

Transcript of Nevada Department of Transportation  
Board of Director's Meeting  
November 9, 2015

Governor Brian Sandoval  
Lieutenant Governor Mark Hutchison  
Controller Ron Knecht  
Frank Martin  
Tom Skancke  
Len Savage  
BJ Almberg  
Rudy Malfabon  
Bill Hoffman  
Dennis Gallagher

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Sandoval: Good morning everyone. I will call the Nevada Department of Transportation Board of Director's Meeting to order. Are we loud and clear in Las Vegas?

Martin: Yes sir.

Sandoval: All right, let's proceed with Agenda Item No. 1, which is to receive the Director's Report. Mr. Malfabon.

Malfabon: Thank you Governor. I wanted to point out that the Lieutenant Governor is joining us on the phone.

Sandoval: Mr. Lieutenant Governor, can you hear us loud and clear?

Hutchison: I sure can, thank you Governor.

Sandoval: And you're loud and clear here as well.

Hutchison: Thank you.

Malfabon: First thing to mention is, provide the Board an update on the Memorial Sign for Deputy Sheriff Carl Howell. The signs were just produced last Friday, Governor and Board Members, so we'll be coordinating with your staff to have the event coordinated. NDOT Maintenance Forces will look to install the first two signs, which are in the central part of the Carson Freeway. We're looking at the northern end of the freeway on the hill and have some issues to work out with the contract that's currently under construction and some environmental issues. So, we're finding the correct site and getting all the clearances necessary for that northern sign. It's good news that the sign panel has been produced. I wanted to

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thank, Governor, your staff, for assisting us on this coordination with the Sheriff's Office to get the badge. It turned out really good. You can actually see the sign panel—a photo of the sign panel in the lower left of the slide.

A lot of emergency events recently. I just wanted to give my appreciation to our maintenance forces, both in Northern and Southern Nevada. More recently, we had a very wet snow that caused a power outage near Elko. The fueling facilities for truckers were down as a result of that power outage. Our maintenance forces had to shuttle diesel fuel to some of those truckers that needed it to get to the next truck stop to fuel up. In Southern Nevada, a lot of flooding on US-93 and US-95 and other parts of the Las Vegas Valley in October.

Conducting some road closures, unfortunately because of the amount of and the intensity of the rain fall caused some damage to the road and a lot of mud on the roadway, but they did a great job and I'm sure that the Governor and the Board Members would agree with me that they did a great job and deserve our appreciation.

I wanted to address something about—we understand I-80 is a gateway to Northern Nevada and to the Reno/Sparks area. We recently launched this Sponsor A Highway Program on I-80. We've had this program on I-15 for years. It's just ramping up so we expect that a lot more litter will be removed, but our maintenance forces constantly patrol those sections. We almost had 10,000 cubic yards of debris removed and nearly 20,000 hours dedicated to litter removal in that corridor. As we know, when it's windy a lot of bags and paper tend to blow in the wind and get stuck on fences and some of the tumbleweeds that are growing alongside the road. We're going to do our best to stay on top of that, but this new program, the Sponsor A Highway Program will assist us.

So, just for the newer Board Members that are unfamiliar with the program. We pay a company, acknowledge the sponsors that pay them for litter removal by a private company and then it helps the State, NDOT and the public by having additional forces, by this company, cleaning up the litter from the roadside. We don't have the other program on the Interstate System, in District 2, it's called the Adopt A Highway Program. You'll see Adopt A Highway signs throughout the State Routes across Nevada. The idea was not to have your mom and pop types and kids out there pulling litter from along the interstate at high speed. It's just not safe. We'd rather have professionals out there, hired by the company or with the NDOT maintenance forces, cleaning up the litter.

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Sandoval: Before you move on, Rudy, the Controller has a comment.

Knecht: Thank you Governor. The 9,476 cubic yards and the 19,634 hours, that's all this year, right? 2015?

Malfabon: Yes, that's just so far this year.

Knecht: Okay. And, do you have any idea what that costs us?

Malfabon: I don't have the dollars associated with that effort, but we could get those.

Knecht: Okay. It seems to me like a very substantial effort and I appreciate the problem of putting volunteers out there on the interstate, but obviously as this shows, we need to continue to do something about it. I think the issue is, given the cost of it, given the resources required, finding just the optimal response and I appreciate this presentation in your report.

Malfabon: Thank you Mr. Controller, and just to mention that as the private company that runs the Sponsor A Highway in Northern Nevada ramps up their sponsorships, they'll have more frequent litter removal on I-80.

Sandoval: I'll go to Member Savage. I just want to come back. This is something that came up a while ago and I want to compliment that Reno staff because I know they're aware of it and they're very sensitive to it and they get out there and do the best they can. It's good that we have some of these private companies sponsoring somebody to pick up the trash. Obviously it is a huge liability issue, as you mentioned, to have folks near the highway cleaning up the trash.

The only other comment I wanted to make was, is it possible on our reader boards to just have some messaging to keep Nevada clean, something like that?

Malfabon: We can check on that Governor. Typically, we have safety messages on there but we'll check with our folks that manage that, in coordination with the Federal Highway Administration. I don't think that they would have a problem with having those types of messages periodically.

Sandoval: Yeah, because obviously, I don't know whether it's blowing in or if it's people throwing the trash out of the cars. It's obviously a combination of both of them. I don't know what the proportions are, but in any event, if we can stop it before it even starts, that will obviously save us money. I think the most important piece is the aesthetics of it all. For me, it's very important, no matter where you are in

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Nevada, when visitors come here, the first impression that they get as they drive down that highway or freeway and if they see trash on the sides of the road, they think that this community isn't as concerned about itself as it should be. I know we all are. Just any way that we can get at this the better. Member Savage.

Savage: Thank you Governor. Along those same lines, I feel it's very important. I know we've talked about it in the past, but the Lockwood Canyon, I think we need a better effort, I really do. The data centers that are going in out there, it's all about cleanliness. I know that we're doing a good job but I think we can do a better job and I think it's imperative that we do a better job in order to have that perception about the cleanliness of these data centers. Because those data centers, it's all about being clean. So, I think we need to make every effort possible and that's all I have to say. Thank you Governor.

Malfabon: Thank you, and thank you Governor for acknowledging the efforts of District II Staff.

To give you an update on the Storm Water. Dave Gaskin and Alan Tinney just last week, went to continue the meetings and discussions on technical issues with the EPA on our Storm Water Program. We will meet again in early December with a much larger group including members of the Governor's staff and our NDOT's legal counsel, Dennis Gallagher.

The initial reports, I'm going to kind of leave that to Dave Gaskin to give you a more comprehensive presentation in December, after we have our other meetings. Initial reports are looking very positive and we're very pleased with the efforts of our staff in ramping up our Storm Water Program with Dave and Alan spearheading that program at NDOT in their new positions.

As you can see from these numbers, we've had a lot of outreach done through social media. 124,000 posts since August. That's great. I know that I mentioned last month that Kim Smith was hired for that purpose, but our previous staff have been doing a great job of handling social media for storm water and to all events related to transportation for NDOT.

The big news last week was, last Thursday the House passed a six-year transportation bill. There was a short-term extension prior to that through November 20<sup>th</sup>, because the previous extension was expiring at the end of October. We're very pleased to hear the Senate and the House passed their

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versions of a six-year surface transportation bill. That long-term type of bill gives us assurance of federal funding. The funding levels are different. A lot of details to come. There were over 125 amendments proposed and some of them, Governor, your staff, Ryan McGinnis especially, helped us immensely last week as these were coming fast and furious, these amendments to help us craft our positions. On some we were neutral, on some we were opposed and some we were for the amendments, but that's a lot of amendments to try to review in a short period of time. About half of those were adopted and we have to still wait for the dust to settle and get all the information on that.

The other thing to report is they'll have a Conference Committee to reconcile between the Senate and the House versions of their six-year bills. Crescent Hardy, our Congressman from Southern Nevada is going to be in on that Conference Committee, so that's good news for Nevada.

The other good news is that both of these versions of the Surface Transportation Bills include the designation of Interstate 11 from Southern Nevada to the Northern Nevada region.

On a not so positive note, we unfortunately were not successful with our TIGER Application. There were 627 applications received by the USDOT, amounting to over \$10B in requests for \$500M available. 39 of those were accepted. You see the map, the areas that were rural or urban. TIGER Grant Projects that were approved, none of the Nevada applications were successful. We still feel that the Apex Industrial Center and the improvements on I-15 and US-93 are important in Southern Nevada so we're going to proceed with the environmental and engineering phase of those projects in the coming months and you'll see those contracts before you for approval. We feel that it's important to advance those and have those safety and operational improvements in anticipation of the growth and economic development support that's needed in Southern Nevada with that Apex Project.

An update on USA Parkway. The proposals were received October 19<sup>th</sup> and reviewed. The Board Members will receive an individual briefing on the apparent best value design-build proposer. The next steps are that we would have these briefings, eventually have a public announcement of who is the apparent best value design-build proposer, negotiations of the contract and Board approval of the contract. So, similar to the steps that were followed in Project NEON and today's a great day for Project NEON. We've gone through those steps for

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Project NEON. These are the steps that are still to take place for USA Parkway Design-Build Project.

Last week we also met with seven companies. Some are fiber companies, some are companies that manage fiber installation. So, we're discussing how to get fiber on USA Parkway. We discussed the limitations with the schedule of the project and the fact that we'll have to have our contractor build a portion before it's rough graded and then the fiber contractor could come in and install. It looks like the private industry interest is there to install fiber, to connect the Industrial Center and I-80 all the way to US-50 with fiber.

Recently completed the Clear Creek Storm Water Project. So, over 50 of the storm drains and inlets were improved. That's helping us with the EPA discussions on water quality improvement.

The pedestrian project up at State Route 28 was wrapped up. That had the crosswalks and the flashers. We'll be replacing an older bridge built in 1923 on Harrigan Road in Fallon, coming up in the next year.

We're upgrading the cable median barriers, installation on State Route 160, the road between Pahrump and Las Vegas and adding some median crossovers that will help the Nevada Highway Patrol to have more breaks and crossover if they catch people going the other direction on the divided highway, if they need to pull over.

We recently received six bids, it will be coming to you hopefully next month for your consideration for approval on the State Route 160 Phase 1 Widening Project. The apparent low bidder is \$16.5M. A lot of investigation and analysis is being conducted on the bids received, but it was below the engineer's estimate.

We substantially completed repaving of the US-95 project from Indian Springs to Mercury recently as well.

We'll have a more comprehensive presentation on the ADA Draft Transition Plan next month. I wanted to mention to the Board that the Public Comment Period ended recently. We're reconciling those comments from the public into the plan, addressing each one of those comments. And then, coordinating with the Federal Highway Administration to finalize the plan and then present it to you next month.

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An update on the Reno Traffic Study. You've been aware that the Spaghetti Bowl in Reno is one that's of high concern to the Department, to you Governor Sandoval and to the stakeholders in Reno, Sparks and Washoe County. We have a contract on the Agenda today for your consideration for your approval and it's for the Traffic Study. So, the elements of work in this Traffic Study are to collect the data, forecast the travel demands in that interchange, in that area on I-80 and 395 and 580. Analyze existing operations of traffic and look at conceptual solutions for that.

We recognize that stakeholder outreach is important throughout this process and we're going to be conducting that outreach with the multitude of stakeholder in Washoe County.

I wanted to mention, this is for the long-term fix of the Spaghetti Bowl, but we're looking at a short-term operational improvement and we're going to conduct what I call a brainstorming session, or charrette, in early 2016 for the Spaghetti Bowl interchange, to look at those types of operational improvements. They look—they might be more advanced messaging when there's a crash that's slowing down traffic at the interchange. There could be other operational improvements that could be considered. We're going to kind of throw everything out there, have the stakeholders involved. Public Agency representatives, RTC, Washoe County, Sparks, Reno, as well as, the elected and members of the public that are interested developers, to have this brainstorming session with NDOT and look at those. Definitely, if a Board Member is willing to entertain participating, we'd love to have that type of representation as well. We'll have more details about this brainstorming session that will occur in early 2016 in the months ahead.

Sandoval: Rudy, how do you define long-term and short-term?

Malfabon: Okay, short-term would be that we could start design next year and depending on how easy it is to get in the ground, it could start as early as late 2016 for installation of some of these operational improvements and into '17. Long-term is what you've seen for these major projects such as NEON where you start with the environmental study. A traffic study feeds into the environmental study and then once that's approved, then you do the preliminary engineering and the design and construction. That can take anywhere from five to six years to get to that point of having something constructed and the environmental approved. There's various alternatives to the long-term to kind of speed up the process. We've used design-build on NEON and USA Parkway to speed up the process.

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Sandoval: Five or six years is too long.

