at Northern Nevada Adult Mental Health, and the replacement of the emergency generator at the Blasdel Building.

Moving on into the HVAC portion of this, we
have the replacement of air handling units at Ely and at Lovelock, also replacement of the rooftop units at Florence McClure at the women's prison, the replacement of the heat exchangers at Lovelock Correctional Center, the replacement of warehouse freezers and coolers at Southern Desert Correctional Center, replacement of boilers and water heaters at Stewart Conservation Camp, replacement of central plant warehouse and culinary refrigeration units at Lovelock Correctional Center, chiller replacement at Southern Nevada Child and Adolescent Services; HVAC system renovation, Northern Nevada Correctional Center; replacement of the central warehouse refrigeration units at Northern Nevada Correctional Center; HVAC replacement at DRC, Desert Regional Center; HVAC renovation at Northern Nevada Adult Mental Health System, building number two; ductwork replacement at Lake's Crossing; and replacement of chillers and boilers at the Supreme Court.

Replacement of the chillers and boilers at

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for the military, and the reason that made it is basically is the large amount of federal funding and just a $23,000 amount in the in-state funding.

HVAC replacement at Department of Wildlife in Las Vegas; the upgrade of the basement heating and ventilation system at the Nevada State Museum here in Carson City; the installation of gas furnaces at the Nevada Youth Training Center. This is one of the projects that was added on Monday. The central plant improvements, again at the Nevada Youth Training Center in Elko. This is another project that was added on Monday. And then the advance planning for the replacement of the boiler plant and hot water distribution upgrades at the Northern Nevada Correctional Center, the central plant replacement at the Sawyer Office Building brings to your attention that that project is under the Statewide SO8, the Energy Efficiency Program. It meets that criteria, so that's why we place it in there, and then also the central plant renovation at Southern Desert Correctional Center. Just note that that's an SO8, which is the Statewide Energy Efficiency Program. It's included in there because it meets that criteria.

VICE-CHAIRMAN STEWART: Gus, Sean. I think is the HVAC replacement at the West Flamingo DMV under that same program?

ADMINISTRATOR NUNEZ: No, it's not.
VICE-CHAIRMAN STEWART: Where is that funding coming from?

ADMINISTRATOR NUNEZ: Highway funding. Improvements at the DMV's are eligible for highway funding. We've checked with DMV, and they're telling us that that project can be funded with highway funding, so we included it in there.

MEMBER TIBERTI: Tito Tiberti, for the record. Gus, at the end of your presentation, if you don't mind, could you just go through and just -- it might be only two or three categories and tell us when it says "other," so I have a clear understanding, I understand those two, but when you get through, I'd like you to go through and just tell us briefly which one, when you say "other," where it's coming from.

ADMINISTRATOR NUNEZ: Yes, sir. And I have a slide here at the end that does that, so we'll fill --

MEMBER TIBERTI: Okay. Thank you.

ADMINISTRATOR NUNEZ: You're welcome.

Anything else?

MEMBER TIBERTI: No, thank you.

ADMINISTRATOR NUNEZ: That concludes that section. And as you can see, there's some totals there. There's $6.9 million dollars in other funding and $34 and a half million dollars in State funding required for that category.

Moving into the category of arresting deterioration of facilities, we have the sanitary sewer...
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rehab at the Southern Nevada Mental Health Campus in Las Vegas; the drainage improvements at the Vet Cemetery in Boulder; the building upgrades at the Flamingo DMV, and again, that's a hundred percent other funding, which is highway funded by DMV, and that's the reason why those building upgrades actually made it into this recommendation is because it's under other category. Exterior finishes, Lost City Museum; replace flooring, Decatur, Donovan and Henderson DMV's. Again, highway funded. Building exterior energy retrofit at NYTC.

This is another project that was requested, came in on Monday for the Elko Youth Center, and then after that, we have the Statewide Roofing Program, and the reason that they're broken up is because of the fact that there's other funding involved in some of the roofing program, for instance, from the military. The Statewide Paving Program, and some of it is a hundred percent State funded. Some of it is -- part of it is highway funded because it's for NHP Highway Patrol facility.

And then we have the also -- well, the rest of those, there's actually a paving program, and they're with various fundings, and that's why it's been broken apart. And that's the way we've been requested to do it from an accounting perspective here in-house that they can, once a CIP is approved by the legislature, if it's approved in this fashion, makes it a lot easier to track...
the dollars. So that's why we break it up even at this point for the Board recommendation.

Moving along, we get into institutional requirements, and we have on under that category, we have the renovation of Building 3 at the Southern Nevada Adult Mental Health and the renovation of Building 3A at Southern Nevada Adult Mental Health. Both of those projects, we're currently working on them under emergency contract and some funding that -- emergency funding that was approved by the legislature to convert those into mental health facilities. Some of them will not only be remodelled, but hardened to meet the security needs of a forensic facility.

And the State -- basically, there is a lawsuit as a result of the State not having the number of beds that were required, so we're on notice to basically take care of those issues, and this is the plan to finish up those projects which is included here in the CIP. The remodel of the administrative building to accommodate the execution chamber at the Ely State Prison is also an institutional requirement. The deferred maintenance that the HECC/SHECC funding to go to the Nevada System of Higher Education, it's in here. The advance planning for the Nevada Guard Readiness Center in North Las Vegas. And again, that's -- it does say a hundred percent State, but it's a hundred percent reimbursable from the military once the project is approved for construction. Then we have the Statewide Advance Planning Program, which is --
MEMBER CLUTTS: Excuse me, Gus. Bryce Clutts, for the record. I just had a question on that reimbursement. Does that get credited back to future funding, or how does that work?

ADMINISTRATOR NUNEZ: We ran into that just in timing this last time around during the session, and

what was done was that the dollars were then re-- instead of getting new dollars for the CIP, the dollars were reallocated into the 2013 CIP by the legislature.

MEMBER CLUTTS: Okay.

ADMINISTRATOR NUNEZ: We just reallocated and included it in part of the funding.

MEMBER CLUTTS: Thank you.

VICE-CHAIRMAN STEWART: Gus, Sean Stewart, for the record. What happened to the juvenile correction facility? We had a lot of discussion of that in Carson City. It looks like it's disappeared.

ADMINISTRATOR NUNEZ: Yes, it has. At the beginning of the project, I mentioned that I guess the judicial panel met with --

COUNSEL STEWART: Beginning of the meeting.

CHAIRMAN METCALF: You said beginning of the project.

ADMINISTRATOR NUNEZ: At the beginning of the meeting, I covered that real quick, Sean, and what happened is the judicial panel met with the staff. The Directors of Corrections and HHS, I believe, participated
on that. And then I got a call from Director of Corrections on Thursday, and then I had a meeting with Director Julia Teska and the director from HHC, Romaine, and at that meeting, they indicated that the housing facility at the youth facility in North Las Vegas and the planning project here in Northern Nevada and at NNCC were to be withdrawn, and we needed to meet with the Division of Child and Family Services to strengthen the NYTC, the Northern Nevada Youth Center in Elko, and to strengthen that project to a 60-bed facility. We then met with the Division of Child and Family Services on Monday, and we, as a result of that, we included four more projects in this recommendation.

VICE-CHAIRMAN STEWART: Okay. Thank you.
ADMINISTRATOR NUNEZ: So those projects went away.

VICE-CHAIRMAN STEWART: We'll do a better job of trying to update him next time.
ADMINISTRATOR NUNEZ: Thank you. It's our black sheep. I apologize.
CHAIRMAN METCALF: You're going to have to stay after school, Sean.
ADMINISTRATOR NUNEZ: This time on this particular page here, I thought it would be best to provide you with a summary of where we're at to this point in dollars for life safety, security, HVAC/electrical, arresting deterioration of facilities and institutional requirements, and as you can see on State
think at this point, we are -- based on what we were told
at the last meeting of the Board that at that point, we
had $65 million, but there would be another update in
November of this year, and there may be some very minor
adjustments at that point.

These projects fall in that ballpark of the
projected funding most likely, which we don't know the
final exact final number yet may be in this general area.
So later on during discussions after my presentation, we
can talk about whether we want to bring this thing back
down to $65 or not.

Although some of the things here in the past
like most of the effort in the advanced planning
projects, which allows us, provides the funding for us to
develop the Capital Improvement Program for the next
biennium, has been funded with cash in the past instead
of General Obligation Bond, so there's some dollars in
here. Usually -- we don't know yet what will happen this
time around -- usually they're funded with the General
Fund cash money instead of general obligation bonds. But
at this time, basically, I wanted to throw this slide in
here because at this point, unless the project is a
hundred percent non State funded, we're basically out of
money at this point with the projects that we have
outlined to you that need to be done this next biennium
that rose to the highest top of the priority list.
So unless there's any questions at this point, I'll just move on to the other projects.
Mr. Chairman?
CHAIRMAN METCALF: Yes. Go ahead, Gus. Sorry.
MEMBER WALKER: I have some questions.
CHAIRMAN METCALF: Member Walker?
MEMBER WALKER: Roy Walker, Member Walker.
With this in the maintenance, I'm assuming, as in the past, the M before the number means it's a maintenance project, P is a planning, and C is construction?
ADMINISTRATOR NUNEZ: Yes.
MEMBER WALKER: And S is statewide?
ADMINISTRATOR NUNEZ: Yes. Correct.
MEMBER WALKER: Is there any -- Do you have any total of the maintenance projects out of this total?
ADMINISTRATOR NUNEZ: Yes, we do. If you go to the --
MEMBER WALKER: You're deluging me in paper.
ADMINISTRATOR NUNEZ: I'm sorry. So if you go to the --
MEMBER CHIMITS: Page seven.
ADMINISTRATOR NUNEZ: -- to the packet that we gave to you today, and if you go to --

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MEMBER WALKER: The binder or the --

ADMINISTRATOR NUNEZ: Excuse me. The binder.

If you go to the binder and you look under administrative recommendation tab --

MEMBER WALKER: Okay.

ADMINISTRATOR NUNEZ: -- there is a summary of all of the projects, and you can see the first ones there under rank, I've provided the typical numbering, which you'll see CMPS, and on the second page, the M's start on the second page, and they go all the way to page seven. And on page seven, you'll see a total for all of the M's, which is that $10 million in other funding and $53 million in State funding.

MEMBER WALKER: Okay.

ADMINISTRATOR NUNEZ: Page seven. And then to that, if you go to the -- to page eight is the beginning of the statewide's, and then you got a subtotal on page nine of the statewide's, which is $24 million in other funding and $10.9 in State funding. So the other funding is $24, and the State, that's $10.9. If you add both of those together, the one that's on page seven, the $53 and the $10, which is --

MEMBER WALKER: $64 million, rough numbers.

ADMINISTRATOR NUNEZ: Rough numbers.

MEMBER WALKER: And our budget is $65. I'm starting to get a picture here.
a good question because that's something that we look at very closely, where are we at with the maintenance. So right now, we have the M's, and the S's add up to $63 million, and we are within the $65 that we were told that we would have. Then we have the other. The reason that's up is because you do have the institutional projects for which are under the C's, which is the renovation of Building 3 at Southern Nevada Adult Mental Health and 3-A, Southern Nevada Mental Health. And those too, we pretty much are compelled to do. I think that if we don't, I think some judge is going to tell us to do it anyhow, Tom.

DEPUTY ADMINISTRATOR CHIMITS: Chris Chimits, for the record. Now this has kind of been exposed and, Member Walker, you kind of indicated that you're seeing the picture here. Back to an opening statement Gus made, I think it's probably important that it be restated now with the kind of this understanding is that in the past, we've been keeping up with maintenance. And this year, we're starting to see a slip. We're starting to lose ground in terms of keeping up with our maintenance. When you've had a couple of sessions in a row that are around $65 -- what was the last one? $62 million from $65?

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ADMINISTRATOR NUNEZ: The one before that was less than $30, so --

DEPUTY ADMINISTRATOR CHIMITS: So what we're seeing is that maintenance, it's starting to build up, and we're losing that.
CHAIRMAN METCALF: The next agenda item. Go ahead.

MEMBER WALKER: With that, Chris, I'd take exception. I believe we are well behind our maintenance from sitting here a number of years. We're well behind our maintenance. We have not funded all of the maintenance that was in this book.

DEPUTY ADMINISTRATOR CHIMITS: You're right. It's just that we're slipping more now.

MEMBER WALKER: Correct. We're accelerating our decline on our maintenance of our buildings.

DEPUTY ADMINISTRATOR CHIMITS: That is correct. That's a good way to say it.

MEMBER WALKER: And I would ask the Chairman now on Agenda 4, I have an -- I'll take -- the rest of my conversation will be on Agenda 4.

CHAIRMAN METCALF: This is Chairman Metcalf. Maybe to tag onto what we're all saying here is between now and Agenda 4, is there somebody that could possibly quantify what we've approved in maintenance and statewide's compared to what was requested? In other words, what percentage?

ADMINISTRATOR NUNEZ: We can certainly -- we could probably give you ballpark, if I can.

CHAIRMAN METCALF: The ballpark is fine. That would help quantify everybody's assuming statements for discussion in Item Number 4. Thanks, Gus.
ADMINISTRATOR NUNEZ: You're welcome.

CHAIRMAN METCALF: You may continue.

ADMINISTRATOR NUNEZ: Thank you. In moving along to the next part of the presentation, we have this here what we call discretionary-completion, and what we mean by this is these are projects that were approved by the legislature for design last biennium with the assumption that they would be funded the following biennium. And like I said, it was through final design on this one. Usually, if we're not planning on funding in the next biennium, it's questionable. Typically, they only fund those through schematic design.

These are projects that were funded through final design and plan checking. So, in other words, they, by the end of the -- by the beginning of next session, they would be ready to go to construction. And those are the first two, no problem. We have them as the replacement of the DMV at East Sahara and the building renovation at Metro Building. They're under proposed under "other" funding.

The next two, the Northern Nevada State Veterans Home, it's $34 million dollars in federal funding and $14 million dollars in State funding, and the Hotel College at UNLV, that's $20.8 million dollars in other funding and $31 million dollars in State funding. Those again are under discretionary because right now, as far as what we have here at Public Works, we don't have -- it would have to come from other sources of funding.
Besides geo bonds, so that later on, we may want to get into a discussion here.

The Board may want to discuss how they want to frame their recommendation to the Governor on some of these projects that were approved the last time but not within the geo bond affordability of the State this time around. It's up to the Board as to how they may want to do this.

MEMBER TIBERTI: Gus?

MEMBER CLUTTS: Bryce Clutts, for the record.

Not being here in the last biennium, I'm curious. How much, if you can recall, how much was recommended or requested in maintenance last biennium versus how much was approved or recommended to where some of these other projects that are new construction projects were approved for design versus the position that we seem to be in today, which is a discussion about whether we could even have that discussion because we can't even fund the maintenance projects? Do you recall how much was requested versus how much was recommended last time that allowed for some of these other projects?

ADMINISTRATOR NUNEZ: The percentage of requests, maintenance requests versus what was funded, I'm going to have to go back and dig that up a bit.

CHAIRMAN METCALF: Member Clutts, this is Chairman Metcalf. If we could get these kind of questions for Agenda Item 4, I think we're going to have
some homework for the staff.

MEMBER CLUTTS: Fair enough.

ADMINISTRATOR NUNEZ: Thank you, Mr. Chairman. So these are the projects that basically fall into what we've called discretionary category versus the ones that we've been discussing, which we are basically saying those are the must-do projects to keep our facilities running.

And then at this point, what we thought we would do is give you another just a quick look at what those projects would do in dollars. And you can see here that we've added the discretionary, which you have here under this discretion -- that category of discretionary slash completion. You've got $85 million in other funding and $45 million dollars in State funding for a total of $119 million in other funding and $114 million dollars in State funding.

Now, moving onto other projects that the Board may want to consider in their recommendation under discretionary are a couple of new projects that we wanted to bring to your attention, and those are overall priority C06 and C07. Both of those are military projects. They come with federal funding, and the reason for bringing those to your attention is that it doesn't take -- you're talking about a total of approximately $67 million dollars to -- pardon?

DEPUTY ADMINISTRATOR CHIMITS: $67,000.

ADMINISTRATOR NUNEZ: Excuse me. $67,000 to
almost a million dollars worth of work, so it's highly
leveraged there. And then another project that was
brought to our attention as being very important to the
State was the Cultural Center and Welcome Center at the
Stewart facility, and we included that for your
consideration. In there, however, as indicated before,
there's no funding -- at this point, geo bonds would not
be able to fund that particular project.

Now, in the next one here, what we've done is
we've given you basically a total here of what we call

the top five priority items with a subtotal there, the
$68 million, which in our opinion, those are projects
that should be funded for this next biennium. Then we
have the two discretionary categories for completion and
new, and you can see the grand -- what that does to the
grand total down below. You have $117 million dollars in
State funding and $120 million dollars in other funding.

If there's no questions on that, we can move
onto what was requested by Member Tiberti just a little
bit ago about to cover where the other funding moneys are
coming from, and this particular slide here is an attempt
to do that.

So the first one is the hundred thousand
dollars from Risk Management that they always provide for
indoor air quality issues, to address those. The next
one is the Agency donation, that's from UNLV for the
Hotel College in the amount of $20.8 million. The next
one is a new funding source that we're identifying here, which is Certificate of Participation. We typically refer to those as COP's, and that includes the last -- I don't know if you recall from last biennium. At this time last biennium, we were told that we had no -- that the ad valorem tax that supports the geo bonds for the State could not support anymore, was basically the affordability showing that we had no bonding capacity at the beginning of last biennium.

There was a lot of discussions at that time about other funding sources to fund the Capital Improvement Program. Director Mullencamp at that time came up, had a concept of using a current revenue stream that was stable and had a long history to apportion that, to use that toward backing additional general obligation bonds. The treasurer's office offered another solution, which was to use a Certificate of Participation to fund some of the maintenance projects.

So in this case, what we're proposing is that those projects that have a payback due to energy savings of 15 years or less, that they be funded with COP's, and that the agencies receiving that benefit would be responsible for paying back those -- paying back or paying the debt service on that financing. Those projects, just to -- are a list of projects that are included in the Statewide Energy Efficiency Program that are in your packet. You can go through those.

A lot of them are -- there's a good section...
of them are in dollars, particularly. That includes all
of the high-mast lighting through the State of our
prisons, to convert them to LED's. That high-mast
lighting typically has ten fixtures on each pole. Each
fixture is around a 1,000 watts. We can get the same
illumination with LED with about 450 watts, so we're
going from something that has from about a thousand watts
per lamp times ten per pole to 450 per lamp times ten per
pole. So the payback on those are, we're finding out
that it's less than 15 years.

We have discussed this with the Department of
Corrections, and they have no issues with respect to
funding those particular projects out of their savings.
And then we have a few others in there that also meet
that criteria that I've included under the Certificate of
Participation funding. Some of those, we also have an
allocation, I believe -- Ward, did that come from the --
is that allocation to the State from the Department of
Energy in the QECB, Qualified Energy Conservation Bonds?

CHIEF PATRICK: It's a federal -- Ward
Patrick, for the record. It's a federal law that was
part of kind of the pre-American Recovery and
Reinvestment Act from 2008.

ADMINISTRATOR NUNEZ: Anyhow, I believe that
there was a little over $20 million dollars that was
allocated to the State, and as part of that, the State
then divvied it up into local government and the State.
The State is eligible for three and a half million dollars of that, and what it is is the federal government subsidizes the interest on that loan. So if we obviously, we would issue certificate COP's for that amount, and then the federal -- let's say if the COP's came in at a rate between four and a half and five percent, the federal government would cover, I believe, two, two and a half percent of that rate. So we, instead of paying four and half to five, we may be paying two and a half percent on that loan.

So and again, those projects that are planned are in the S08 program, and they have the simple payback is less than 15 years on those from the energy savings that are included in that program. There is one other project that's included in that Certificate of Participation amount for COP's and the $26 million dollars. There's approximately a seven and a half million-dollar project to renovate the Metro basically in Las Vegas, so this would allow the existing -- when the new DMV gets built, which is the Sahara.