Malfabon: For the big fix, yes. That's why we're looking at the operational improvements Governor and Board Members.

Good news on the Electronic Statewide Transportation Improvement Program ,the ESTIP. We've had over 464,000 visits to the site. I personally have used it and found it to be very easy to use to search for projects. I just wanted to get some information on project funding on a project in Southern Nevada, the Starr Interchange on I-15 and I was able to find the information very quickly. It's a very useful tool. It's easy for people that just want to look on the website to find projects in their vicinity of their communities. I really appreciate the efforts of the Planning Group in getting this up and running.

Some recent settlements and verdicts. You recall last month, Ms. Roundy had talked and addressed the Board during the Public Comment period about the Project NEON Parcel that we were acquiring. We were able to negotiate and reach an administrative settlement with her based on some additional discussion. So, it was helpful to have Ms. Roundy express some of those concerns to us, but our staff in Right-of-Way did a great job, as well as the Attorney General's staff assigned to us in Las Vegas, that committed their time to negotiate a successful resolution that was a win-win for both NDOT and Ms. Roundy.

Sandoval: Congratulations. I mean, here's a constituent who was obviously frustrated. Frustrated enough to attend the meeting. I compliment the AG's Office and NDOT staff for getting on that right away. Within 30 days, we have a resolution.

Malfabon: Yes.

Sandoval: So, instead of getting an attorney involved and having it go to litigation or spend a lot of money that way, she gets her piece, there's certainty for the project and we can move forward, so well done.

Malfabon: Thank you Governor. I wanted to mention, often you'll see that we request, just to maintain schedule, we request the condemnation resolutions, but we're constantly, even beyond the approval of a resolution, we're still working towards a settlement until we just can't reach a settlement and the time table leads us to having to turn it over the legal process.

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Sandoval: And I get that. There was some failure to communicate, to borrow some famous words in that instance. Once she was able to get some face to face time, it worked out. The Controller has a comment.

Knecht: Thank you Governor. I agree with what you said about the good way that the Department and the AG's Office responded. Let me say a supportive word for Ms. Roundy, as the minutes show, she made a very thoughtful, very precise, helpful presentation and I summarized those three points and I just have to say, thank you Ms. Roundy for a well-informed, very thoughtful, constructive approach to this thing.

Malfabon: Thank you. The other thing to report is, at the December 2015 Board of Examiners Agenda, we will have a settlement associated with Project NEON. Loch Lomond Properties Trust. It's for three residential properties. The owner had requested \$1.5M. We are able to settle for \$807,000. So, it's a good outcome for NDOT and for the Project NEON schedule. That will be coming up to BOE in December.

With that, that concludes the Director's Report and I'm able to respond to any questions.

Sandoval: Just one from me Rudy, speaking of constituents, Ms. Rodriguez has appeared at a couple of meetings with regard to the North Valleys. Have we been working with that community?

Malfabon: Yes, we've had a working group working on the North Valleys proposed improvements. A lot of them are small spot improvements around the interchanges and the local streets. We've got a technical group that's also taking that information and putting more meat to the bones to have estimates of the scope. Then we'll have discussions with RTC and the City on funding, joint funding of some of these improvements, early action items so that we can continue that going on the North Valleys.

Sandoval: All right, thank you. Any questions from Southern Nevada?

Martin: None here sir.

Sandoval: Questions, Member Skancke.

Skancke: Thank you Governor. Rudy, lots of good news in your report this month. I'm very encouraged by the good work that Senator Heller has done on I-11 to

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shepherd this, in not only the Senate version of the bill but also the House version of the bill. As I've now been saying since, I think July, now would be a really good time for us to start looking at what we do with I-11 going forward. The designation the House and the Senate are going to have a Conference Committee and a bill will pass. And, with the agenda items on USA Parkway and what we're doing in the Freight Study, I just think now is a perfect time for us to have an Item in December, that would be a hint, to come back and actually give us a presentation here at the Board level, what is the strategy going forward to get us to the project delivered in June of 2018.

In fact, I'd like to see a presentation in December of what our strategy is going forward. The President is going to sign this bill and I think we should be proactive instead of reactive. If you look at the TIGER Grant situation, the Administration hands out money. I don't agree with that. The fact that the Department of Transportation has all control over dollars is just something I don't personally agree with but if we're going to have to compete in that environment, then I think we need to be prepared sooner rather than later.

I don't think December would be too soon for us to have some type of a presentation on what the Department's strategy is going forward of how we're going to move this thing faster rather than slower. I don't think it should be a part of any long-term studies or any longer frameworks or concepts, this should be done on its own. My suggestion is, as you look at what we're doing with USA Parkway, again, there's got to be some type of statewide connectivity to bring this State together and I-11 is that vision, it's that lynchpin of connecting Northern Nevada to Southern Nevada's economy and vice versa.

So, Governor, I also wanted to say that, Ryan McGinnis in your office does a superb job of representing the State in Washington DC and working with the Department on these issues. He's invaluable. I know over the years that every Governor has dealt with whether or not they need a Washington DC office or not and I will tell you that, in these instances when there's 100 plus amendments, you've got to—your office has got to have someone working these issues because it's just a heavy lift. I know what he did this go round and I just wanted to commend him publicly for the job that he does for you and the Department. So, thank you.

Sandoval: Thanks Tom.

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Larkin: Governor?

Sandoval: Yes.

Larkin: This is Tracy Larkin, Deputy Director Southern Nevada. I just wanted to address one of Tom's comments; is that, with regard to I-11, we have been working with FHWA on identifying the next phase of I-11, moving north of Las Vegas. Although we still need to do some work through the City of Las Vegas, we have identified some projects on 95 that are moving forward and that can be labeled as the future I-11. There will be more coming in December, but I did want to say, we have been working on it.

Sandoval: Thank you, Member Savage.

Savage: Thank you Governor. Just briefly, Rudy, on the trash clean-up again in the Lockwood Canyon, has NDOT reached out to Waste Management? I know they're a good community partner and I know the landfill is out in that area. Have we reached out to Waste Management?

Malfabon: I assume that we have Member Savage, but we will confirm that. Typically—I'm going off of, I know that our District in Las Vegas does the same thing with the sanitation company in Las Vegas and I assume that District 2 is doing the same type of coordination. A lot of it is, they cover the loads, but plastic bags and papers tend to blow out still.

Savage: Right. I know they're very community active and I would believe that they would be very receptive to being a partner of some sort on that thoroughfare. Thank you Governor.

Sandoval: Any other questions or comments with regard to the Director's Report? Move to Agenda Item No. 2, Public Comment. Is there any member of the public here in Carson City that would like to provide comment to the Board? Is there anyone present in Las Vegas that would like to provide comment to the Board?

Martin: None here sir.

Sandoval: Thank you. We'll move to Agenda Item No. 3 which is, Consideration of the October 12, 2015 NDOT Board of Director Meeting Minutes. Have the Members had an opportunity to review the minutes and are there any changes? Member Savage.

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- Savage: Thank you Governor. On page 39, about 11 lines up, I go on to say, 'I'm not a legal guy, I'm a construction guy, wouldn't that be a conflict potentially? If we were to need legal advice on the contractor', it should be the 'consultant'. That's all I have, thank you Governor.
- Sandoval: And I have two minor adjustments. One is at page 35, it says, 'second my Member Martin', it should be 'second by Member Martin'. That's in paragraph 10. Then at page 83, at paragraph 5, it 'starting' has an extra R, if we could just delete one of the R's. That's all I have. Mr. Controller.
- Knecht: Thank you Governor. I won't labor the point here, there were one or two syntax and grammar and usage errors, but in general, I'm not going to look them up and burden the record with that, in general—
- Sandoval: Was that the speaker or was that the company?
- Knecht: That would probably be the relevant question.
- Sandoval: All right, so no changes Mr. Controller?
- Knecht: No thank you.
- Sandoval: All right. If there are no further changes, the Chair will accept a motion for approval of the minutes with the changes noted by the Members.
- Savage: Move to approve.
- Sandoval: Member Savage has moved for approval. The Controller has seconded the motion. Any questions or discussion? All in favor say aye. [ayes around] Oppose, no. That motion passes. Can you still hear us Mr. Lieutenant Governor?
- Hutchison: I can Governor, thank you.
- Sandoval: We'll move to Agenda Item No. 4 which is to Review and Ratify the Selection of the Design-Build Contractor for Project NEON.
- Malfabon: Thank you Governor. Dale Keller will present this item to the Board.
- Keller: Good morning, Governor, good morning Members of the Transportation Board. For the record, my name is Dale Keller, Senior Project Manager with the Department. What a great day for Project NEON and we're very excited and with possible action today, today's a very monumental step for the Department as well

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as for the State to start construction on the State's largest public works project, Project NEON.

Project NEON will improve safety, mobility in the busiest stretch of highway in Nevada. We also will alleviate congestion, improve transportation options, alleviate and provide transit opportunities, as well as create jobs and provide better accessibility within the Las Vegas Valley for years to come. This project is a game changer and it is a vital link to our economy.

Last month Mr. Mortensen and myself discussed with the Board, in detail, the procurement process, about how we select the best value team. This process ensured consistency as well as integrity from start to finish. The procurement process followed NRS as well as the Department's Pioneer Program Guidelines which created a fair, consistent and uniform approach to that evaluation and selection to the preferred design builder. With certainty, that process worked.

The unsuccessful proposers were provided an individual debrief and the Department is pleased to announce, there was no protest submitted. Also, with possible action today, the unsuccessful proposers will receive a stipend. That stipend agreement was approved in the March Transportation Board and that will be paid.

As we announced in October, Kiewit had the highest technical score with the shortest schedule and the lowest price. Kiewit exceeded our expectations, they understood the project goals and they developed an effective plan to deliver NEON within the requirements of this procurement.

Since the announcement, the Department and Kiewit diligently worked together to finalize the design-build contract. We were able to accomplish this goal and this task due to the fact and because the contract language and terms mirror that language and the technical provisions provided in the request for proposals. That language has not changed since June of this year.

The lump sum bid price or the contract price of \$559M did not change from the Kiewit's proposal bid price. Also the Department captured and incorporated Kiewit's innovations and proposal commitments that exceeded the requirements of the contract documents. We incorporated those commitments as an item, as a scope of work item.

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Here's a summary of the high level of contract terms. Governor, you inquired last month regarding the contract revisions regarding the carrot and stick approach to our schedule. With this, and we're emphasizing on time and early completion, and we're backing that up with a \$20M incentive package. Disincentives are also built into the contract as well. If Kiewit doesn't meet the criteria for lane closures or substantial completion of the overall project, the consequences are severe. How severe? For example, you look at liquidated damages for failure to open lanes on I-15, that's \$9,000 for every 10 minutes of freeway lane closures that are outside of that regime. In addition, for failure to achieve substantial completion, that's \$10,000 per day. So, we do have that carrot and we do have that heavy stick.

This contract does include over 4,000 hours of uniformed traffic control officers during the I-15 and US-95 lane reductions. Also, regarding ramps and lanes, local streets, there will be closures to ensure safe reconstruction, but these closures will only be allowed for a specific maximum amount of time. Once again, if they're outside that regime, disincentives are applied.

One thing we touched upon briefly last meeting was Kiewit's innovation and their non-traditional approach to schedule. They developed their Maintenance of Traffic or MOT Plan first and then sequenced their construction work around the most efficient MOT Plan. In addition, they build in a non-linear fashion and the project is broken into blocks to minimize construction activities and maximize efficiencies.

The project is broken down into three phases, as we discussed last meeting. First was local, parallel street network, starting in 2016, they're going to approach and have that connectivity from North to South along Martin Luther Boulevard and providing that alignment in the ultimate configuration. Also, on the east side, they're going to provide that Grand Central Parkway to Western connection. During this time, we will see lanes reduced on US-95 and that work to widen out, to provide a touchdown point for the HOV connector. I'd also like to point out, during this first time period in 2016-2017, work will be happening along the I-15 corridor, but all existing lanes will remain open.

The next phase is Phase 2. That's the reconstruction of I-15. That will occur in one construction season, meaning that the lanes will be reduced from March, after NASCAR weekend, to Black Friday. This is going to occur in 2018. We do expect, there's a lot of work going on. We're reconstructing 10 bridges along this

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corridor. It's going to be a very exciting and very stressful time during the project but we have the right people in place to get this done.

The last phase is Phase 3, connect the HOV connector, as well as connect and construct the Grand Central to Industrial connector. As you can see and highlighted in this yellow/olive green tint, is that connection of Grand Central over the UPRR to Industrial, providing that other more south connection.

Let's pull on some of these positive levers today. One other thing I would like to point out is that, Kiewit is going to be completing over 300 days sooner than what the NDOT allowable completion date was. Based on our benefit, the cost analysis numbers, that's over \$80M in additional benefit to the traveling public. That does include freight and commerce related to overall improved traffic time, to vehicle operating costs and accidents. That's a lot of positive impact to the Las Vegas community.