Excuse me. The Sahara DMV, the new Sahara DMV is built, and it requires the existing B&G Building where B&G is housed at now will have to be razed, demoed, moved out of the way. So in looking for moneys to do this, and geo bonds didn't look feasible to us, so the concept in looking at that $7 and a half million dollars, if it was financed over 25 years at five percent, it would add .7 of a cent to the B&G rent rate. However,
that does not include -- it's strictly the financing charts. The $7 and a half million at five percent for 25 years does not include the cost of document preparation, because I'm sure there will be costs with that with bond counsel and others, and it does not include finance charges on that, which I'm not -- not being knowledgeable in that end, did not include it.

If that amounts to be up to 30 percent, then it would be a full cent. It would be one penny, one cent on the B&G rate. So this biennium, if we're charging 95 cents, then the rate in the future not next biennium, but the following biennium, then it would be that one penny. It would add one penny to the rate that we would charge to the State.

That takes us to the next one is federal funding from the Veterans Administration in the amount of $34 million. The next one is on federal -- on that for federal funding from the military, Guard projects in the amount of $2 million dollars. $27 million dollars in highway funds are included in this recommendation. The majority of that, a little over $20 million, is for the construction of a new DMV on East Sahara.

Then there is the $5 million dollars in slot tax. We discussed the QECB bonds, the Qualified Energy Conservation Bonds already, and then the Statewide
Building Efficiency Programming, $924,000. That is what the building official would be charging to other agencies that are doing projects on their own to plan check and inspect projects for other agencies that are being done on State land, State-owned land or held in trust for the State. We act here as the building official for the whole State of Nevada, so as the building official and basically would be very similar to someone building in the private sector.

You go to your local building department, they basically come here to our building official for plan check and inspection of all of those projects to -- it's a third-party assurance to make sure that things are built to code. And that number is based on what we've done, the average of what we've done in prior bienniums.

And at this time, unless there is any questions, that concludes my presentation, Mr. Chairman, and I guess I can turn it back over to you.

CHAIRMAN METCALF: Are there any questions from Board members? If not, I'd like to take a five or ten-minute break before we get to Item Number 4, if possible. We've been going an hour.

COUNSEL STEWART: As a point of order, the Board would need to make a decision on the manager's recommendation.

CHAIRMAN METCALF: Oh, before we --
COUNSEL STEWART: Well, no. You can do it before you come back.

CHAIRMAN METCALF: No. Let's do it now.

ADMINISTRATOR NUNEZ: Or actually provide direction.

COUNSEL STEWART: Only one person at a time can talk.

MEMBER WALKER: Member Walker. I can't do that now. I have to convert my list stuff that I prepared and convert it to this before I can --

ADMINISTRATOR NUNEZ: Move on --

MEMBER WALKER: -- do that. So if I had five minutes, I can do this conversion.

CHAIRMAN METCALF: Okay. Then I'd say let's take a break, and we'll go back to Item Number 3. It's Chairman Metcalf.

ADMINISTRATOR NUNEZ: Can I just mention one more thing? We did schedule a meeting for the 18th, just in case. So what -- oh, excuse me. For the record, Gus Nunez, Administrator. So we could today, you could either make a final decision, or you could tell us what you want to do and in formulating, you know, provide direction to the staff as to how you want to formulate your recommendation to the Governor, and we could either try to do it today here or we can do, you know, per your direction, bring something back in a little more formal and finished product based on your direction for the
meeting on just a quick meeting on the 18th for you to
just say yep, that's what we want and vote on it.

Either way, but I just want to throw this out
there as options for the Board to consider when we come
back.

CHAIRMAN METCALF: Chairman Metcalf. Yes,
Member Clutts?

MEMBER CLUTTS: Bryce Clutts, for the record.
So I just want to confirm that my questions that I have
are best to be asked in Item Number 4; is that correct?
CHAIRMAN METCALF: Yes, that's my opinion.
MEMBER CLUTTS: Okay. Thank you.
CHAIRMAN METCALF: Okay. We're in recess for
ten minutes.

(Recess was taken.)
CHAIRMAN METCALF: We're still on Item Number
3, which is Discussion and Possible Action on the
Administrator's recommendation to the Board for the 2015
Capital Improvement Program. And I'll just read for the
record. "In accordance with NRS 341.191, the Board shall
submit before October 1st of each even-numbered year its
recommendations for projects for capital improvements in

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the next biennium."

So at this time, if we'd like to have any
Board discussion on Agenda Item Number 3, I'll open it
up, and I'm going to -- I was going to throw it to the
south, but if you don't mind, we'll start with the south
and then work our way north. How is that? Anybody in
VICE-CHAIRMAN STEWART: Sean Stewart, for the record. I would just put on the record that again, this time around, this is a pretty depressing outlook, that we definitely need to figure out some way to get some of this maintenance at least done. I did find it interesting last night as I was adding these up that under the Highway Fund usage, which is a pet peeve of mine, we have about $400,000 actually going towards highways. The rest of it's all going towards DMV, which is one of my favorite places to be. But other than that, I just would say that this is another tough year. I don't know how we're going to accomplish what we've been asked to do with the limited funds we have.

CHAIRMAN METCALF: Thank you. Any other comments down south?

MEMBER TIBERTI: Well, I want to echo part of what's -- Tito Tiberti, for the record. I'm sorry. I think that you guys and staff have done a great job because it's not fun allocating such a huge quantity of needs and allocate them down to something that makes logical sense when you talk about safety and other federal requirements we have to do, and I think it's a difficult task, and I support your thought process. Thank you.

CHAIRMAN METCALF: Okay. Bring it up north. Member Walker?
MEMBER WALKER: Member Walker. I'd like to ask, is there any update from the Governor's office on the $65 million?

ADMINISTRATOR NUNEZ: No. I think the last time we heard -- and I don't know if Director Julia Teska may want to, you know, tell us something different, but the last time we were told that it would be November before there would be -- their committee would meet and to take a look at projections.

MEMBER TESKA: This is Julia Teska. Yeah, we don't have any -- we met in August with the most recent property tax information. That's what drives, essentially affords the 17-cent collection. And that would -- that was wrapping up collections for Fiscal Year 2014 and looking at '15, '16, '17, and then where would we go from there. We will not have new information until it's probably -- we will not wrap up that number until closer to December in terms of where we think we're going to land on property taxes, and that will drive the affordability. It's typically -- we typically settle on the property tax number shortly after the Economic Forum, and the Forum is on December 1st.

CHAIRMAN METCALF: Any other questions or comments? Member Walker?

MEMBER WALKER: The total that the Administrator's recommendation is $68 million rounded to numbers; is that correct?

ADMINISTRATOR NUNEZ: Yes, sir. For the
MEMBER WALKER: I would like to add to that the three projects. Two of those, you already have in the discretionary under the new on page 16, and the third is another -- it costs us $24,000, and we get roughly $200,000 out of work.

To me, this is about putting people to work and trying to build a tax base for the future as we have shown by doing the design work for the 97,000 square foot readiness center that we will fund this year, but the next biennium, the building will be built with federal funds. So it's a very wise investment that we take out of our limited budget to do that.

So the other -- well, $24,000, I believe,

where did my notes go? I can get to that. That's on page four of 20 in what we submitted before. So I will find it in the new one. It is project 5414, military at Stead. It's on -- out of the book that we were --

CHAIRMAN METCALF: It's CO7.

ADMINISTRATOR NUNEZ: 5414?

MEMBER WALKER: Yes.

ADMINISTRATOR NUNEZ: 5414.

MEMBER WALKER: Is that CO7?

CHAIRMAN METCALF: Yes, in the new book.

MEMBER WALKER: That's security fence addition CO7. This should be replace domestic water heaters, costs us $23,700. We get $190,000 funded
federally. It's in that.

CHAIRMAN METCALF: You're saying it didn't make the list?

MEMBER WALKER: It did not make the list.

And for $23,000 of additional budget, I don't think we'll break Member Teska's budget in December for $23,000 if we can get $200,000 of federal money out of this.

CHAIRMAN METCALF: This is Chairman Metcalf.

Member Walker, what number was that again?

MEMBER WALKER: Well, it was project number 5414. It was on page -- of what was submitted in preparation for today's Board meeting -- on page 4 of 20.

COUNSEL STEWART: Okay. And, Member Walker, if I can, for just a minute, on the document that Member Walker is looking at, I believe is the Administrator CIP recommendation to the Board. September 10, 2014, under Agenda Item Number 3, it is in the additional critical projects tab.

MEMBER WALKER: Yes.

COUNSEL STEWART: And it is page --

MEMBER WALKER: Four of 20.

COUNSEL STEWART: -- 4 of 20, top of the page. And actually, the very top of the page in the project number is 5414.

MEMBER WALKER: And also look at 5415, which another $51,000, we can get $400 and some thousand of federal funding.

DEPUTY ADMINISTRATOR CHIMITS: So you're
adding four projects?

CHAIRMAN METCALF: Two.
MEMBER WALKER: Two.
CHAIRMAN METCALF: And this is Chairman Metcalf. With what Member Walker just said, projects number 5414 and projects number 5415 on the PowerPoint presentation, project overall priority on page 16, projects number CO6 and CO7, I was going to see if we could throw that into a motion.

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And Member Walker, rightly so, got right into it and then added two more, which I personally agree with, so I would like to see if maybe somebody would like to make a motion for the recommendation for the Administrator's presentation possibly pushing our -- not pushing, but adding to our request that we find room for those four projects.

Member Stewart, for the record. I'll make that motion.
CHAIRMAN METCALF: Is that clear, Ms. Stewart?
COUNSEL STEWART: Yeah. We might need a tiny bit of clarification. Gus, do you want to go ahead and --
ADMINISTRATOR NUNEZ: Yeah, I believe that what we're talking about is --
ADMINISTRATOR NUNEZ: -- right here. If I'm
wrong is to add -- first of all, it's on page 16. What
we're talking about is page 16 of the PowerPoint
presentation under discretionary-new is to include in the
Board's recommendation, to include what we have labeled
on page 16, which is project C06 and C07, which is C06 is
the organizational parking lot lighting of Floyd Edsall
Training Center in the amount of $745,101, total project
costs, of which $698,994 would be military funding and
federal funding, and $46,170 would be State funding.
And the security fence addition at Stead
Training Center, which the total project cost is
$223,195, and of which $202,086 is military federal
funding, and $21,109 would be State funding. In addition
to that, funding for under project 5414, which is the
replacement of water heaters at the Army Aviation Support
facility in the Stead area, and that would be -- that
project in military funding would be $190,460, and State
funding would be $23,744.
And project number 5415, replacement of the
domestic hot water heaters, State Regional Training
Institute, in the amount of $423,951 in military federal
funding and $50,694 in State funding.
CHAIRMAN METCALF: Member Stewart, do you
agree with that?
COUNSEL STEWART: Member Stewart, for the
record. Yes.
VICE-CHAIRMAN STEWART: For the record, Sean
Stewart. Perhaps I can reframe the motion if you don't
mind, Member Stewart.

COUNSEL STEWART: Go ahead.

VICE-CHAIRMAN STEWART: The motion would be
to accept the Administrator's recommendation as provided

with the addition of four projects: Projects CO6, CO7,
that are included on the PowerPoint presentation as
discretionary, and also add projects number 5414 and 5415
as previously discussed.

CHAIRMAN METCALF: Member Stewart?

VICE-CHAIRMAN STEWART: Member Stewart, for
the record. Yes, I so move.

CHAIRMAN METCALF: Okay. We've got a motion.

Looking for a second.

MEMBER TIBERTI: May I have a discussion?

Tito Tiberti, for the record.

CHAIRMAN METCALF: After your second. I'm
sorry, sir. Looking for a second first.

MEMBER WALKER: I'll second.

CHAIRMAN METCALF: Okay. Member Walker
seconded. Is there any discussion? Member Tiberti?

MEMBER TIBERTI: Yes. Tito Tiberti, for the
record. At the risk of showing my youth, like the two
next to me, do I understand we're over the Governor's
stated amount of $65 million by close to $4 million? And
if that's correct, then we're adding these items -- my
question is, I'm all for this. I was just curious if we
-- if the Governor or somebody starts cutting back, where
Nunez, Administrator. In this area, what's happened in the past, I'm not going to say -- it's hard to predict the future, but the way it's been done in the past, the request typically from the Governor's office have been, and it's been various governors, and it's been pretty much along those lines, is and we need to, in the must-do areas, we need to cut back to this amount, give us a recommendation, and then we come back with a recommendation.

We've also received direction from the Governor's office in the past being we need to include these other projects in the recommendation, give us options as to where that -- where we could get the money from if no additional money or if we throw in this much money, additional funding can you give us some alternative for the rest of the funding. And then we've come back with alternatives for the Governor, but we've always been involved in that process, Member Tiberti, so I think hopefully, this time around, if there's a need to cut back and/or add that, usually, we would be consulted with in putting the recommendation together.

I would hope that that would happen again. My guess is that it would. We would be requested to assist in that effort. However, we always provide options. When this has been requested, we provide -- we
don't give them just one final. We say, here's a couple of various ways of going, and here is one way that our preference would be or our recommendation would be to go this way.

MEMBER WALKER: I have one more.

CHAIRMAN METCALF: Member Walker?

MEMBER WALKER: Let's -- after this one. I still have another question after this. It's not a discussion.

CHAIRMAN METCALF: Can we do that? Once you vote, do we -- are we done with that item, or can we still discuss?

COUNSEL STEWART: Sure. For the record, Susan Stewart. Just because we vote, doesn't mean we're leaving the agenda item.

CHAIRMAN METCALF: Anybody down south have any more questions or discussion on the motion?

MEMBER CLUTTS: Yeah. Member Clutts, for the record. Just excuse my ignorance, but I just want to confirm that if we take this vote, then that means that we are -- this is the recommendation that will be submitted to the Governor, and so help me understand -- I'm not a very patient guy -- what happens in the Agenda Item Number 4 in terms of discussion? I just want to make sure that I don't have any questions relative to
this prior to the vote that will be done after the vote.

CHAIRMAN METCALF: This will be our recommendation -- Chairman Metcalf -- for these projects that will go to the Governor's office. And if I'm not mistaken, any modification, they'll be brought back to us through the process just like what happened between our August meeting and this meeting. Did I reach too far?

ADMINISTRATOR NUNEZ: No. This is --

CHAIRMAN METCALF: This is our recommendation, Member Clutts, to the Governor.

MEMBER CLUTTS: Okay. Member Clutts, for the record. With all due respect, Mr. Chairman, I'm going to go ahead and ask a question just because I just feel compelled to.

CHAIRMAN METCALF: Sure. No problem.

MEMBER CLUTTS: And so if I could just get clarification on the funding aspect, can someone advise me of as to where the funding source for these Capital Improvement Projects comes from, number one, and then number two, and maybe this is a silly question, but why these decisions have to be made before we actually know what our funding is?

MEMBER TESKA: Sorry. This is Julia Teska. In addition to the Director of Department of Administration, I'm the State's Budget Director.

Certainly, that's part of how we do our budget-building process. We're by law, in the executive branch, required
to build a budget based on the Economic Forum's projections for revenues. The Economic Forum meets in December. The Governor has to present his budget to the legislature by the middle of January.

If we waited to build the budget until after the Economic Forum told us the revenue, we'd never get a budget presented on time. So what we do is we make our best estimates in advance, and we build -- the Agency's presented their requests both for capital facilities projects, and in our regular -- the operating budget process based on the best information that we had available and what their needs were.

And then this process that we're going through here is part of the process that we're going through in my day job, if you will, in terms of looking at the resources that are available and prioritizing what fits within the resources that are available and what is outside of that, and in this case, we have $65 million. We're estimating, at this point, that there's $56 million dollars available in the bond affordability.

To go back to your first question, which is the where does that money come from, there's actually a dedicated 17-cent property tax that goes directly to our bond interest and redemption fund, and it's used to pay for the general obligation bonds that the State issues, and so that's how come property tax forecasts are critical to the process that we're going through here.
because they determine the bond funding and the
affordability as far as the availability of bond funding
for the current period. So I hope that answer your
question.

MEMBER CLUTTS: Bryce Clutts, for the record.
Thank you, Director Teska. It does. I just have one
follow-up question. If the amounts come back to be
higher, say, $70, $80 million, what have you, and the
recommendation is $69, plus or minus, what happens at
that point? Does the Governor take into consideration or
does he come back to Gus and his team and then ask for
these other discretionary items? Which of those do they
want to throw in and then we come back to us, or how does
that work?

ADMINISTRATOR NUNEZ: Gus Nunez, for the
record. Once your recommendation of October 1 goes to
the Governor, everything that happens after October 1
then becomes the Governor's recommendation, which is then
presented to the legislature and is presented to the
legislature as the Governor's recommendation, which it's
no longer the Board. Yeah, right. Will no longer be the

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Board rec.

So basically, the Governor will have between
October 1 and the beginning of the session. Hopefully,
he won't wait that long, but to tell us what direction he
wants to go so we can prepare these books and get them
ready to go along with the budget that goes to the
legislature. But so we -- he would basically, that's his
opportunity to then take your recommendation into
consideration and decide what he wants to do, if anything
different than that from the recommendation that you made
to him, which leads me to maybe after this vote is taken,
I would probably ask for authority to work with the
Chair, as to we typically write a letter to the Governor
on behalf of the Board saying here's what the Board
recommends in formulating that letter as to what's in it
regarding here's what -- at the time of our
recommendation, this is what we were told that the
funding was available. We're recommending that that be
part of the funding, and additional funding maybe should
be provided for these other projects that you're
recommending, and the reasons for that, perhaps some
leeway in that.

We could work -- I could work with the Chair
in formulating that transmittal letter to the Governor,
or we could have another meeting on the 18th, and I can
come back with suggestions to you as to for the Board to
vote on as to what that's going to look like when we
transmit your recommendation to the Governor.

CHAIRMAN METCALF: This is Chairman Metcalf.
Before we finish with Member Clutts's question, if it got
answered, is the 18th meeting mandatory, or is that a we
deckide to have it? It's a place holder.

ADMINISTRATOR NUNEZ: It's a place holder.

It's up to you.
COUNSEL STEWART: And for the record, just to clarify, the Governor typically would work with staff in developing the Governor's recommendation. It would not come back to the Board for the Board's consideration.

The other thing, Gus, I would suggest is, if it's acceptable to the Board, is that we could vote on the current recommendation, and then you can get specific direction from the Board as far as how you want to craft the letter to the Governor that presents, you know, programs we could do that today. So just a suggestion.

CHAIRMAN METCALF: Member Clutts, did that answer your questions?

MEMBER CLUTTS: Yes, sir.

CHAIRMAN METCALF: Okay. Member Walker?

MEMBER WALKER: Okay. From the forest to a tree. It was project 5137, which I believe is project M17 on page 8.

CHAIRMAN METCALF: Of what?

MEMBER WALKER: In the --

COUNSEL STEWART: PowerPoint?

MEMBER WALKER: PowerPoint. This project is replacing switchgear control systems for existing emergency generators. In the last biennium, I remember we were replacing two generators with switchgears, and it was a little over a million dollars, and it came back with a revised budget of replacing one generator and not doing anything on the other generator and doing switchgears. Now, this one is here. I need -- what did
we do last biennium, and what are we doing now?

ADMINISTRATOR NUNEZ: Are you referring to M15, Member Walker?

CHAIRMAN METCALF: It's 17.

ADMINISTRATOR NUNEZ: M17. M17 at Northern Nevada.

DEPUTY ADMINISTRATOR CHIMITS: Or 27. Are you talking the generator budget?

MEMBER WALKER: Yeah, the emergency power system upgrades for $1,179,000, which was, by our old item or old project, number 5137.

ADMINISTRATOR NUNEZ: And let me go to 17.

MEMBER WALKER: And that's on page four of nine in the Administrator's recommendation. Yeah. So are these -- Is this an intermingled project that we're improving what we did last biennium, or am I in the wrong generators?