We touched upon non-linear blocks for organized work. Also, they are reducing the number of permitted closures by approximately 50%.

Job recovery and reducing unemployment has been a top priority for the State. Clark County Fuel Revenue Index has been a tremendous support in supporting that effort. Also, Project NEON will also add another shot in the arm to the local Las Vegas economy. We expect to create over 4,000 direct, indirect and induce local jobs, as well as provide opportunities to Nevada based contractors and suppliers. Many subcontractors are already on as part of Kiewit's team. As you can see listed here in orange, Wells Cargo, Aggregate Industries, AMES, Atkins North America, HDR, PK Electrical, Ninyo & Moore and GES. Kiewit has finished over 120 projects in Nevada since 1970. Most recently in the early 2000s, Kiewit has completed multimillion dollar projects down in Las Vegas such as the River Mountain Water Treatment Plant in Henderson, as well as the reconstruction of the Las Vegas Airport runways in 2003.

So, what are the next steps? Subject to Board approval of this contract, next Monday, we will issue a Notice to Proceed. That's the 16<sup>th</sup>. With that, the first three months will be focused on activities related to their project management plan and also begin that mobilization to get construction started in early 2016. At the latest, we will provide a Project NEON project update, at the latest in February of 2016. Also, we'll have a ground breaking ceremony in Spring 2016.

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So, the action in front of you today is to review and ratify the selection of the design-build contractor for Project NEON. I'd be happy to answer any questions at this time. Thank you.

Sandoval: Thank you Mr. Keller. Congratulations. This is a tremendous day. I guess, having been talking about it for the past five years, it's great for this day to finally be here. I do have some questions. I know that historically when we looked at the different iterations of how we were going to complete this project, some of them included a 20-year build-out previously, is that accurate? And now we're going to get this done in three or—what is the construction window now?

Keller: The construction window now, we'll have substantial completion by Summer of 2019. So, three and a half, four years.

Sandoval: And, we were looking at 2030, I believe, on a different version of this project. Perhaps that is something you might want to monetize and consider when we look at what we've got done here. In addition, I also recall some of the iteration of the cost of building the project exceeded a billion dollars, at one time. And again, by going through this process that we've—

Keller: That was a credit to Cole Mortensen and the CH2M staff. They did a tremendous job looking at those innovations and efficiencies.

Sandoval: I'm calling this out because it deserves to be called out and think about that for the savings to the taxpayers. That's money we can put toward other projects. I wish we had a bonus program because that would be a good one for you. When you think about that we've taken a billion plus dollar project and got it down to \$559M and taking the construction window from between 20-30 years to four to five years, that really deserves some credit and attention.

I also know that you've talked about here the savings—and then when you put on top of it the 310 day savings, I'll call it or improvement in terms of getting the project done that Kiewit has said that it's going to get this project done, it really does say something. When you're talking about, I mean, I've heard it both ways, is it accurate to say that this is the largest public works project in the history of Nevada since the construction of the Hoover Dam?

Keller: For the State of Nevada to deliver, I would say yes.

Malfabon: Yes, for the State.

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Sandoval: So again, I'm trying to put this all in perspective because where we were and where we've gotten to today is nothing short of remarkable. Again, that's a credit and a compliment to NDOT staff, to Kiewit, to this process. I mean, we hit some, pardon the pun, some significant bumps in the road. We had to change course and we still kept it on schedule but in the meantime saved close to a half a billion dollars. I mean that, again, I think it's important to make a record on that.

Now, there's a lot to do. And so, today, assuming approval by this Board, now is when the proverbial shovel hits the ground and we get to work. I like the plan and in terms of trying to minimize traffic disruptions for Southern Nevadans because there is frustration down there because it seems like there is perpetual construction going on which in turn causes delays, but that's part of the price of improving the infrastructure here.

Another point that needs to be made is that, this is a project for the next 20-30 years. Part of my concern was, if we had used a 20-30 year construction window, by the time it was finished, it would've been time to build another one. That's why it was important to get this done in as short amount of time as possible.

I'm not really asking you questions. I'm just trying to help you out here.

Keller: It's great. You're right though. It's definitely going to be—it's going to change how people in Las Vegas travel for the next 20 years. By connecting the HOV system from US-95 down the I-15, creating that 22 mile stretch of HOV network and providing these HOV interchanges, it's going to change the way we look in the Vegas Valley for transportation.

Sandoval: Let's make that a little more real for everyone because you talk in acronyms. Essentially what that is, is that flyover from the 95 to the 15, so you don't have that constant merge, which what do we get, three accidents a day, minimum for that, which causes the delay and obviously is a life safety issue. That's going to help out with that as well. That's been a long time coming.

I know it's something that I've talked about and you mentioned it in your presentation, but you will, as part of this contract, be using the NHP to ensure the safety of the construction workers that are out there and the traveling public.

Keller: We are. That's one of the things, as we went through this contract finalization is to clearly identify those hours and understand that if the Department requests more of those hours to be used, that there's a mechanism to do so as well.

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Sandoval: So, what I plan on doing is asking if there are any further questions from Board Members and then if there's a Kiewit representative who wanted to make any presentation as well, I'd like to hear that. So, Board Members, questions for Mr. Keller? Mr. Controller.

Knecht: Governor, I'm going to follow your lead on this. Last time I summarized a lot of the positive aspects of this, the good job that the staff did in the work, the good job they did in briefing us. The excellent job that Kiewit did in the proposal and the creative approach. The fact that under the staff ranking system which separated technical matters from budget matters, they led in both categories decisively, so we get the best of both worlds. Like you, I'm very happy about the progress we're making. I want to see it keep up. I'll just stand on what I've said and at an appropriate time, I'd like to offer a motion.

Sandoval: Thank you Mr. Controller. Other Board Members? Member Savage.

Savage: Yes, very briefly Governor, I too want to compliment Dale, Cole, the entire NDOT staff. We've really set the bar on this one. We have a lot of positive energy. We've got a great contractor on board, great engineer. It takes everybody to win. I know we have a lot of work ahead of us but I really want to compliment everybody to this point. I think with the energy and the intelligence and the passion that we have, we're on the right road.

A couple of brief questions Dale. On the liquidated damages, are they tied to specific areas? For instance, you talked about the lane on I-15 from March to November, is there a specific LD on that timeline?

Keller: There is, that relates back to our permitted lane closure regime. So, we have a regime that allows when lanes can be reduced. So, they're outside that regime. So, it comes on Black Friday and the lanes are not back opened to the number of lanes that we specified, those are when those examples hit regarding every 10 minutes.

Savage: So, the LDs are triggered in different phases and different areas. It's not just during substantial completion.

Keller: Yes sir.

Savage: It's locked in during the progress?

Keller: Yes sir.

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Savage: Okay, thank you.

Keller: I'd like to point out is, by Kiewit's proposal commitments to those dates, that there being evaluated against.

Savage: Yes, that was a win-win for everybody. And lastly, on the public outreach, I think it's very important, again, as far as communication. We've done it up here. It's imperative, I think that everybody communicates. So, is the public outreach dollar amount in their bid?

Keller: Yes sir, it is.

Savage: There is. As well as, the Department?

Keller: So, the Department, how our strategy to public outreach is two-fold. We have a support with CH2M that helps our process along, making sure that not only are the public coming to us but we're going out to the public. With that support, we have Tony Illia that's helping in leading that effort and overseeing the day-to-day activities on our public outreach. That includes from our discussing with businesses, discussing with the residents, our social media, as well as pamphlets, emails and so forth. Leading that effort will be Kiewit, developing those materials, but also before they can hit send, we need to have NDOT's approval.

Savage: I think that's great. I know Tony does a really good job and I know we have other people down south, but I think it's imperative we take a strong offense on this communication and this public outreach really to make the people aware. Thank you Dale. Thank you Governor.

Martin: Mr. Governor?

Sandoval: Oh, go ahead and proceed Frank.

Martin: Thank you. I wanted to thank the staff too. I've been following this RFP process and spent far too much time reading virtually every page and every line in this thing and when I reviewed this final package that's in our presentation today and the way the commitments are outlined and where's it found in the proposal and what's specifically being done, Dale and Cole, the job of writing this RFP was truly a well done process. As I read through the final realization of this thing, I haven't seen a much better comprised or composed entire package in my life. So you guys did—you hit it way out of the park.

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One other comment, Governor. Our partner down here in Southern Nevada, Tina Quigley from RTC would like to take a moment if she could.

Sandoval: Ms. Quigley, please proceed.

Quigley: Well not to pile on the thanks to Dale and to Cole but I also wanted to reiterate appreciation that after our last Board Meeting, when I expressed some concern about the fact that I wanted to see some NDOT employees living down here in relation to this project and also that there was going to be extensive coordination as it relates to the barricade plan with all the other projects that we've got going on here in Southern Nevada; they came and met with us, walked us through each of our concerns and have—we all pinky promised to really be committed to the coordination and communication. So, I too just want to say thank you Dale, your leadership is already shining as it relates to this project.

Keller: Thank you. Thank you Member Martin. And, a credit to the contract documents. It's not just NDOT staff. This was a combination from Nossaman, putting the design-build contract together and how efficiently we've gone through this process. Also, with CH2M, their staff, their technical leads as well.

Sandoval: Member Skancke.

Skancke: Thank you Governor. I too would like to congratulate you all, Cole and Dale, you guys have done a great job. For Frank Martin to say, this is one of the best things he's seen in his life and his career, that's quite a commendation. He does a lot of these. I have a great deal of respect for him and for him to make a comment like that should not be taken lightly by anyone.

Back to Member Savage's comment on public outreach, not that we should micromanage this, but I think it's important for us to maybe see what that public outreach looks like. Only because people are going to forget what we told them about nine months into this project, they're going to be here and in Las Vegas and in front of the RTC Board and City Councils complaining about congestion. I think it's really important for us to put on the record today that this is a long term project. People are going to be inconvenienced. There's going to be congestion. They are going to be frustrated. They've got to keep their eye on the end of the project which is, this is going to improve people's quality of life way beyond what's occurring today. We've got to continue to remind the public, because they're going to forget. I'm involved in a project in Southern California right

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now where there was 30 different public hearings and outreach meetings and everyone has forgotten what they were told three years ago.

I think it would be important for the Board to see what that public outreach strategy and campaign looks like and who the identified spokesperson is. I know we'll all get phone calls as well from people, so that's critical.

The other thing I wanted to bring up was, we have a problem in Southern Nevada with project coordination. None of the agencies talk to each other; from the sewer department to the utilities, both public and private, to the transportation agencies in the local government. So, for example, we got the airport connector under construction and now there's going to be a project on Tropicana. It's going to be virtually impossible to get into the airport. Which is brilliant. I just want to make sure that there are a lot of the east/west and north/south connectors that people are going to have to use while I-15 is under construction, that the RTC and the City of Las Vegas and Clark County and NDOT, they're not going to close Dean Martin or Martin Luther or Frank Sinatra, or that there's going to be major lane closures on Tropicana and Flamingo and Spring Mountain and Sahara, so that we have everyone doing projects at the same time and no one is coordinating or talking. Every time NDOT is in the I-15 right-of-way the County or the gas company or somebody is doing some work on Frank Sinatra or Dean Martin, so there is no alternative. You're going to have a new stadium opening at Tropicana in the next six months. We've just got to have some type of coordination between all of these agencies.

We are going to be impacted. If NDOT could take the lead on a coordination with all of those governments and agencies to make sure that we're coordinating, I think that would be a really good thing for us to do sooner rather than later. Because we never know when the gas company or the cable company is going to be in that right-of-way. Those are separate departments. I think the more proactive we can be in that arena, to make sure that we're all working together is going to be very helpful.

This is an exciting project. It's the future of Southern Nevada's economy. To the Governor's point of the fact that we've been able to as an agency and an organization, save a half a billion dollars and cut off 310, 12, 13 days, that's something that Jeff and Cy should write about. Since they're here. Go ahead, feel free not to do it.

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Sandoval: Don't forget Mr. Whaley in the back.

Skanccke: Right, sorry, I didn't see you. This is kind of a big deal. The fact that it was supposed to be a 20 year project and now going to be a three to four year project is monumental. So, congratulations and Governor, thank you.

Larkin: Governor, to respond to Tom's thing, there is a coordination effort down here that Tina would like to just call about Seeing Orange.

Quigley: Just to give you a heads-up, under the leadership of our own Chairman, Chairman Brown, we created the Seeing Orange Campaign, which is a one-stop-shop for anybody in Southern Nevada to learn about all the different projects going on. That was our 1.0 version of project coordination, so that we have one person who is knowledgeable of everything that's going on and can answer all questions related to it.