DEPUTY ADMINISTRATOR CHIMITS: I think you were thinking of Desert Willow. We did a generator at Desert Willow.

MEMBER WALKER: Is that what I'm thinking?

DEPUTY ADMINISTRATOR CHIMITS: I think so.

This is --

CHAIRMAN METCALF: At Dini.

DEPUTY ADMINISTRATOR CHIMITS: At Northern Nevada Mental Health.

MEMBER WALKER: Okay. If I'm at two
different projects, I'm good. My question is answered.

CHAIRMAN METCALF: Is there any further discussion?

ADMINISTRATOR NUNEZ: Member Walker, just if you go to M17 in the folder that was handed to you this morning, it's actually page 59 of 148. And if -- this one, yeah. This one here. Page 59 under estimates in there. If you look on the background information on the narrative, which is the last paragraph, it kind of gives you an idea as to what's going on there. I want him to know what this is.

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MEMBER WALKER: I think I was thinking of another generator.

ADMINISTRATOR NUNEZ: Okay.

CHAIRMAN METCALF: Okay. We have a motion on the floor, and it's been seconded. We've had discussion. Is there any further discussion on this item? Okay. I'm looking for a vote. Again, we've had a motion and a second. All of those in favor signify by saying aye.

THE BOARD: Aye.

CHAIRMAN METCALF: Opposed? Motion carried.

COUNSEL STEWART: Get that man a gavel.

CHAIRMAN METCALF: Let's go to change orders, Guys. Okay. And we're still on Agenda Item 3.

Ms. Stewart mentioned that we could talk about if there was any input that we had that we could possibly intimate to staff on how to write the letter to the Governor.

COUNSEL STEWART: Does anyone have any input
or comments on that?

MEMBER CLUTTS: Mr. Chairman, Bryce Clutts, for the record. I don't know of any recommendations per se for additional funding as I sit here, but -- and maybe it's been done and I'm new to the game, but I think it is worth bringing to the Governor's attention the amount of money that is available in additional funding sources to build many projects that will put a lot of people to work and identifying those additional revenue sources which, if you look at the overall budget proposed by or the overall recommendation proposed by Gus and his staff, it's almost an equal split between State funding and additional sources of funding.

And I just think it's worthy of noting that a lot of money is coming from other places to fund these projects. And if as a state we could identify, you know, how to get just a little bit more money, and I believe there's way to do it, I just don't know where those are, that we could put a lot of people to work and we could take care of a lot of critical needs within the state. So I just wanted to make that comment.

CHAIRMAN METCALF: Thank you, Member Clutts. Is there any other comments at this time? Okay. Let's move onto Agenda Item Number 4 for possible action. This is discussion and possible action on consideration of alternate CIP funding sources, and verifying this is the agenda item that was requested at the end of our two-day
CIP presentation, Agency presentations by the Board. So I would like to open it up to the north first. Member Walker?

MEMBER WALKER: Okay. Member Walker. We’re definitely underfunded within the State within maintenance. The maintenance projects that are suggested will begin through this accelerated maintenance costs that we have. We need some other sources from funding. But before I believe we can tackle this animal, all I can refer to is maintenance. I have no idea of how big this animal is. I think we, as the State Public Works Board, have to define the animal before we can come up with solutions to the animal for the funding of it.

And I would first, to begin the discussion, is to direct staff to begin to define what is our maintenance of the State. Second would be if I put myself into a department head and I was running whatever you'd want to run, I would, in order to balance my internal budget, I would stick more to the Public Works Board and less to my internal budget. So I believe we need some policy in that particular area of department -- what is department maintenance and what is our maintenance.

CHAIRMAN METCALF: Thank you, Member Walker.

Actually, I'm going to jump in. I've written some notes that maybe could help a little bit on this topic, and then I'll let everybody else jump in. And I'm saying this for Member Tiberti, Member Walker and myself that
have actually been here since just after the '06 CIP.

So, Member Clutts, we've actually been here '
'08, '10, '12, and now '14. This is our fourth CIP. And

we came in after the '06 CIP. And just to jog
everybody's memory, it was like $830 million dollars in
new projects. And then immediately in '08, we went below
$100 million. '10, I think we were at around $30
million. '12, we were at $60 million, plus or minus, and
guess what? We're at $68 million this biennium.

So, Member Clutts, that kind of -- I'm using
you as an example because you're new. That's kind of
been our roller coaster ride. And what I would like to
know is because I know within those four bienniums, we
have asked, what is the definition of taking care of
existing facilities before construction of new
facilities? Because we have asked as Board members in
the past, is it our job to pay for deferred maintenance?
What is deferred maintenance? What is our job as State
Public Works to pay for the care of the existing
facilities before the construction of new facilities, and
what would be in somebody else's budget to, say, help pay
for what could be called deferred maintenance.

And I'd asked this question before this
agenda item. How much is -- What percentage of the $664
million of maintenance and State requests of what was
asked for. In other words, we had about $64 million
dollars in M&S projects. What was requested out of that,
I think, what was it? $570 million. Did somebody figure that out?

ADMINISTRATOR NUNEZ: Well, Gus Nunez, for the record. And, Ward, correct me if I'm wrong along the way here. I think the original request from all of the agencies including new facilities was approximately this time around, was -- well, it was over $570. It was beyond that.

We then met with the agencies, and after our meetings with them, there was some rethinking of on their part of their needs, and that came down to $570, about $570 of our meetings with them on their request, but that includes both maintenance and new projects. I can tell you that there is one thing that we always ask our project managers is to tell us, in their opinion, because they're the most intimate with the projects that are being proposed, they are the ones that go out and look at the projects and decide what needs to be done and cost estimate those projects.

CHAIRMAN METCALF: Gus, let me clarify my request. Out of the $69 million, $64 million is maintenance and statewide projects of roofing and parking lots and things like that. Out of the $570 million ballpark, how much would have been in those categories if we had all of the money that would have been maintenance and statewide projects? Is it a hundred million, is it
$200 million, or was it $64 million and we covered it all?

ADMINISTRATOR NUNEZ: Well, the RPM's felt, of the projects that were submitted that need -- that they felt that should be done this next biennium was approximately $211 million.

CHAIRMAN METCALF: Okay.

ADMINISTRATOR NUNEZ: So let's say, just for ballpark figures, $200 million is what I believe they came up with and said this is what should be done.

CHAIRMAN METCALF: So, Gus, the math I wanted to do was -- and this is Chairman Metcalf -- is if we take, let's call it $200 million minus $60 million is $140 million, so let's roughly say we were able to fund a third of our projects, and what Chis Chimits was, I think, saying earlier is we are falling behind. While doing that math, we can only fund a third of the requests.

How that snowballs in the future is what I think we're asking, and part of the global question of this agenda item, how is it going to be funded, how much is it really. And the 800-pound gorilla in the room the last meeting was that gentleman from NSHE that said, "Hey, we're $1.5 billion behind in deferred maintenance in just the college campuses alone." And we, as
contractors up on the Board, looked at each other and went, "Well, that means something." So I think that's kind of why we're here. So I'd like to throw it back to the Board.

COUNSEL STEWART: Chairman Metcalf, I just want to confirm that you're talking about -- when you say a third, you're talking about a third of the maintenance projects?

CHAIRMAN METCALF: Yes, ma'am.

COUNSEL STEWART: Not a third of the overall requests?

CHAIRMAN METCALF: Yes, ma'am. In other words, $60 million is approximately a third of $200 million. It's actually a little more, but --

COUNSEL STEWERT: Thank you.

CHAIRMAN METCALF: Down south?

MEMBER TIBERTI: Member Tiberti. I think it's all interesting and it's a great discussion because I think it's human nature proclivity to want to build new things and not look at repairs and hope somebody else does it. And I think Chris Chimits and Roy Walker talking about the ability to have the agencies or whoever, owners of the building have a tendency to defer the maintenance and ask somebody else to clean up their house and fix their air conditioning, which they defer to us, and I think it's an education process.

I'm not sure how you do this, but I do think maybe the NSHE guy at $1.5 billion is a hyperbole, is an
exaggeration for effect, but if you cut it a third off or
50 percent off, you're still at $5 or $600 million, which
is probably somewhat correct. That's just one group of
buildings. If we take this whole state, I think we need
to somehow get these legislatures and the public educated
that I know in Clark County, we had a great road system,
but in the last five, six, seven years, I'm noticing we
have huge traffic loads, and it's starting to take its
toll, and things like that aren't even in the taxpayer's
purview to see.

I mean, we physically see it and touch it,
but you go to some of these buildings, and we sit and
look at each CIP every two years, I look at these
photographs, and it's a lot of deplorable, I would say,
maintenance not getting done or not getting funded, and I
think it's coming home to roost. I think Chris, Roy and
myself, everybody else probably -- I think we could only
do so much, but if we don't bring it to the forefront, I
think it's going to accelerate, and it's -- some of these
buildings are your electrical, and some of these air
conditioning and roofs, they're talking about 20, 25, 30,
35, 40 years old even. At some point, you do have a
collapse of the maintenance of these things, and they
become unusable, and then they want a new building, and I
think it's cheaper in the long run to try and fix and
maintain these, but it's being deferred out of the other
budget to this budget, and it's not there.
So I just want to be on the record with saying I think we've got to do a better job of calling this out, but I don't know how we do it, but I think we need to start. Thank you.

CHAIRMAN METCALF: Member Tiberti, this is Chairman Metcalf again. One of the things I keyed on is a week before the meetings that we had at the legislative building in August, I was in, I'll call it, a peer group in Phoenix, Arizona, and it was intimated to me that this group had a lot of dealings with the K through 12 schools in the State of Arizona, and that since the economic downturn, the deferred maintenance that they were starting to talk about just in the schools in Arizona, were not a billion and a half, but in the billions, and that it had not come to roost yet with the legislature of how they were going to address this, and they were just starting to grapple with it. And I think when I heard the NSHE gentleman say $1.5 billion, I said well, wait a minute. We're in a similar situation.

MEMBER TIBERTI: Member Tiberti. You know, we have the, as I mentioned, roads down here. But we also had a huge school building program in the last 25 years, and that would fit into what your peer group was -- I mean, we have nothing to do with the State and State Public Works, but we've also got a big deferred -- our Clark County School District, which is huge, and that fits right into it. There's other items besides roads and schools and also State Public Works Board. There's a
tremendous amount of -- I don't think the public is -- I don't know. It's a curious problem. It's big.

CHAIRMAN METCALF: Any other comments down south?

MEMBER CLUTTS: Member Clutts. Gus, if I could clarify something. So identified plus or minus $200 million dollars worth of needs and maintenance. So if I understand correctly, if the budget or the allocated funds we had to work with was, say, $200 million, then we basically would be approving maintenance, and there still would be no funding for anything new; correct?

ADMINISTRATOR NUNEZ: Basically, yes, that would be correct. Yes.

MEMBER CLUTTS: Thank you.

ADMINISTRATOR NUNEZ: And just to put it into context, you know, one of the things that -- and we didn't look at those in detail like on the statewide's,

which are maintenance, last time that you looked at this thing was just a group of statewide projects in each one of the statewide categories that we've requested that fell into those categories.

The PM's basically, they narrowed down in each one of those categories as to what they felt should be done next biennium. And after looking at those statewide's, we were a little bit -- a few million dollars higher in maintenance than we're at right now, you know, in the what we call the must or what we
recommend to you, the must fund in that $68 million. We were over $70, and so and I got together back with statewide coordinators.

We discussed various projects and the risk of not doing some of those to get things back into a closer to that $65 million dollars that we were requested with respect to the funding that was available. And what we did is we reduced those, but in exchange for reducing, I think we took about two, at least $2 million dollars, my recollection from the statewide from what the PM's were recommending, and those $2 million was in one case one of those was replaced by a $100,000 in emergency repairs and another $150,000 dollars in emergency repairs. Because we are taking a risk with some of those, with some of the projects that were in the statewide by waiting a couple of years, but I wanted to get this recommendation a bit closer to the money that was available, and that was one of the things, one of the decisions that we made here at the staff level with the PM's. Okay. If we don't do this particular statewide, what are the risks, and what sort of moneys would we need to repair that facility. So we cut a few million dollars off of the $68.

It's -- we were -- what I'm trying to say, we were really scrutinizing ourselves quite a bit to get it down closer to the $65, but our goal was to get it to the $65. We obviously didn't make it there. We're closer to the $69 dollar -- $69 million-dollar figure than the $65 million, but we couldn't squeeze any more out. That's
some of the strategies that we may say well, we'll make
that particular one wait, and if something fails or some
partial failure comes in there, what would be the cost of
repairing that over the next two years. And we put some
money in there to handle that. So this is what I'm
trying to say, this is kind of like bare minimum here to
try to get it down as close as we could do the $65
million-dollar figure.

CHAIRMAN METCALF: Gus, let me jump in. What
we're looking at is more of a $30,000 view because we
know we've got $60 plus million approved, but we also
know, and I'm going to talk about Member Tiberti and

Member Walker and myself that have been here for four
bienniums now plus, four plus, but actual four CIPs.
We've seen these projects before. That's why Member
Walker wanted to know about an emergency generator.
Because it all sounds familiar. It's all the same --
not all, but a lot of the same projects.

We also know around 30,000, if we do the
math, if we're not taking care of $140 million dollars in
quote, "deferred maintenance" this year, it's going to
cost ex times percentage more in two years, and what's
that number? And is it our job to figure out whether
it's a broadbrush or we're the funnel. We're at the
bottom of the funnel, and all of this information is
coming down to us.

Do we disseminate some usable information to
the stakeholder, which is the legislature and the Governor, who need to make future decisions. Is that going to be part of what we want to tackle? And one of the things I wanted to throw out there is are there things that we can start with like a working subcommittee. We used to have subcommittees. That was back in the day when we used to have money to spend.

But maybe we should do a subcommittee now to help talk about the critical issues facing our state along with every other state in the nation going forward,

and then possibly work with staff. And maybe what we're going to need is a statewide analysis. Maybe it's a funded RFQ. Maybe it's something. But I think this is our first meeting to discuss this. I'm going to shut up, throw it back to the south if anybody wants to add onto what either Gus or I said. Okay. Member Walker?

MEMBER WALKER: Okay. And in the bond maintenance money, I believe we have to define what that is because not only the way that we're currently funding it is the direct cost and the increased cost when we use the bonds to fund it, we're paying an interest rate on top of our maintenance. And I believe our interest -- our maintenance should come out of some kind of cash issue, but I don't know what the executive branch would think of that. But if we have to borrow money to fund our maintenance, I believe we're doing something inherently wrong, and that's what we've just done with $60,000 or $60 million dollars of borrowed money to do
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maintenance. And I believe that's wrong.

CHAIRMAN METCALF: And, Member Walker, I did
have something circled on my messy notes here. We just
asked in the '14 CIP process that $211 million were
requested. $64 million were funded. What was that in
'12? What was that in '10? What was that in '08, and
what was it in '06? Are we trending in a way that is

getting out of control not only for us as the Board, but
actually for the State, and is this something that we
want to assist in identifying to go forward, or are we
just going to sit here in 2016 and whoever is left on
this Board, and we're going to do a chunk of that $140
million with added maintenance on top of it, and that's
what we're going to do for the foreseeable future?

But we also have to be educated on where the
funding sources come in because I know there's some bonds
that will be retired, maybe not the next biennium, but
the biennium after that, and there might be some future
money left. But can we project that far ahead?

COUNSEL STEWART: This is Susan Stewart, for
the record. I just have a quick question actually for
Gus or Chris. When the project managers are doing their
due diligence with the agencies, do they look at -- is
this normal maintenance that the agency should be
performing? This is something that they should be taking
care of, or is it a major repair that falls under Public
works' purview?
Administrator, for the record. One of the things that we look at is in determining whether this should be something that Public Works does in the CIP or not, irregardless of where the funding comes from, is does this require architectural engineering services and bidding and contracting and getting into contracting including prevailing wage and all of the contract requirements that are included in the law, which is what our expertise is at Public Works. So we look at that. If it's something that you need to replace, some carpeting or do some interior painting or re-caulking and sealing, those sort of things, you know, you don't need Public Works to do that for those agencies. So if we get requests like that, that's part of what happens when we meet with these agencies ahead of the presentation to the Board. We tell them we realize that, you know, that you're requesting these things in the CIP. We don't recommend that you do so, and they usually will withdraw those. That's why a lot of those requests goes down. So that's one of the things that we look at.

Not that -- so as to whether we tell the agencies to, you know, proceed forward and bring it here for funding out of the Capital Improvement Program, again, irregardless of the funding, where this has nothing to do, should it be geo bonds, should it be General Fund money, should -- whatever. It's just that's
typically what we -- how we look at these projects. And if you look at NRS 341, it actually says that that's what we're supposed to be doing. We're supposed to be providing, you know, architectural, engineering services to all of the agencies in the State. That's our mission as it calls out in NRS 341.

CHAIRMAN METCALF: And, Gus, Chairman Metcalf. You know, we understand permitted maintenance as builders and owners and owners of businesses in the private sector. We also know what pushing off deferred day-to-day deferred maintenance does to pressure that permitted maintenance in the future, and that's kind of what we're hearing here.

And some of us have been on the Board long enough that that's all we've been dealing with. And at the same time, again, I go back to when the NSHE guy says $1.5 billion in deferred maintenance, whether it's a third of it, half of it, or double that, it's a number, and it's out there. And again, I'm just saying in the 30,000 foot view, is there -- do we have any kind of direction?

Maybe we could all talk about that we could go forward to help out to do what we were appointed by the people that appointed us to do to help out. Chris?

DEPUTY ADMINISTRATOR CHIMITS: Thank you, Chairman. Chris Chimits, for the record. We can get together and get you the data that you've asked for from
maybe the past two sessions about the amount of
maintenance requested and the amount that was funded so
that you can see that if you're gaining on it, or is it
gaining on you.

And we've already stated at the beginning
that it's gaining on us. I think that a subcommittee,
you know, with finances looking at alternate sources of
financing of costs, these other venues, I don't know.
That's a tough nut in my mind to turn on this deal.

MEMBER CLUTTS: Chairman Metcalf? Bryce
Clutts, for the record. I'm still trying to figure this
out, so excuse me, but on page two of the slide
presentation, it outlines what is called Board's
Criteria. And I'm curious, is this mandated by statute,
or is this a desire?

ADMINISTRATOR NUNEZ: For the record, Gus
Nunez. This is what had been expressed to the staff by
boards that we've had since I've been here.

CHAIRMAN METCALF: Member Clutts, you --
ADMINISTRATOR NUNEZ: It's not law.
CHAIRMAN METCALF: This is Chairman Metcalf.
That's why my first statement was, what is the definition
of taking care of existing facilities before constructing
new facilities, and I didn't clarify it. I was referring
back to page number two of the Board's criteria. And
that was kind of a question because I, you know, as an older Board member, we do know that we kind of give direction to the Board, and that's kind of why hey, let's start from the beginning: Where we were in the past, how do we want to go forward and educate all of us again and kind of wrap it all, you know, try to wrap it up in a ball. But exactly what you were getting at, Member Clutts --

MEMBER CLUTTS: Okay. Bryce Clutts again, for the record. So my question would be if this is a recommendation rather than a mandate, what would happen -- and I'm learning more as I go along here -- what would happen if we said we respect and appreciate staff's recommendation. However, we believe that it's in the best interest of the State to have a healthy mix between new projects and maintenance projects, and it's time for the burden to be placed upon the individual agencies to begin to assume some of the responsibility for the maintenance, and we're just not going to kick this can down the road anymore.

CHAIRMAN METCALF: Member Clutts, this is Chairman Metcalf. I think that's kind of why we wanted to have this agenda item to bring it out into the open and then possibly have some action that carries it further. We would like, but it's not going to be solved overnight. And it's something -- that's why I mentioned
a possible working subcommittee working with staff in the future, and then we could also, as a subcommittee, bring our findings back to the full Board at any time we would like. I mean, we can actually agendize a board meeting, if I'm not mistaken, any time we desire.

COUNSEL STEWART: That is correct.