Seeing Orange 2.0 is going to be reinvigorating our existing Utility Coordination Committee. We do, as a Subcommittee of the RTC have a Utility Coordination Committee that was created by statutes, quite a while ago. We do meet regularly to talk about projects. It's only been in the last six months or so, where we have seen so much work come out that we're recognizing we've got to reenergize and reprioritize that Committee as part of coordinating road closures and barricade plans throughout Southern Nevada.

There is a lot of work going on, but we can tell you behind the scenes, we are starting to coordinate and communicate like we haven't ever before.

Hutchison: Governor?

Sandoval: Mr. Lieutenant Governor.

Hutchison: Thank you. I just had a general question. I echo all the comments that have been made. I don't want to repeat them. We're all very proud and very excited about this project. I just want to underscore the points that Tom had made and Tina, your comments as well. I just had a general question. We're talking about communication and coordination, is there somebody who actually has decision making authority to decide priorities, if in fact there are conflicting schedules with this type of work?

Quigley: At this point, the Utility Coordination Committee, there is no authority that makes that final decision. The Utility Coordination Committee is made up of the Public

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Works Director, Water Rec, Water Authority, Utilities as well and private sector developers. Some of those organizations, we would be able to have public control over, but the private sector ones we would not. They are developing a graphic user interface where graphically, each of these projects that is planned will be depicted during certain times of the timelines. Some of the projects are proprietary though, especially as it relates to the private developers and the utilities.

Hutchison: Thank you very much. If we're going to shut down access and streets during this Project NEON as Tom had flagged for us and I think it's an excellent point, is there anybody who can make a decision about priorities? In terms of, that street is not going to be shut down now or we're going to move that to a different timeframe. Is there any of that or is there anybody who has an authority when they're looking at that?

Quigley: Each organization would have their own authority. At this point, there's no overriding authority relating to that decision. There's a voluntary concerted coordinated effort to make sure that the projects are implemented in a coordinated manner.

Hutchison: Okay. So, to Tom's point again, if NDOT started taking the lead here in trying to coordinate efforts, it's a voluntary coordination of efforts, NDOT doesn't have any authority to prioritize and tell people what the timeframe is going to be then.

Quigley: No, you do not have the ability to prioritize projects with each one of the jurisdictions or the utilities, no.

Hutchison: Okay, thank you very much.

Malfabon: This is Director Malfabon, Mr. Lieutenant Governor. Just to that point, we have had the discussions, specifically on the Tropicana project, which is an NDOT project, a repaving project, so we do night work and have the lanes back open by morning rush hour. We recognize though, even though work hours at night that it is a traffic concern. We have the cones up. We will have coordination meetings between the RTC and NDOT specifically because we have projects in that vicinity of the airport that are ongoing or anticipated to start.

Hutchison: Thank you. Thank you Rudy.

Sandoval: Member Skancke.

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**Skancke:** Thank you Governor. I just want to say that, I think it's great that all these projects are under construction in Southern Nevada. We have Fuel Revenue Indexing that has hundreds of millions of dollars of project under construction. What I want to make sure happens is that we don't have all of this going on and then you know, during construction time people get frustrated. I just think we have to be very cognizant of this coordination. I'm glad to know who I can call when I'm stuck in traffic on Dean Martin and it's under construction. Tina, I have your cell phone number. I want to accentuate the point that the one mishap, the one missed step is going to cause problems. I want to make sure that we are very well coordinated and that there is someone leading the effort to the point the Lieutenant Governor made. There's going to be priorities and there's going to be turf wars and everyone's project is important. What's important is the driving public to and from their jobs and to and from their homes and their quality of life and how that is coordinated. Thank you Governor.

**Sandoval:** Other questions or comments? I don't know if this is for you Mr. Keller or for Rudy. The other perspective that needs to be brought to everyone's attention is what the Department has going on right now. So, we have the Boulder City Bypass, Project NEON, USA Parkway, the Carson City Bypass, then all the other projects as well. I guess for lack of a better term, you got this, right?

**Malfabon:** Yes, we've definitely had a good history and record of delivering these major projects on schedule. We appreciate that acknowledgment Governor. We've got this.

**Sandoval:** Like I said, you've got to step back here and think about what's going on with this transportation infrastructure in this State. This State needs and deserves a 21<sup>st</sup> century infrastructure, road infrastructure. So, we, you, this Department, I say we, this Department has taken on a huge responsibility but is delivering. It would be easy to sit back and spread it out but you're taking the bull by the horns. Within the next five years when all these projects are completed and the I-11 is started, you'll get that all done and then you get to start the I-11 and fix the Spaghetti Bowl in Reno.

In any event, it's a compliment to you and this Department.

**Malfabon:** Thank you Governor.

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Sandoval: It is. I mean, Tom has hit it right on the head in terms of, the public doesn't like construction. It's just the way it is. I think everybody instinctively knows that it's for the better, where the frustration comes in is when we build a project and six months later it's getting dug up again because we didn't put in some of that infrastructure, the sewer or what have you. That's where that coordination really is going to be very, very important.

I'm excited because I feel like this infrastructure is keeping pace with regard to economic development and growth. I think you said it, or maybe Tom said it, we can't be reactive. We have to be proactive. If we're reacting, it's too late. We never get caught up. That's why it was important for me to get this done within five years because it makes no sense to finish a construction window and then have to start all over again.

In any event, I wanted to kind of give everyone more of an appreciation for the bandwidth of this Department and that every corner of the State is the beneficiary of it; which means, every citizen is the beneficiary of it. Mr. Controller.

Knecht: Thank you Governor. One brief question and one brief additional comment. Mr. Keller, Mr. Malfabon, we've talked about the \$559M plus contract here. There's also the staff work that has already gone on, will be ongoing, plus the CH2M Hill, can you remind me what the total amount of that is and add that to the \$559M? What's the total nut going to be here?

Keller: For everything included, this discusses our right-of-way acquisitions, our preliminary engineering, our environmental study, the work that needs to happen to administer this contract, we're looking at around \$900M total for what we're delivering today.

Knecht: So, to the point that the Governor made, we're still \$100M to the better side of what the early estimates were, even when you include all of those. I think that's great. My final comment would be, looking at Item 4 in the package, I just want to say, I found Attachment D to be very helpful. The comparison of the commitments required, the proposals page numbers, the proposal location, etc. and the discussion of those details; that's the kind of good staff work that's helpful to a Board Member. As I said, Governor, at an appropriate time, I'll offer a motion if you'd like.

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Sandoval: Okay, thank you. And, Rudy, what is the true delta between what we were proposing a few years ago and what we're doing now?

Malfabon: I'm going to have to defer to Cole on that. It was significant.

Sandoval: I think it was \$2B at one time, wasn't it Cole?

Mortensen: Good morning, Members of the Board. For the record, Cole Mortensen with Project Management. Yeah, at one point in time for this project, we were in excess of \$2B.

Sandoval: That's all-in, right?

Mortensen: That's all-in, yeah. As you mentioned earlier, being able to combine the phases of the project that we have and a lot of that was what we learned in going through the P3 Procurement Process and starting to look at savings in combining, for example, Phases 1 and 3, to deliver those independently. We were doing about \$100M of temporary construction that was going to have to be redone at a later date. When you can start delivering this much more project and this much more infrastructure at one time, you're saving a lot of money on escalation for construction. As you had pointed out, we were looking at having four phases spread out over 16-20 years. If each of those phases takes three years, you've got I-15 under construction for 15 out of 20 years. What we've been able to do with this project is bring all that into three and a half years. I'd have to look at the numbers again to actually to tell you exactly what we've saved in combining the four packages, but I'm more than happy to do that.

Sandoval: I heard around a billion dollars, correct?

Mortensen: Overall, from day one on the project, we've saved over a billion dollars to date.

Sandoval: Yeah, congratulations.

Mortensen: Thank you sir.

Sandoval: All right. Member Skancke.

Skancke: Thank you Governor. I just had one recollection as a—at our last meeting, we were going to have CH2M Hill come in every 90 days, I think it was 90 days, to give us an update. Is that the same kind of schedule you're planning on having as

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project update for us on this project over the life of the project? Like, every 90 days just kind of give us a—

Keller: If that meets the needs of the Board, we'd like to wrap it all in one, so we do the project update, we'd give an update on where we are with CH2M agreement as well.

Sandoval: Any other questions for NDOT staff? All right, thank you gentlemen. I just wanted to hear briefly, if we have a representative from Kiewit here.

Koenig: Good morning Governor, Members of the Board. For the record, my name is Chris Koenig, I'm with Kiewit. Thanks for opportunity to address the Board this morning. I'd like to start by expressing our sincere gratitude and appreciation for selecting Kiewit to design and construct Project NEON. We are thrilled, honored to be involved with such an important and exciting project.

I'd like to offer a few comments from a contractor's perspective, from the outside looking in and starting with the proverbial piling on of the congratulations to the Department. As you may know, we are involved in many of these types of procurements and proposal processes with many agencies and many DOTs and we would count this process among the very best that we've been involved with. The process was transparent, professional, efficient and fair. You should be very proud of Cole, Dale and Mark Stewart's leadership of a great team. We're looking forward to getting started with Dale and his team very soon in the field. Looking forward to continuing this great relationship.

Speaking of getting started, I checked my calendar, I looked back and my first meeting with the Department regarding Project NEON was in March of 2012. Coming up on four years. We've been interested, engaged, planning, looking at the best way to build your project. It's nice to look back and realize that four years went by, but I hope that, again, from a contractor's perspective, spending four years looking at bidding a project is extraordinary. I hope it shows the passion we have for your project.

I'd like to reaffirm our commitment to creating local jobs. Dale showed earlier in his slide that we're looking at approximately 300 craftsman jobs that we will take on within ourselves and our subs. We have a great relationship with the unions. I've already met with the Laborers, Carpenters, Equipment Operators and they assure me that they have people waiting and ready to start constructing our job.

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In addition to those 300 construction worker jobs, we will create over 100 professional jobs. Our engineers and designers, we have over 100 of them that are local residents here in Nevada as well.

Again, I just want to thank you again for the opportunity. I thank you for the trust you're putting in us. We are not perfect. I've never met a contractor or human being that is, but we are accountable. If we mess something up, we will fix it timely. You can count on that. We're looking forward to—there's been a lot of hard work so far from our perspective, now it's time for us to perform and we hope that we'll see you at the ground breaking and then again at the very end and I think there's a great opportunity for a very successful job for the taxpayers of Nevada and the local travelers. Thank you.

Sandoval: Thank you. A great presentation. You feel good about the schedule that's laid out in the contract?

Koenig: Well, we have kind of a saying, if we feel good about it, we're probably not being competitive. It's an aggressive schedule. Again, we have put a lot of time and effort into it, a lot of independent reviews and we're confident. That 2018, we're kind of saying, we need our folks to kind of give up their life for about 10 months, you know, it's going to be really, really aggressive, but it's what we do. So, yes, we are confident.

Sandoval: Questions from other Board Members? Any questions from Southern Nevada?

Martin: No sir.

Sandoval: All right. Is there any further presentation on this agenda item, Rudy?

Malfabon: No Governor.

Sandoval: Any summary remarks you'd like to make?

Malfabon: I just wanted to thank the team. They did some great work over the past several years. As you pointed out Governor, there was some bumps in the road and we had to transition from a P3 to a design-build approach with bonding, but it was the best solution for the taxpayers of the State of Nevada and for the Department. For this Board to support that, I appreciated that support for that change. Here we are today, a momentous day for Project NEON and we're just excited to go forward. Plan that ground breaking event. Have the coordination with RTC, the

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City of Las Vegas and other stakeholders. From the Kiewit team and the NDOT team, it's just congratulations to all.

Sandoval: Thank you Rudy. Mr. Gallagher, just to make sure that I have it right, will the motion be to approve the selection of the best value proposer who is Kiewit as well as the contract?

Gallagher: For the record, Dennis Gallagher, Counsel for the Board. Yes, Governor, it is both items, to accept the proposal of Kiewit and then also to approve the contract.

Sandoval: All right. Before I take a motion, last chance, any questions or comments. The Controller has asked to make the motion.

Knecht: Thank you Governor. I move the ratification as just discussed on record by Mr. Gallagher.

Sandoval: The Controller has moved to approve the selection of the best value proposer who is Kiewit, as well as the contract that has been prepared by the Nevada Department of Transportation staff. Is there a second?

Skanke: Second.

Hutchison: Second.

Sandoval: Second by the Lieutenant Governor. Sorry. I'm going to give the Lieutenant Governor the benefit of the delay on the telephone.

Hutchison: Thank you Governor.

Sandoval: All right. We have a motion and a second. Any questions or comments on the motion? All in favor of the motion, please say aye. [ayes around] Oppose, no. That motion passes unanimously. Congratulations to Kiewit. Congratulations to the Nevada Department of Transportation. Most importantly, congratulations to the people of Southern Nevada because they're going to get a great project. Thank you, that motion passes. You can clap if you want.

Let's move to the important part which is paying for it.

Nellis: Exactly. Thank you Governor. For the record, Robert Nellis, Assistant Director for Administration. Good morning Governor, Members of the Board. I'm pleased to present the bond resolution for the Board's consideration. Joining me today is Peter Shellenberger with Public Financial Management. They conducted

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our previous bond sale for the \$100M Right-of-Way Bond. Also, Deputy Treasurer Lori Chatwood, as well as Jennifer Stern, Bond Counsel.

Just to reorient the Board, thank you very much for your approval on August 18, 2014. The Board approved that we would deliver this through a design-build bonding model instead of a P3 model and approved selling up to \$564M of bonds. To reorient you, the original bond sale was conceived to be four different sales over a four-year period; that's represented by the blue bars that you can see on the graph here. However, since the price proposal and the accelerated schedule has been dramatically improved, we're now forecasting a far different sale represented by the red bars. So, we're looking at roughly double the sale in 2016 and then coming down in the 2017 and 2018.

I'm excited about this because I believe we're taking advantage of low interest rates currently on the market and really being able to sell those bonds and get the project jump started that much sooner. We're getting those jobs going much faster than originally anticipated.

The resolution for your consideration has two components. The first is the actual bond sale for construction. That's in the neighborhood of \$200M that we're looking for, that should get us through the next year. It will help with mobilization, construction of southbound I-15 roadway and bridges, reconstruction of westbound US-95, as well as the other project components that you see on the screen there.

In addition, we're asking for approximately \$157M of proceeds to go towards refunding opportunities for bonds that we've already sold in 2006 and 2008. Because interest rates are so favorable right now, we can actually refund some of those bonds, save the State approximately \$7.7M on that sale and then, the restructuring would level out our payments in the 2017 to 2020 period where we anticipate having a very steep payment curve where we're pressing up against our upper limit of our bond payments. By doing this we also allow ourselves additional bonding capacity and flexibility in the long run.

Sandoval: I'm sorry Mr. Nellis, will you go into that a little bit more in terms of that cushion that we have with regard to financing?

Nellis: Sure. Let's see. To help with that, I'll just skip forward here. Just to refresh the Board's memory, we're attempting to keep a level of not paying more than \$89M

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per year, towards our debt service payments. That's represented by the upper flat line that you can see there. When we came to the Board originally, back in August 2014, we thought our payments would look something like the blue line and that's without any refunding opportunities, we were just thinking of, what would Project NEON look like if we made all the bond sales and just refinanced, or I'm sorry, just financed it at that level. As you can see, in 2020, we touched up against the upper \$89M payment level, however, what we're looking at now with the refunding opportunities is represented by the green line. You can see where, instead of having that peak up in the 2020, we're forecasting we can actually level out at about \$83M between, in payments between 2017 and 2020 and then a steep drop down to \$69M, no more than \$70M from 2020 through 2034. Then it just drops off completely with no payments after that. I like that representation because it's a pretty graphic picture of how well we're doing given the current market conditions and what we were thinking originally.

So, the resolution that's for your consideration is a total request of \$365M, that's going to allow us enough, based on market conditions, to receive up to \$205M in proceeds for Project NEON construction, as well as \$160M in proceeds for refunding opportunities. We think based on current market conditions, that's more in the range of about \$157M, but we just want to have that extra cushion of your approval because by the time we go to market, who knows what the conditions will be at that time.

As you can see on the curve, on the far left, with the dashed line, that's our annual debt service before any refunding opportunities. So, that's currently what we're looking at paying. Compare that to our forecast, after selling this \$200M bond with the refunding opportunities, you can see in 2016 and 2017, we're up just barely above that at \$75M per year. Then really level out, drop below between 2018-2020 and then dramatically drop from 2021-2029.

Of course, we have to take into account, not just this bond sale, but the two future bond sales that we're forecasting. When we add those into our total debt service, now we're looking at payments of no higher than \$83M in 2017-2020 represented by the four bars on the far right there. So, that's our pinch point years where before they were much more dramatic going up against our \$89M level. So, we're well below that. Then you can see, after 2020, it drops off to about \$70M from there on out and that keeps us at a nice safe cushion between that \$89M level, which we don't want to go above because we feel we can sell a AAA rating

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to the rating agencies if we stay well below that line. So, I think we're in really good territory.

I would like to have Peter Shellenberger come up to talk about the current market context and the conditions that led to our analysis and then answer any additional questions the Board may have.

Shellenberger: Thank you Robert, good morning Governor, Members of the Board. I'm Peter Shellenberger from PFM, Public Financial Management. Just to reiterate a couple of things. So, first on the refunding, as the current market holds, rates are very low. It offers up about \$7.7M in savings. We're looking at refunding a portion of bonds from the 2006 series and the 2008 series that are already outstanding. Final maturity on the bonds that we're looking to refund is 2026. We are not going to extend the final maturity.

So, a couple of things are achieved. We're smoothing debt service without extending the final maturity and receiving \$7.7M in cost savings. Those are a couple of important takeaways.

Here's a quick snapshot, looking back at the last 10 years of two rates. It's a 10-year yield represented by the yellow curve, going up and down. Then the 20-year yield represented by the blue curve, also going up and down. That up and down movement points to the fact that over the last 10 years—and, if you just look at the last year in particular, it's been very volatile. We all see the news about the stock market issues in China and elsewhere, really driving some volatility. The same is true for the Municipal Bond Market.

The good news is, while it's bouncing up and down, it's still hovering around near term lows. And the average life of the bond for the upcoming issuance proposed to you today is about 10 years. So, the appropriate index for a quick estimate is that yellow curve. Today it's about 2.02%, Robert just showed you some numbers that shows the all in borrowing costs would be, under current rates, conservatively about 2.88%. So, just to put that in context, that used to be the going rate for inflation, or even a little bit below. We all used to use sort of 3% for the going rate for inflation. We're talking about going out, delivering \$2M of your project needs at rate that's 2.88%. The market is very favorable to go out and execute today.

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Just one last slide, this looks at three different yield curves. Yields 1-30. The final yield for your portfolio once you deliver Project NEON will be through 2034, so standing here today, that's a 19 year final maturity. I just want you to think about it in terms of future flexibility and where you're sort of capturing today. You're staying very short, which is low cost. Just thinking about that in terms of your home mortgage, the shorter you keep 30 years, 20 years, if you keep it closer to 20, that's a low cost.

Also, the second takeaway is, we've structured this portfolio where you never go above \$70M after 2020 and the target is really for the comfortable level, \$90M. So, you're staying short, but you're also keeping quite a bit of flexibility of \$20M annual cushion through 2020.

So, the overall objective is to work with Lori Chatwood from the Treasurer's Office, with your senior staff. Meet with rating agencies, we've got a rating upgrade to AAA from S&P last year. The push is to try to find another rating upgrade from Fitch or Moody's this year, to lower the borrowing rates because you have all this great cushion, very short portfolio, you know what you're doing for the next five years in terms of borrowing, it's very modest, so we can make a very strong case. The environment that you're issuing in is low and very favorable. Happy to answer any questions.

Sandoval: Thank you Mr. Shellenberger. It sounds like, we're hitting this—I don't want to jinx anything, but we're hitting this at the perfect time.

Shellenberger: Together with the wonderful contract, your interest rates are with you as well. So, it's a great time to be doing what you're doing, yes.

Sandoval: So, that's another, I guess you'd have to speculate in terms of monetizing the benefits of doing this now, but assuming we get through that window and the interest rates don't go up, that's another substantial savings to the taxpayers of the State, correct?

Shellenberger: Terrific taxpayer savings, it is and just to let you know, as we forecast any future issuances, today is a great rate environment. The 2017 and '18 issuances, we're building in 150 basis points and 200 basis points for cushion. So, the plan, two points, I've mentioned this to your senior staff. You're very forward looking. You have a very comprehensive view. That's very well received by investors and rating agencies, so kudos to you and everybody for looking so far in advance.

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And, it's a conservative look ahead. So, the results that you're looking at today represent excellent savings and there's conservatism built into that.

Sandoval: Thank you. Mr. Controller.

Knecht: Thank you Governor. I want to start by recognizing Lori Chatwood in the Treasurer's Office for the fine job they've done on this. Like you Governor, as a member of the Board of Finance, I've benefitted from the information they presented and the work they've done. The taxpayers of Nevada and the Department of Transportation are all benefiting from that. So, Lori, thank you all.

Second thing, Mr. Shellenberger, a few quick questions and thoughts. The Wall Street Journal didn't make it over the hill this morning into our area because of whatever snow, so I wasn't able to look up this morning's figure, but I believe that 10 year bond has gone up 25 or so basis points in the last 10 days. What's going on there essentially is, that people are pricing in some expectations about fed policy at the December meeting. But, it's still a very modest effect and as you pointed out, we're still in the realm of historical lows as we have been for six years now. Is your bond interest rate outlook informed by an economic outlook, the rate of economic growth or is it somewhat independent of that?

Shellenberger: Good question. As always well informed. Stepping back and addressing the context, part of the volatility throughout the year has been a guessing game as to what the fed is going to do and when they're going to do it. We know they're going to increase rates. The overnight rate has been close to zero since 2008. It's getting longer and longer now, six years it's been overnight, free money. We thought that was going to be increased in September in the economic reports. We're not favorable enough for them to move and now they meet again on December 16<sup>th</sup> and 17<sup>th</sup>. That's beginning to and they've noted that they could, I guess the language is, they may—they could, they're very non-committal. So, that creates volatility. That has been priced into the curve. The curve we use for economic forecasting, we don't develop it in-house. We use an industry standard curve that does take that into account, the future concepts of inflation and expectations of Federal FOMC moves in December.

Knecht: Does the data that you use include a long-term economic—real economic growth rate outlook?

Shellenberger: It does. It does.

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Knecht: Do you know what that is?

Shellenberger: Well, I'll tell you, really what it represents is investor preference today. So, in so far that investors have built in, sort of, Vanguard, Fidelity, they're certainly looking 20-30 years out and building in their economic models. They come to the market and buy your bonds. State of Nevada sold bonds last month. So, the results of recent sales—so, it's really a current market index, presumably reflective of others' view of the future.

Knecht: Governor, let me add a couple of things, in part in response to what you said about this being a good time. Four, five and six years ago, as Mr. Shellenberger says, we've been in this low interest rate environment and I believe the major reason has been because the economic growth outlook has been poor and remains poor, but looking at those rates as a Regent on the Investments Committee and the Major Projects Committee, I kept telling our people that at the Board of Higher Education, get those bonds to market as soon as possible. As the rates stayed low and as the outlook stayed lousy, the urgency of doing that has diminished. On the other hand, as Mr. Shellenberger points out, and I pointed out, the fed policy portion of this may be changing, so it's a good time to be doing it. In any event, the overall situation is that for the last six, seven years, we have been in a historically low interest rate regime and I think the refinancing that we're going to do and the financing of this project upfront are very timely for that reason. So, I'm very happy and supportive about this. The downside of course and as you know, we're preparing the Comprehensive Annual Financial Report now which includes an economic outlook; the downside is, I can't give you any hope that any improvement in the real economy, any recovery is coming. Life is still going to be bumping along the bottom in that regard. I'm confident, I'm optimistic at least that the interest rates will be low, pretty much for the timeframe that we're talking about with this. So, I'm happy about going to market as proposed by Mr. Nellis and Mr. Shellenberger.

Sandoval: Any other questions or comments from Board Members? Mr. Nellis, anything else you wanted to present?

Hutchison: Governor?

Sandoval: Mr. Lieutenant Governor.

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Hutchison: Thank you so much. Just a quick question to sort of follow-up on a couple of points that have already been made. I'm sure I don't know the big picture here or what the thinking is, so I'm going to ask Mr. Nellis or Mr. Shellenberger. If the interest rate environment is so good now, which we all believe it is and we've heard that repeated today. We have in our packet here statements that say we're going to be coming back and looking at additional bonds for Project NEON in '17 and '18. What was the thinking in terms of the amount that was requested for this bond request here, this resolution? Was the thought to additional bonding amounts at this point, when we're in such a favorable environment and taking away a little bit of the risk in the future when we have to come back in '17 and '18, particularly given the Presidential election in '16.

Nellis: For the record, Robert Nellis. I can answer that question. We did carefully consider what the bond amount sale should be at this point in time. Basically it comes down to can we really time the market? Yes, interest rates are low at this present time, but does that mean we should bond for the whole project right now and take on those extra carrying costs and that interest over the next two years or do we—we feel like we're in a good market at the time, so we sell those \$200M in bonds and then ease into the market over the next two years. We just—we don't know what those interest rates are going to be. Everybody believes that they will go up. At the same time, I don't know that, if we have a project cost curve that's showing about \$200M of construction occurring over the next year, there really isn't a reason to sell more than that right now. We're just timing it as best we can and then come next year, we'll look at the current conditions of the project, the market and then recommend a sale at that time.