CHAIRMAN METCALF: Yes. I'm looking at Susan for that. And I would like Member Teska to have the floor.

MEMBER TESKA: Thank you. Julia Teska. Just a few things is one, we're talking about, you know, to frame this discussion, we're talking about what was actually requested. That's not necessarily reflective of the need. As we were talking, a couple of us during the break, it takes quite a bit to put together these CIP requests. And if you know that there's many more millions of dollars in needs and requests than there is in available funding, it discourages agencies from actually putting forward what the full need is.

So I'm not sure that we can really look at what was requested and determine that that is what the outstanding need is. We're trying to get our arms around what's the total deferred maintenance needs of the State. I don't think looking at the requests that were submitted is going to give us an accurate picture of that, so that's the first issue. The second is, I think we hit the policy question on the head, which is what is department maintenance responsibility and what should be
deferred to this Board for funding through these
alternate sources.

And at the risk of -- I will try not to get
into too much of a bureaucratic discussion here, but part
of our problem and our struggle in that area is we have a
very mixed system in terms of who owns and is technically
responsible for our facilities. There are a lot of
facilities that are owned, and it's the responsibility of
specific agencies. And then we have other facilities
that are owned by and ultimately, the State Public Works
Division is ultimately responsible for their upgrade,
upkeep and maintenance.

And so having that kind of hybrid system of
ownership is, I think, creating something of a disconnect
between responsibility and accountability, which is, I
think, goes back to is an underlying complicating factor
of the well, who is responsible for -- what's the
Department responsible for, and what is the State Public
Works responsible for? I think that is a question that
needs to get answered before we can actually start
determining how are we going to pay for this stuff.

Because who has responsibility for it should play into
how does it get paid for. Who pays for it.

CHAIRMAN METCALF: And, Member Teska, that's
all the information we'd like. And also, I think to
clarify on our deferred maintenance and looking in the
past, we as past Board members just kind of want to see,
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has it changed in the past bienniums, you know? Is there
more, quote, "deferred maintenance" that has jumped on
because of the economy and it's just for a little bit of
past history? But, you know, again, I don't think we're
going to solve it today, but I'd like to know if there is
an appetite to set up a subcommittee to talk about this.
I think we're fully in the right to ask for that, and I
think we're at least fully in the right to pursue this as
far as we'd like to.

COUNSEL STEWART: Mr. Chairman, and if I may
for just a minute, Susan Stewart, for the record. Just
to kind of help summarize a little bit, there is some
clear statutory authority, what Public Works is supposed
to do, what we don't do. That's something that I'd be
happy to put together.

I heard a discussion about the size of the
animal, and we may not know the size of the animal, but
there's certainly information that we can put together
and at least identify oh, well, this is what we know.

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This is what we don't know so that we can identify the
issues a little more fully and then go from there, and
certainly, you know, as construction law counsel, I'd be
willing to participate in, you know, putting some of that
information together if there is an appetite to go
forward. Member Walker?

MEMBER WALKER: I think -- I believe it's our
responsibility to do this just because of statute, and
second, it's well over 95 percent of our budget. And I
believe we have to define the animal and we have to
start, and that's our responsibility. So I don't know if
this requires a motion, but I would serve on the
subcommittee to begin a start of defining what animal
this is.

COUNSEL STEWART: The Board can vote to
create a subcommittee for this purpose.

CHAIRMAN METCALF: Would it be okay if maybe
you disseminated information to the subcommittee and kind
of, in other words, you said you were going to give us
some starting point. But maybe we just jump in and form
a subcommittee and then report back to the Board?

COUNSEL STEWART: That's how it would work.

CHAIRMAN METCALF: Okay. Just clarifying.

Thanks. And the definition of a subcommittee, it's been
so long. We cannot have a majority of the Board --

ADMINISTRATOR NUNEZ: Well --

CHAIRMAN METCALF: -- correct?

COUNSEL STEWART: Go ahead.

ADMINISTRATOR NUNEZ: I think I would
recommend that you will follow in noticing, follow the
open meeting law. And therefore, I think all of the
members of the Board would be welcome to participate in
that subcommittee as they wish, you know, and add at the
call of the Chairman on the meeting, but unless you want
to specifically look for volunteers that are going to be
there all the time, but that would be, you know, one way
of having a committee and allowing all of the Board
members to participate as they wish.

CHAIRMAN METCALF: And again, it's been --
this is Chairman Metcalf. It's been a long time, and I
do remember that. And I would like to suggest if we're
really going to do this and follow through with it and
not just sit here and listen to ourselves talk, is that
we look at some kind of a motion. And maybe I as the
Chairman sit down with staff and then just have an open
meeting once a month with this one agenda item until we
decide what we need to do. I mean, does that make sense?

COUNSEL STEWART: That's fine. It's at your
pleasure. I did want to clarify that the subcommittee
can have as many members on it as you want. There's no

prohibition against having the full Board served as a
subcommittee. It's just designated for a certain
purpose.

CHAIRMAN METCALF: And it would also -- this
is Chairman Metcalf. If it is the full Board, it has to
follow the open meeting laws.

COUNSEL STEWART: Even if it's not the full
Board, it has to follow the open meeting law.

CHAIRMAN METCALF: See, it's been a long
time. So that's great. I just want, you know, one of
the members to try to bring something up with all of the
information that we just talked about.

COUNSEL STEWART: Right. We always follow
the open meeting law.
CHAIRMAN METCALF: Okay. We've been in a little bit of a shell here in the last few years.

COUNSEL STEWART: I understand. I understand.

CHAIRMAN METCALF: Any Board members who would like to comment?

MEMBER TIBERTI: Tito Tiberti, for the record. I'd like to just follow up with Member Teska's comments. I'd like to ask you two questions. On the first item, you mentioned that the agencies don't necessarily bring everything forward. Would that indicate by your comments that it would be higher if they were allowed and encouraged to bring more items forward? It wouldn't be less. It would be more; is that correct?

MEMBER TESKA: This is Julia Teska, and I wouldn't say that they're not allowed to bring anything forward. I would say that there are agencies who may feel that it is not worth the -- that they look at their chances of having a project funded are not good enough to, in their eyes, to justify going through the preparation process, and I would say that the needs are probably higher than what we have before us, but that there are needs that just haven't been submitted.

MEMBER TIBERTI: Fair enough. On the word allowed, misspoken. The second thing is, let's just take your other statement. I just want to use UNLV because I'm on that foundation. Those buildings that are at
UNLV, I'm not sure, technically, that the State owns those or compared to the State prison, let's just say, compare UNLV with the State prisons and their budget. You know, I know it comes from tuition and student fees and, I guess, taxes.

I'm not here to discuss that as much as I'm just curious as to they have a big operation. They have a lot of buildings, a lot of grounds, and I know some of the buildings are 40, 50 years old. I'm just curious, and that is an example, where would our Board say, you know, you should be including a lot of these items that you'd like to bring forward and are going to come forward, and more students using them every day, should that be in their maintenance budget, or should it be, you know, pushed off to us? I'm just curious what you think about that.

MEMBER TESKA: This is Julia Teska, and I think that's an interesting question. And I really think that -- I'm not sure that that question entirely belongs with this body in terms of that policy decision because I think it's a farther-reaching policy decision than ourselves because when we're saying -- when we're talking about what is a department's responsibility, then we're getting into agency operating budget, and that's kind of outside of our purview here as the Board.

That's of great interest to me in my role as the Budget Director in that ultimately, this ends up being paid for out of one, funding needs are needs and
they end up being paid for out of one funding source or another. The question is, how are -- I think Member Walker put it perfectly. If I'm trying to balance an agency budget, if I can find someone else to pay for something that my agency needs, that's my priority. I'm going to try and get someone else to pay for something.

And my question, from a policy perspective, and I think it rests more with my office and the administration, is what are we doing there that is essentially deferring requests to this body that may be overstating what this group needs to be responsible for and understating what the people are responsible for, the facilities, the maintenance of the facilities, especially when I see some of the requests on here. Seems like things that really should be agency responsibilities on a number of the items, and I'll use on example.

On the buildings that are owned and maintained by the Buildings and Grounds, we put a couple million dollars a year into the budget to do maintenance of those buildings. And so things like I was in a state facility in my prior job that had a significant issue with paving in the parking lot, and that was taken care of under the Buildings and Grounds portion of the budget as opposed to becoming a we need to take it to State Public Works and the State as a whole needs to figure out how to pay for it.

And so what of that is going on at the
agencies, and the individual agencies that own facilities and are responsible for the maintenance of them versus what of those items then linger or don't get taken care of and then become a deferred maintenance project that this Board has to consider. And that's what I say when there's a significant policy question there in terms of what should agencies be responsible for if they own and are supposed to maintain buildings, and what should this body be responsible for.

CHAIRMAN METCALF: And, Member Teska, to add to that, I agree completely. And I used the analogy earlier, not clearly as we're kind of the bottom of a funnel. We have to be told -- not told, but advised of what's going to come down to that little choke point of us, and what we can handle and not handle.

But again, I go back to the lay members of the Board. We don't know everything, say, you do or Gus does or Susan or Chris, but we're out there in the world. We own buildings, we own business, and we understand what we understand. We just want to try to help and do the right job. That's all. Not all, but go ahead, Member Walker.

MEMBER WALKER: That statement, "That's all" concerned me. Member Walker. Tito, this is one particular point that I was going to discuss in the future that may help to answer your question. If I was the department head of Parks or Wildlife, I wouldn't submit a thing to this Board in any way in any manner.

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because I know I'm wasting my complete staff time. They are such a low priority, they have had one of their offices burned down. They put their own modular on it that fell apart, and we can't fund a new office for them because others take the priority, so I wouldn't even submit that.

But because of that, that is a hole in this whole process that we have is -- I'm with Member Teska that I don't believe everybody submits all of the stuff, and the proof to me is in Parks and Wildlife. They're five and six in priority. Why do anything? Why submit? It's basically dead on arrival because we don't have the money.

CHAIRMAN METCALF: But, Member Walker, I think one of the ideas is we're trying to be open and transparent and --

MEMBER WALKER: Yeah, as a department head, I wouldn't spend travel time.