Hutchison: So, given all those considerations, the \$200M that you're asking for for Project NEON you think is the most prudent way to go in light of, not only the amount that we need now, but your expectation of what the future rates will be.

Nellis: I would say it's most prudent for the time based on the project need to not wanting to sell more than what we need at the present time.

Hutchison: Thank you very much Mr. Nellis. Thank you Governor.

Nellis: Thank you sir.

Sandoval: Any other questions or comments? Mr. Nellis, anything else?

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Nellis: Just real quick, Governor. Real quick schedule. So, if the Board approves this resolution today, tomorrow it goes to the Board of Finance for approval. Then the Interim Finance Committee on December 16<sup>th</sup> because we had put the previous bond sales into our budget as they were reflected by the blue bars on an early chart, so we now have to go back and get their approval for those additional sales.

We plan to meet with the rating agencies and take them on tours of the project the week of January 18<sup>th</sup>. Actually that's been pushed forward, I'm sorry to the week after that, to around the 25<sup>th</sup> and then have a conference at the rating agencies on the 26<sup>th</sup>. We just recently decided that last week. Then the competitive bond sale should occur the week of February 15<sup>th</sup> with final closing sometime the week of March 7<sup>th</sup>.

Sandoval: Any further questions? If there are none, the Chair will accept a motion to approve the resolution requesting the State Board—not the State Board of Finance, but the resolution that is included within Agenda Item No. 5, requesting the State Board of Finance to issue Highway Revenue Bonds.

Knecht: So moved.

Sandoval: The Controller has moved for approval, is there a second?

Savage: Second.

Sandoval: Second by Member Savage. Any questions or discussion on the motion? All in favor say aye. [ayes around] Oppose, no. That motion passes unanimously. Thank you Mr. Nellis. Thank you Mr. Shellenberger.

Agenda Item No. 6, approval of contracts over \$5,000,000. Mr. Nellis.

Nellis: Thank you Governor. Again, for the record, Robert Nellis. There was one contract that can be found under Agenda Item No. 6, on Page 3 of 10 for the Board's consideration. This is a resurfacing project located on Interstate 80 east of the East Wells Interchange in Elko County. There were four bids and the Director recommends award to WW Clyde and Company in the amount of \$16,394,527.13. Governor, that concludes all the items under Agenda Item No. 6. Are there any questions I may answer or direct to the appropriate person?

Sandoval: Thank you Mr. Nellis. Questions from Board Members? Member Savage.

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- Savage: Thank you Governor, thank you Mr. Nellis. Question, has WW Clyde worked for the Department in the past?
- Malfabon: Yes, they have worked for us. It's been some time, but they're constantly bidding projects up in District 3 and this was—they were successful on this one. They have worked for us in the past.
- Savage: Thank you Rudy. I know it's a large project for District 3. Another question would be, I noticed in the documentation the subcontractor Dan Lafferty Construction was not a licensed State of Nevada Contractor at the time. Has our legal department reviewed that to see whether or not there were any issues at that point? Maybe they were in a current application. I know in the past from my experience, the Nevada State Contractor's Board, if there's an application in process, then it's in good standing and there wouldn't be any questions. That was one of the questions I had, whether or not Dan Lafferty Construction, they were listed as a subcontractor but not currently licensed in the State. Mr. Gallagher?
- Gallagher: For the record, Dennis Gallagher. Board Member, your recollection of working with the Contractor's Board is still how they'll operate. As long as there is an application pending, they're okay with it. As far as this particular contract goes, as long as they've secured the appropriate Nevada licensing before commencing work, the Department should be satisfied.
- Savage: Very good, thank you Mr. Gallagher. Thank you Mr. Nellis. Thank you Governor.
- Sandoval: Any other questions with regard to Agenda Item No. 6? If there are none, the Chair will accept a motion to approve Contract No. 3609, described in Agenda Item No. 6.
- Skanche: So moved.
- Sandoval: Member Skanche has moved for approval. Is there a second?
- Martin: Second.
- Sandoval: Second by Member Martin. Any questions or discussion on the motion? All in favor of the motion, please say aye. [ayes around] Oppose, no. That motion passes unanimously. Let's move to Agenda Item No. 7, approval of agreements over \$300,000. Mr. Nellis.

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Nellis: Thank you Governor. There are five agreements that can be found under Attachment A on Pages 3 and 4 of 76 for the Board's consideration. Page 4, in case you don't know, it's on the back of Page 3, it's double sided, just to orient you.

Line Item No. 1 is Amendment No. 5, with Jacobs Engineering Group. This is to increase authority by \$3,550,000 and extend the termination date to assist the Department with Contract Administration Support Services for the USA Parkway Project.

The second item is with Eide Bailly, formerly known as Kafoury, Armstrong, this is in the amount of \$877,875. Services consist of operational audits of various areas of the Department to identify opportunities for improving internal controls and to evaluate effectiveness and efficiency.

Are there any questions on these two items before I move on to Items 3 and 4?

Sandoval: Questions? Member Savage.

Savage: Thank you Governor. Mr. Nellis, question on the second item with Eide Bailly. And, first of all, I want to thank you for the support documentation on all these agreements. It's very helpful with the substance and the information that's provided. It's very worthwhile.

A question is, on the length of the audit, for the life of me, I can't understand why it goes until 12/31/2017. And, why wouldn't it be more compacted in a shorter timeline because that's a long way out.

Nellis: Robert Nellis for the record. Oh, I'm sorry, go ahead, Director Malfabon.

Malfabon: I'll take it Robert. Just in response, there were several items that the Board had directed the Department to pursue in the operational audit. We felt that it'd be best to issue task orders separately as the Eide Bailly team tackles each one of those based on our direction to go forth on that on kind of a task order basis. So, do several high priority ones first; the procurement related issues, the ones that we have a lot of exposure to the loss of funds. Tackle those first and then go systematically through the whole list of the items. It wouldn't be all in at once, it's going to be done in a phased approach, that's why it takes so long.

Savage: And, I know audits aren't fun. I mean, it's always difficult to have somebody inside reviewing everything. I think it's a good time to have an audit. I don't

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know if it can be reduced in time or not. Maybe you've put the thought into it and talked to the people, because I know there is disruption. I realize we're very busy. There's really no good time for any audit, but it's important that we have that checks and balances. I appreciate the answer.

The next question, Mr. Nellis or Rudy would be, who is the main contact for the Department during this audit? Who is the point of contact?

Nellis: For the record, Robert Nellis. David Olsen, our Chief Accountant is the main contact and Project Manager for this one.

Savage: Because I think it's important that the Administration understand, not only from accounting, but also from business and operations and communications that we have those people involved as well, in order to respond and correct any deficiencies. That's all I have. Thank you Governor.

Sandoval: Thank you. Other questions from Board Members?

Hutchison: Governor.

Sandoval: Yes, Mr. Lieutenant Governor.

Hutchison: Thank you. And, Mr. Nellis, thank you again for the presentation. I agree that the supported documentation is very helpful. Maybe you can just give me some historical perspective here. Is this the kind of thing that we've done in the past, that NDOT has done in the past? Has this type of assessment ever been done, just internally? As I look at the protocols for this bid, it really is a matter of just having the consultants come in and take a look at the current policies and procedures and see if they're being followed. Things like, overtime, are we getting preapproval for overtime. Are we storing state vehicles at home. Are we following our maintenance protocol for our HVAC system that sort of stuff. Is that just always been an outside audit function? Has it ever been done in house? And, what would be the benefit that NDOT secures from doing this with an outside audit company, or firm I should say?

Nellis: Again, for the record, Robert Nellis. This has been a longstanding audit that we've wanted to do. I think it would be best to let Director Malfabon respond because of the long history of getting it to this point.

Malfabon: Yes, Mr. Lieutenant Governor. About a year ago, we were proposing to the Transportation Board the idea of looking at all these efforts. It is something that's

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unique and comprehensive, very broad based. In our approach, there were several items that the Board directed the Department to go ahead and proceed under the contract audit approach. In order to address some of these concerns and issues and look for improvements that the auditor could identify.

So, it started out with the Department wanting to improve our controls, improve our operating and policies and procedures. It just grew into a much more comprehensive look at the Department's operations and where there was exposures and things an auditor could come in with an outside look and view of the Department and help us and assist us. We have had more kind of process improvement through consultants coming in and assisting us, but it's been years since we've done this type of comprehensive look at the Department's policies and procedures in very crosscutting areas.

Hutchison: Thank you Rudy. It sounds like then, just based on what the Board has spoken about and decided previously that this was something that grew out of prior discussions. It sounds like there was a need to see some independence in this analysis. I assume Rudy that NDOT evaluates things like, are we getting preapproval for overtime or are people taking their cars home and maintaining their facilities at home as opposed to state facilities or are we maintaining our HVAC system as we should. I assume that there are internal controls over those kinds of things and others that are expressed here. Really, the purpose and the benefit of this audit would be to get a more independent analysis particularly in terms of recommendations for improvement. Is that a fair—

Malfabon: That's exactly spot on.

Hutchison: Okay. All right, I understand now, thank you very much.

Sandoval: Other questions from Board Members? If there are none, the Chair will accept a motion to approve the agreements over \$300,000, 1-5 as described in Agenda Item No. 7.

Nellis: Governor, if I may, I'd like to continue through Items 3, 4 and 5, just presenting those for the Board just in case there are additional questions.

Sandoval: All right.

Nellis: Item No. 3 is with Federal Engineering, Inc. in the amount of \$633,199. This is to help the Department write a technical scope of services for a request for proposal

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that will identify the next generation communications system. Services include: technical research, preliminary design, assistance with developing the evaluation criteria and guidance during proposal evaluations. Just as a reminder, this is only to get us through the RFP stage. There will be additional costs, of course, after we get proposals and see what those will be. We also have a representative here from Federal Engineering, if there are any questions.

The fourth item is with CA Group, Inc. in the amount of \$2,400,000. This is to provide a traffic study for Interstate 80, 580, US-395 Interchange. The work consists of traffic forecasting modeling and analyzing for the purpose of evaluating capacity, operational and safety improvements.

Finally, Item No. 5 is Amendment No. 3, for Legal Support Services, to increase authority by \$450,000 to proceed with discovery settlement, negotiation, mediation, litigation and appeal.

With that, are there any questions I may answer or direct?

Sandoval: Mr. Controller.

Knecht: Thank you Governor. Let's focus on Item 5, the Snell and Wilmer amendment first. Is this the same contract on which we suspended any activity or action earlier this year? I believe it is.

Nellis: Yes sir and I've been—

Knecht: The reason for that was a conflict that the law firm had due to their representation of an adverse party to the State in other litigation. Have I got that right Mr. Malfabon?

Malfabon: Yes, I'm going to let our Chief Deputy Attorney General, Dennis Gallagher, address those points.

Gallagher: I was interested in Mr. Malfabon's response too. For the record, Dennis Gallagher, Counsel to the Board. Mr. Controller, you are absolutely correct. This is the item that was on the May agenda for the Transportation Board in relation to the Meadow Valley claim. As some of the Board Members may recall, Meadow Valley made a claim out of a contract in Washoe County. The initial claim was approximately \$1,400,000 and with the passage of time, it grew to approximately \$14M.

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We came before the Board in May requesting additional funds. Right before the Board Meeting, another office of that law firm had filed a lawsuit against the State. So, the Board asked if under applicable Nevada law a conflict was presented. We have researched the Rules of Professional Conduct as adopted in Nevada and it's the opinion of my office that under current law and the current rules as adopted in Nevada, a conflict is not present where a private law firm, both represents one government agency and then in another matter sues a different government agency. Therefore, the item now is back before your consideration.

I might also add that the underlying claim is close to being settled. Through Mr. Kaiser and Mr. Malfabon's good efforts, for significantly less that has been claimed. If that settlement does go through, we would take this amount, pay the law firm what they're owed and then simply close the contract.

Knecht: Two further things on that. Thank you Mr. Gallagher, your information and your legal counsel, your legal advice is something I'm going to be relying on here, I think we all are. I'm glad you put that expressly on the record here. Just to be clear, you're saying that the representation by Snell and Wilmer, the party suing the State does not constitute a legal problem in the law. What about in terms of the Bar ethics and legal ethics? Is there any problem raised by that representation there?

Gallagher: For the record, Dennis Gallagher, Counsel to the Board. We're relying on the Rules of Professional Responsibility as adopted by the Nevada Supreme Court, Rule 1.7, I believe. I will also point out, Mr. Controller, that during some additional research, we also found other instances where law firms might have representation of a State Agency and yet, another member of that law firm might have a pro bono case representing an indigent defendant somewhere. So, there are a number of other examples that are available for the Board to consider.

Knecht: That's helpful. Again, I'm going to be relying on your counsel here, literally. Final question at the moment on this is, the record will show that, at least twice it will show, maybe three times that in response to the bringing of this item previously and the setting it aside by this Board, I announced that as Controller, I had put a hold on all payments to Snell and Wilmer and I presume based on what you're saying today, that it would be appropriate and timely for me to stop that hold and to allow payments that are dually processed to Snell and Wilmer to be paid.

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- Gallagher: For the record, Dennis Gallagher. At the Board's direction back in May, we stopped processing any invoices. My recollection is, no invoices went to your office, but had one, you would've stopped payment and it would not have been made. If the Board does approve this, we will process existing invoices and they will be forwarded to your office.
- Knecht: And, I presume the rest of that story is, I should A, either pay them or ask my Deputy Attorney General should I pay them?
- Gallagher: As Counsel for the Board, it's respectfully requested, if the Board approves this item, that you put them in line for payment.
- Knecht: Thank you and thank you Governor.
- Sandoval: Thank you Mr. Controller. Just so I'm clear, has Snell and Wilmer incurred additional fees since the time this Board heard this matter in May?
- Gallagher: On May 8<sup>th</sup>, the law firm was contacted and advised not to perform any more work under this contract.
- Sandoval: And so, this is to allow them to start running the clock again and doing work.
- Gallagher: Actually Governor, we were not current. We had incurred a debt with Snell and Wilmer, by the time the Board action occurred in May, there were invoices for work performed prior to that date that we've held.
- Sandoval: So, we have a big bill.
- Gallagher: We have a bill.
- Sandoval: A big bill.
- Gallagher: We have a big bill.
- Sandoval: Yeah. And, have you reviewed the billings?
- Gallagher: I have not personally reviewed the billings but the Senior Deputy Attorney General assigned to this matter has and he has represented to me that he views that the bills are in order.
- Sandoval: And so, what we've been billed to date is just a review of the files?

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- Gallagher: No Governor. This initial contract, excuse me, this agreement initially started with Snell and Wilmer assisting in a public records request from the contractor basically wanting any and all documents related to certain aspects of the project. From there, the claim came in at \$1.4M and then grew, I believe incrementally up to \$14M. So, it was during that process that additional documents were reviewed. A significant portion of Snell and Wilmer's invoices are related to third-party experts and consultants who did forensic analysis of the claims that were coming in from Meadow Valley.
- Sandoval: So, how much has Snell and Wilmer billed the State for this work?
- Gallagher: All in Governor, including their experts and consultants, a little over \$450,000.
- Sandoval: And, do you know how much of that is for experts and how much of that is for legal fees?
- Gallagher: Experts is just under \$200,000.
- Sandoval: So, what has Snell and Wilmer done?
- Gallagher: I believe their fees, attorney's fees are approximately \$250,000.
- Sandoval: So, are we paying them to review the review work of the experts?
- Gallagher: They retain the experts. So, the experts were under contract with Snell and Wilmer.
- Sandoval: No, but my point being is I don't hear any real legal work here, so we haven't filed a document in court, correct?
- Gallagher: No. We were anticipating, back in May, based upon representations by Meadow Valley's Agents that we tried to go into mediation, they would not agree to go into mediation. We were expecting to be in District Court at that point in time.
- Sandoval: But I mean, we haven't prepared a legal brief.
- Gallagher: No.
- Sandoval: We haven't done any discovery with the exception of our doing our own independent review of our documents.

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Gallagher: We reviewed the claims in detail and would go back and ask for additional documentation.

Sandoval: That just seems like a lot of money for document review.

Gallagher: It is Governor. Indeed it is.

Sandoval: How many people are we paying to review documents?

Gallagher: In this matter, when it was just a public records request, there was an associate out of their Las Vegas Office and once it escalated, there's a partner out of the Phoenix Office that took lead.

Sandoval: So, do you know how many hours of review that is?

Gallagher: I'd have to go back and pull it, we have that information available.

Sandoval: Do you know what the hourly rate is for the partner?

Gallagher: Off the top of my head, Governor, I'm afraid I do not.

Sandoval: It just seems really high to me. That's a lot of money. I mean, we've paid \$250,000 for experts to review those documents?

Gallagher: Reviewing the claims, yes.

Sandoval: Claims and, will those claims—when you say reviewing claims, is that synonymous with reviewing documents?

Gallagher: Yes sir. Yes sir.

Sandoval: So, that's the same function. So, the experts, who I would assume are—who are they, that's my question?

Gallagher: Experts in construction claims, forensic accountants that would go in and look at the claim and the back-up documentation that had been submitted from the contractor.

Sandoval: So, I would assume that they prepare a summary for legal counsel to look at.

Gallagher: Correct.

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Sandoval: So, again, I feel like we're paying twice. We're paying these experts \$250,000 and then we're paying the lawyers another \$200,000 to review the exact same documents that the experts have reviewed and given us a summary of.

Gallagher: Uh huh.

Sandoval: That fair?

Gallagher: I will not disagree with you sir.

Sandoval: Well, it's easy for me to sit up here and talk about this because I haven't been there, but it just seems really high. It's a sore subject for me already because this is a firm that is billing us \$450,000 that turned around and sued us. They're billing us, again just from what I've heard, for partner and associate review of documents that were already reviewed by a subject matter expert. So, as I said, I feel like we're paying twice for the same work. Why would we need the experts if we've got the lawyers reviewing it?

Gallagher: Well—

Sandoval: Or vice versa.

Gallagher: Right. For the record, Dennis Gallagher. Of course, the lawyers took the expert's report and assisted in formulating what they believed to be, would be legal defense, as well as preparing for what had been proposed at one time, a mediation, again unfortunately Meadow Valley wouldn't agree to a particular mediator. That went back and forth and then finally, I think other representatives in the Meadow Valley organization dealt directly with representatives at NDOT and I think after an extended period of time and the exchange of even more documents, have apparently reached an agreement in principal.

Sandoval: Which is great. I mean, that's on NDOT's clock. This \$450,000 doesn't even include the time that NDOT Counsel has spent on this as well as NDOT staff.

Gallagher: Correct.

Sandoval: I also have a problem for paying for mediation preparation for a mediation that hasn't even been scheduled. I don't know, perhaps, I'm only one Member, but I would really be interested to look at those billings.

Gallagher: Certainly, we've got them.

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Martin: Governor?

Sandoval: Yes, Member Martin and then the Controller.

Martin: I share your trepidation. I've been involved in this Meadow Valley deal since late 2012, early 2013. Whether I wanted to be or not, I was. Just to paint a little bit more of a picture than what's in the write up, we issued Amendment No. 2, for \$90,000 taking it up to \$170,000 authorized; which means basically, from January to May is when this other \$450,000—in my opinion, they are asking for an additional authorization for \$450,000. So, from January to May, they spent \$450,000 plus I'm guessing—I'm guessing, a good share of the \$90,000 that was already authorized in Amendment No. 2.

I agree with you sir, I don't see how that's possible. I've looked at the reports from the third-party review on a variety of technical issues. The report is pretty direct and four pages, maybe five pages. I'm in agreement with you sir, I don't know how it is possible in a four month period of time, how you can spend \$450,000 in legal and experts. Like I said, I've got somewhat of a knowledge of what's been going on. It just does not compute to me at all. I stand behind you 100%. I can't see how this could be possible.

Sandoval: Thank you Member Martin and the fact that you've been front and center on this is a really helpful perspective to me as well. Mr. Controller.

Knecht: Thank you Governor. Two things. First of all, I wanted to say that I share the concerns that you and Member Martin have raised. It gives me great pause on this whole thing. Second, for a number of reasons, I'd like to make a particular request of Mr. Malfabon and staff and Mr. Gallagher on this, the kind of request that I have not made in a year and don't expect to make for another year, but what I would like is, on this Item 5, the Snell and Wilmer contract of Agenda Item 7, I would like to get an expedited copy of the minutes regarding this, just as fast as you can get it to me, without waiting for the Agenda for the next meeting with the draft minutes in there. I'd like to get the draft as soon as you can produce that so I have that at my disposal and can review it in decisions I've got to make.

Hutchison: Governor?

Sandoval: Mr. Lieutenant Governor.

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Hutchison: Thank you. Can I just make a couple of observations and maybe to help me understand what we're going to be doing here or maybe what our options are. Governor, it seems to me that the first question is, do we authorize the payment of a past bill? We've been talking about that and the extent to which there's been a lot of legal work apparently done or billed for. Then the next question is, do we then authorize the continuation of work with this law firm? It sounds to me like there's probably some pros and cons there. The arguments to favor that would be, it sounds like based on what Dennis has told us, we're pretty close to the end here, we may be wrapping this thing up anyway, maintain some sort of cost, some institutional knowledge on a go forward basis. So, it seems like we've got to make a decision about those two things.

I think many of us, if not all of us, are very troubled by a law firm that represents the State and then comes and sues the State. We've been given a legal opinion that there is no conflict of interest, no legal conflict of interest or ethical conflict of interest. That begs the question whether or not we as a Board want to create our own policy on a go forward basis so that we would know if in fact there was ever litigation filed against the State when a law firm is representing the State. If we could have that information, I think it would be good to have that information as a Board.

Secondly, we may want to consider whether we want to include in our own legal contracts with law firms that they not represent any client against the State. Then it's not in light of an ethical question or a legal conflict, it's just a contractual provision that we have in any retention agreement we have with future law firms.

My final observation would be, just based on my own experience, the way that you would spend this kind of money, Governor, without any discovery as you noted or motion practice, court appearances or anything really actively involved in litigation is if you just have a very, very document intensive case. That just takes a tremendous amount of time to review the documents. That would be the only way that you could justify that, but what I'm hearing, I think I heard Member Martin correctly, Frank that the summary was four to five pages from the experts in terms of their analysis of what those documents show, is that right?

Martin: The experts review, I've got it here with me because I knew this was coming up. The experts review that I took a look at that was provided to me by Reid last month is four pages long, yes sir.

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Hutchison: Yeah, so Governor, that's hard to understand. If this was a very, very document intensive case, that would justify that kind of billing, how you would wind up with only a four page summary from the experts. Those are my comments.

Martin: I can tell you the nature of this case would make it very document intensive and the request from Meadow Valley's consultant was very intensive. The part that I'm questioning is, how much could you possibly spend in a four month period of time, it just doesn't make sense to me.

Hutchison: Yeah, Governor, as I noted, just response to Frank, it would have to be just an awful lot of intense document review and analysis. I'm not close to it like you are but when you end up with a four page summary from the experts, that doesn't sound like an incredibly intense document review process.

Malfabon: Governor, if I may clarify. This is Director Malfabon, Lieutenant Governor. The four to five page summary on a technical issue that Member Martin was talking about was one that was focused entirely on the drilled shaft construction. Snell and Wilmer was looking at all of the issues. That four to five page summary was specific only to one technical issue related to drilled shaft, the foundation construction for the bridges. I just wanted to clarify.

Martin: And Rudy, you are correct there. That in that particular issue is where a lot of the delay in the project was being claimed by Meadow Valley, as you know.

Malfabon: Yes Member Martin, it was a combination of utility, design issues and that issue of the drilled shaft construction, so you are correct.

Martin: Yes sir. Yes sir. But, like I said, this is the only expert that I've seen and what I see here is not \$250,000 or \$200,000 worth of expert reports.

Sandoval: Mr. Skancke.

Skancke: Thank you Governor. I think it would be wise and prudent for the Board to hold this item for another month until we get some additional information. I think your comments and Mr. Martin's comments, taking a look at some of the billings and letting us at least get a report from Mr. Gallagher on a detailed analysis from your point of view, Mr. Gallagher, since you're Counsel to this Board. I'm certainly not comfortable moving forward with a payment of this size until we have some more information. So, when we get to that point, I would make a motion that we would hold this item.

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Sandoval: Thank you. Member Savage.

Savage: I agree with the rest of the Board Members. I believe it's a total of \$620,000 that we're actually looking at rather than the \$450,000 at this request. I think it's imperative that we have good substantiation justifying the costs and us understanding the true value that we're getting as a Department. Thank you Governor.

Sandoval: Mr. Controller.

Knecht: Thank you Governor. One final quick question for Mr. Malfabon and Mr. Gallagher. Is there any problem raised by holding this for a month in terms of the litigation that we're facing on the underlying matter? Can you inform us of the consequences of such a decision?

Gallagher: For the record, Dennis Gallagher. Mr. Controller, the Department is very close to a settlement with Meadow Valley and hopefully it will be done, certainly by years end. As far as this particular contract with the outside law firm, given the potential for settlement, this being extended one month will not in any way effect that settlement.