CHAIRMAN METCALF: We're going to see examples of both sides of the coin. We're going to see agencies that pile on, and we're going to see agencies that hey, why fight. Member Walker?

MEMBER WALKER: Whole different issue.

Public/private financing. Since we're spending -- I haven't done the numbers, 95 percent of our money on maintenance, I don't see that that is going to change.
between now and the next biennium, that I would also like
to explore the possibilities of new correction buildings,
public/private financing in some particular manner so we
can get something built in the future with other funding
mechanisms. And I would like to include that into this
discussion also.

CHAIRMAN METCALF: Member Walker, this is
Chairman Metcalf. That's highly appropriate, in my
opinion, and I want other Board members to ring in. But
and I think that's something that, you know, through our
peer groups out in the public that other people, there's,
you know, other states that do it. There's other
municipalities that do it throughout, and how can we help
or how can we be a part of the process. And that's
something that I know would go to the legislature, you
know, whether it's an SB or an AB or something like that,
one of the bills, but I know it was presented last
biennium, and I'm sure there's going to be discussion on
it, and I agree. Let's get on board, jump on board.

Down south, any other comments?

MEMBER TIBERTI: On that item there, I'd just
like to ask the question by making a statement. It's
really a question, and not to be discussed. We can move
on here. But when we were building one of our hotel
casinos down here, I had a budget item for a big huge $5
million-dollar sign, and I have -- $5 million dollars, picking a number here just for example. My partner said, "Well, we're going to lease the sign." I said, "Well, I don't care if we buy it and get a loan and pay it off or if we lease it. We have to have, you know, $500,000 a year coming from someplace to pay for this sign, which we have to have, or we're not going to be competitive."

So I kind of look at that as an example in my mind. Just thinking out loud here. If you had a private way to go get the funds, but the State is going to -- Member Teska is going to say we still have to find the income to pay the rent on that building or that joint venture, or we go buy bonds cheaper than anybody else can borrow it, and we borrow it ourselves and pay it, so I just want to know that if we have this meeting as a discussion, is there really -- I'd love to build a building and lease it to the State, but I know they can borrow money cheaper than me, most likely.

And even if our bond capacity is full, is that an off-budget balance sheet item that really comes home just to bite where you say you have huge leverage of things off the balance sheet? Anyway, that's just a statement as a form of a question for the future.

CHAIRMAN METCALF: And, Member Tiberti, I think one of the things to say, too, is that our job as being appointed members is to help, but we also need to be educated. So it's a give and take, this whole
process. And I think it's going to be a journey, and it's a road that we're going to see if we want to go down, so I guess I'm looking for somebody that might be able -- Susan?

COUNSEL STEWART: I just have a quick question, Mr. Chairman. We can just set a regular board meeting and put this on the agenda without necessarily creating a subcommittee. That's an option that we can just -- we'll just schedule the meeting, and this will be the, you know, this will be an agenda item, and staff and myself can, you know, put together all kinds of interesting information for you to consider and, you know, perhaps some suggestions for going forward.

CHAIRMAN METCALF: Well, and I know you educated us on that or me, at least. And I like that idea, and I still think that if we possibly could craft something, let's just have a standing meeting once a month. I know I'm not mistaken that the Chairman and yourself Susan and Gus, the three of us could actually set a meeting; correct? Myself as a chairman can set a meeting?

COUNSEL STEWART: We can set a meeting any time.

CHAIRMAN METCALF: Yeah, but I just want to kind of throw this out to the Board and maybe do an action item on this and, you know, maybe we listen to Susan, and I'll shut up. Member Walker?

MEMBER WALKER: I'd like to request a Board
meeting for next month to discuss the maintenance of the State and begin a discussion.

CHAIRMAN METCALF: Maintenance of the State is a little broad.

MEMBER WALKER: Maintenance of the state buildings, and specifically, maintenance per department, that this be broken down in a department basis for what we currently know and just use our current knowledge to try to begin to frame a maintenance issue and have that a sole board meeting for Board discussion.

COUNSEL STEWART: And then a question clarification. Would you also like us to report on P3 lease purchase in connection with other matters? We've done quite a bit of research, what other states are doing, and just kind of give a general, you know, maybe a 5,000 foot view of what's existing?

MEMBER WALKER: Public/private.

COUNSEL STEWART: Yes, maybe some possible suggestions.

MEMBER WALKER: Yes.

COUNSEL STEWART: Okay.

CHAIRMAN METCALF: So I think what I'm hearing is Member Walker is -- and I think maybe we'll leave the date of the meeting to Gus and myself and Susan, and we'll post that out, or like we've done in the past with Michelle.

COUNSEL STEWART: Yeah. We'll typically,
what we'll do, we'll just poll the Board and get a date
when we have a quorum and schedule the meeting
accordingly.

       CHAIRMAN METCALF:  Is that a motion from
Member Walker?

       COUNSEL STEWART:  I don't think we need a
motion to set a meeting.

       CHAIRMAN METCALF:  Okay.  Then let's move on
to Agenda 5.  I'm all about expediency.  Is there any
Board comment and discussion at this time?

       MEMBER TIBERTI:  Yes.  I would like to --
Tito Tiberti, Member.  I would like to ask if we have a
court reporter, if we get to request a typed copy of
that, of the minutes today.

       MEMBER WALKER:  The answer is yes, Member
Tiberti.

       MEMBER TIBERTI:  Thank you.

       COUNSEL STEWART:  And typically, Member

Tiberti, you'll get, in the next meeting's agenda will be
the minutes from the prior meeting to approve.  We are
just a little behind because the meetings are coming so
fast around the CIP.

       MEMBER TIBERTI:  The reason I'm asking for
the court reporter typed, I'd like to try to go through
just the discussion we've had and pull out all of these
comments and try to boil it down into, you know, help
myself decide what we really should be discussing.  I
think there's some good comments, but there's been a lot
of other discussion that I'd like to separate out. So if
I could read it verbatim, that would help me.

COUNSEL STEWART: We'll make sure that that
gets to you.

MEMBER TIBERTI: Thank you.

CHAIRMAN METCALF: Any other Board comment at
this time? Any public comment at this time? Anybody
down south? Anybody up north?

MEMBER CLUTTS: Chairman Metcalf, we have --

MR. LEFREVRE: For the record, Kent Lefevre,
Department of Corrections. I would like to just comment
on Item Number 4, and as some of the members have
mentioned, the gorilla in the room. I've been living
with the gorilla in the room for several years, and I can
tell you that it's getting bigger.

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When we submitted our CIP requests for this
session for this body, it was in the neighborhood of a
hundred million dollars. That wasn't all of our
requests. We deliberately didn't request approximately
$65 million dollars in CIP requests because, as one of
the members mentioned, we didn't think they would be
approved. And these were not requests just to build an
ivory tower for Corrections, but they were maintenance
requests that we felt like we could wait for another two
years before we came back to this body. So I would like
to actually -- I would be willing to volunteer for a
subcommittee if you want Agency participation on that. I
CHAIRMAN METCALF: Fantastic, sir. Thank you very much for your comment.

COUNSEL STEWART: We'll make sure that you get notice of the meeting.

MR. LEFEVRE: Thank you.

CHAIRMAN METCALF: Mr. Mark Davis.

MR. DAVIS: Mark Davis, for the record, Division of State Parks, Department of Conservation Natural Resources. I think I have to emulate Kent's statement. I think that, you know, we would be happy to participate, or I personally would be happy to participate in the festivities of framing the beast, if you will.

The division of -- State Parks Division of Forestry, who I've represented both through the CIP process and this process, I can say that we held back on a number of projects that we did not put forward because we knew darn well they wouldn't get through, and it would be a waste of our time, and there was a tremendous amount of time that went into it.

I also appreciate Mr. Walker's comment that, you know, why do we even submit because we're so low. I sit here, and I look at the projects that are in here, and there's one project for NDF that takes care of a building that is literally uninhabitable, but they're inhabiting it anyway. There are projects that we've submitted, as an example, down at Spring Mountain Ranch
to just try to get the building envelopes tightened up so we can try to get a handle on it. That's not in here. We have other projects such as within the paving program that we had asked for down at Cathedral Gorge. I brought some photographs of our flooding that occurred yesterday. You saw my slides in the presentation. Well, these are pretty much a replication, and those slides, the photos for those slides, were 2011 photos. These are 2014 photos. It's happening at least every two to three years. And little by little, this building is going to deteriorate because of the volume of mud that comes down the hill. Right now, we were lucky this storm was a small storm. We only have a couple of inches of mud to clean out, but any mud that got into the building that affected the drywall or water that got into that affected the drywall, we'll be cutting up two feet of drywall around this whole thing, and we'll have to do it again and again and again.

It's getting way ahead of us. It's not just a little bit ahead of us. It's way ahead of us. And we, at State Parks at least, are taking a proactive approach on trying not to build anything new. We are replacing things that are broken. We are fixing everything we can possibly fix, and that is the edict.

CHAIRMAN METCALF: Mark, I really appreciate it, and yourself, I know Mark Fraga and other architects and engineers that a lot of us here on the Board have
worked with for years, if not decades, we're all of like mind. We all understand buildings. We all understand that every day a building is sitting there, it's deteriorating, and the surroundings around it.

Are there any further public comments at this time? Looking for a motion to adjourn.

MEMBER TIBERTI: I'll make a motion to adjourn.

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MEMBER WALKER: Second.
CHAIRMAN METCALF: Motion and move to second.
All in favor, say aye.
THE BOARD: Aye.
CHAIRMAN METCALF: We're adjourned.
COUNSEL STEWART: See you all back here at 1:00 o'clock.

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STATE OF NEVADA, )
               )
CARSON CITY.  )

I, NICOLE ALEXANDER, Official Court Reporter for the State of Nevada, State Public Works Division, do hereby Certify:

That on the 10th day of September, 2014, I was present at said meeting for the purpose of reporting in verbatim stenotype notes the within-entitled public meeting;

That the foregoing transcript, consisting of pages 1 through 98, inclusive, includes a full, true and correct transcription of my stenotype notes of said public meeting.

Dated at Carson City, Nevada, this 14th day of September, 2014.