Knecht: Thank you.

Sandoval: Thank you. I don't know if I have any more to say. I don't want this to be perceived as impugning the reputation of any law firm. It just, from what we have in front of us, it just seems excessive to me. Part of this is I'm rubbed a little raw because we see this quite a bit. We've had it here, you know, questions with regard to legal fees that we've gotten and I've seen it in other cases as well. I just want to make sure, I mean, I'd love to see as Mr. Martin said, how many hours were billed in four months. We start out at \$30,000 and that seems kind of reasonable to me to do document review and now it turns into \$620,000. Just on the face of it, it doesn't look well. I know there's some other things that go in to it in terms of preparing for a mediation that never happened, but I think it's part of a complement to you and your team and again, I've said it already, that you can get some closure on this perhaps by the end of the year.

Gallagher: Yes.

Sandoval: I'm going to ask Member Skancke to go ahead and make that motion so we can move along with the Agenda.

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Skhancke: So, Governor, I'll move that we hold Item No. 5 until the December Board Meeting.

Sandoval: We have a motion by Member Skhancke to hold Contract No. 5 within Agenda Item No. 7 until the next meeting. We have a second by the Controller. Any questions, exclusively [inaudible]

Hutchison: Governor, can I just make one comment?

Sandoval: Yes.

Hutchison: I don't know how structurally you want to do this Governor, or we can even consider it at a later date, but we may want to take a look at how we can avoid this in the future, just in terms of structuring our contracts with law firms on a go forward basis.

Gallagher: Governor, if I may address that very quickly. Dennis Gallagher for the record. Lieutenant Governor, that has been taken care of. It will not happen again. I believe the Lieutenant Governor was kind enough back in May to note that issue. I believe we've taken care of it for all future contracts.

Hutchison: So what you're saying Dennis is, you don't need for me to note it again, is that what you're saying?

Gallagher: I'm trying to give you some credit for calling this to my attention back in May.

Hutchison: [laughs] Thank you. Thank you Governor.

Sandoval: I think the point being, we're not a bottomless pit of money. It just isn't where you can run up the bills. I'm not suggesting that that has happened here, but we've seen some big bills over the course of time and I think it's time that we provide for more scrutiny.

All right, so we have a motion, a second, any other questions or comments? All in favor say aye. [ayes around] Oppose, no. That motion passes. We now go back to Contracts 1-4. Member Savage has a question.

Savage: Thank you Governor. This is on Item 3 and 4. Again, this is probably my private business world side. The timing of these seem excessively long in both agreements. On the first one, Item 3 for the radios, it says the hardware is to be out of service by 2017, no longer supported by the manufacturer. Yet this

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agreement goes through March of 2017 and is the timing of this agreement reasonable in order to replace the equipment that needs to be replaced in the fourth quarter?

Malfabon: We're going to ask staff to come up and address that.

Nellis: I believe Denise Inda will answer that question sir.

Inda: Good morning Governor, Members of the Transportation Board. For the record, Denise Inda, Chief of the Traffic Operations Division. Member Savage, your question is a good one. It is true that the existing statewide radio system, the manufacturer stated that they will no longer support that equipment after 2017 but that does not mean that the equipment may not be in use in some places after that point. It's similar to the Microsoft software issue where at home you could, or at work perhaps too, you could have a certain version of Microsoft that is no longer supported by the company, yet you can still function, your computer can still function. We are planning for that. We are making preparations for equipment and support of the system not being there so that we will be able to keep any part of the system that we still need to have in place throughout that time. I don't know if that addresses your question.

Savage: It does Ms. Inda. I thank you. My concern is, we have the wherewithal to look from the back end as to when we actually need to complete the project of the radio replacement all the way to the front end to ensure that the timing of this agreement is consistent with the installation of the radios and you're telling me it is.

Inda: Yes.

Savage: So, I thank you Ms. Inda. Thank you Governor. That's the question on No. 3 that you've answered. On Item No. 4, the CA Group study for the Spaghetti Bowl up here in Reno. Again, I'm troubling myself. First of all, there's no end date stipulated in the documents. And, it's currently calling for a two-year study. I know the Governor spoke about it earlier, but we'd like to see the construction in progress and the congestion resolved much sooner than later. If the study ends in two years, where are we in the actual construction? So, I'm very concerned about that Mr. Nellis.

Malfabon: I can respond to that. So, Member Savage, we neglected to have the end date, that was our error. We anticipated fast tracking it to get it before the Board so we

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could get going on the traffic study. The idea was to have the work done in 18 months, so it probably has some additional time at the end for closure of the final traffic study. The other efforts that the Department is going to be looking into, the near term operational improvements are independent of this traffic study. We'll go out there and do what we have to do for the operational improvements at ramps, looking at more intelligent transportation systems or cameras and messaging to the drivers. So, those things can be happening concurrently with the traffic study and be more in advance of the traffic study's efforts.

Savage: Thank you Rudy. I understand the operational aspects that the Department is proceeding with, but does it really take 18 months for this study, I guess is my real question. I mean, can the consultant provide more people and do simultaneous studies for this Spaghetti Bowl or do we have to actually wait? I just have a hard time accepting the timeline.

Malfabon: It's a valid question Member Savage. What the consultant did based on the direction from the Department was to do as much concurrently as possible in those phases. I believe there was 15 phases in the contract. So, as concurrent as possible but often some of the work feeds into the next phase. They did as much compression of the schedule as possible and felt that 18 months was doable, while being aggressive. It is a long time for the traffic study, but there are several elements that have to happen in order and as much as possible was done concurrently.

Savage: I think it's imperative that we work faster rather than slower because it's a real hot button, I know up here in Northern Nevada and District 2.

Malfabon: Agreed.

Savage: Reno/Sparks, with the economic impact that we're having. I'd really like to see the Department and the consultant review that timeline to see if we could do much better.

Secondly in the documentation, it calls for a \$2.4M contract and you're only requesting the \$1.7M or the \$2.4M? I'm not real clear in that. Page 57 of 76, the estimated cost was \$2.4M but you're only requesting the \$1.7M, is that correct?

Malfabon: Okay, the project manager is available in Las Vegas, but I think what we had there was, what you see on the 2A form that summarizes the request to fund the project has an estimated cost and then the negotiations happened subsequently.

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The desire to get this on the packet, which was published in advanced of the actual negotiations being finalized, we had just the budgeted amount, not the final negotiated amount.

If Jeff Lerud is available in Las Vegas, maybe he can approach the table and if there's anything to add to that point?

Lerud: Good morning Governor, Transportation Board, for the record, Jeff Lerud, Senior Project Manager. In fact, I was looking forward to getting up here and speaking because when I heard the \$2.4M number, I felt like I was going to get excited to say that we actually saved over \$600,000 in negotiations or over 25%. That's where we are right now is the \$1,722,000. The 18 months is what we got on the table right now but within the first month when the consultant comes on board, one of their first tasks is to develop a detailed schedule. So, we will have that information updated in the near future.

Sandoval: If I can follow up, I guess I'm looking for the same thing that Member Savage is. What takes so long? Why does it take two years to do—it seems like what you're studying now will be completely different two years from now.

Lerud: For the record, Jeff Lerud, Senior Project Manager. What we're doing is two-fold. The interior limits, which is the Spaghetti Bowl, we have a western limit at Keystone, a northern limit up at the McCarran, Clear Acre Interchange, an eastern limit over up Pyramid and a southern limit over at the Virginia Street, Kietzke off-ramp, Fire Creek Crossing. So, that's where we do the detailed analysis and we come up with some concepts for the Spaghetti Bowl.

Another thing that we're doing is we're actually doing a regional limit where we're looking into more of the whole Reno Valley. So, we're looking at the North Valleys and all the problems that are coming in from the North. We're looking out to the west, we're looking out to Robb Drive. To the east, we're looking out to USA Parkway, taking into account TRIC and then the Southeast Connector, so there's some additional analysis that has to be done out there. Then, in the south, we're going all the way down to Mount Rose Highway.

So, to develop these traffic projections and for the years 2020, 2030 and 2040, it's an iterative process. There's a lot of stakeholder outreach. There's a lot of collaboration with the Washoe RTC. It's just a huge coordination effort.

Sandoval: So, this is a regional study?

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Lerud: Part of it is a regional study, correct.

Sandoval: Well, it sounds like all of it is if you're—

Lerud: Well, the more—I'm sorry.

Sandoval: No, I'm just saying that, you're going all the way to Mount Rose Highway, USA Parkway, Robb Drive, North Valleys, that pretty much captures the entire region.

Lerud: Correct.

Sandoval: Do you need all of that in order to make an informed decision with regard to what needs to be done at the Spaghetti Bowl?

Lerud: No. No, we can have a better idea of what needs to be done at the Spaghetti Bowl way before 18 months is up. Then, I can report back to you with, once we get the detailed schedule from the consultant.

Sandoval: Ding, ding, you finally hit it. Here's where I'm going, I am just trying to avoid for Northern Nevada what has happened in Southern Nevada with the Spaghetti Bowl. If we could get out in front of that, given the exponential amount of growth that's about to happen here with some pretty significant entities that are going to be opening and have opened, frankly, in the next 18 months. I'm very pleased, Mr. Lerud, to hear what you say, that we'll have something more specific with regard to the Spaghetti Bowl. Yes, we do need to study all those other areas as well, but I've got a big focus because of, when I drive by and see that back-up on Interstate 80 trying to get on to the 580 south when practically—and I know some of it has to do with construction, but when you see traffic backed up all the way to Neil Road and such, trying to get into town, it's really an issue for the commuters. I want to get on that as soon as possible.

I'm sorry, Member Savage, I interrupted you, so please proceed.

Savage: We're on the same page Governor and I thank you for jumping in. It's sooner rather than later, Jeff, I think is what we're looking for. Next month, after you talk to the CA Group and get them on board, you know, it has to be single digits and months. Whether it be six months, eight months, whatever it might be but we need that study for the specific area of the Spaghetti Bowl, sooner rather than later. Thank you Governor, thank you Jeff.

Lerud: Thank you.

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Sandoval: Member Skancke.

Skancke: Thank you Governor. I have two questions. One, how much of this project is going to be federal money, do we know?

Malfabon: This one is indicated as state funds. Is that correct?

Nellis: Actually, I need to correct the record on that. This is eligible for Federal Planning Dollars, so it should be a yes instead of a no.

Skancke: So, my question is, if it's federal money, does that slow our process down? For example, the State of Utah puts no federal money in construction because it slows them down. They use federal money for maintenance and striping and things like that, which doesn't require a lot of process. If this was state funds, not federal funds, we could probably maybe move this along a little bit quicker than having to go through the Federal Highway Administration and all of their regulations and process and oversight and everything?

Malfabon: I'll respond to that. I think that the process that we're going to follow is very comprehensive. We have to follow all of these steps just to get all of the traffic projections. The federal process is solid in that respect, that it's going to help us to project out the 20 year traffic and have a 20 year solution developed as part of this outcome of the traffic study.

We're going to look to speed up the process where we can but it's really not, in this case, it's not really a federal process issue that's extending the timeline. It's really just the need to be comprehensive and look 20 years or beyond out as we know that there's issues today and we have to be very timely in addressing those issues but we have to also look at building something like, for instance, something like the Project NEON solution is it going to address 20 years and beyond in the future, we have to do the same approach for the Spaghetti Bowl in Reno.

Skancke: Thank you. I guess the theme for the day is, proactive. My final question is, and I ask this frequently, but is this an on-call contract? Was this contract bid?

Malfabon: This contract was procured as a qualifications based selection. So, it was an RFP and then it was, interviews were conducted and then we used a consensus methodology where the Director's Office actually had to step in and break the log jam, in this case to just get the contract going and make a selection. So, we had to move the project along because of its criticality.

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Skancke: And, Rudy, if I could, do they have the capacity to get this done? They have a lot of work because almost every month we approve a contract for this company. I want to make sure that they have enough people to get everything that we're asking them to do done. If they're backlog is too much and that's part of the problem of slowing this down then we should look at what that looks like as well. For the last five or six months we've approved a contract for this company and I want to make sure that they have the bandwidth—I'm not trying to micromanage, but they have a lot of work and I'm familiar with this group. I want to make sure that they have the bandwidth to get it done.

Malfabon: Definitely. Good comment Member Skancke. That's one of the considerations was to use the commitment of the staff and availability of staff and also, the fact that they had a project manager available here in Northern Nevada to oversee the work by the consultant to the Department's satisfaction. So, that was a consideration and a good point made.

Skancke: Thank you Governor.

Sandoval: Other questions with regard to Contracts 1-4?

Hutchison: Governor?

Sandoval: Mr. Lieutenant Governor.

Hutchison: Thank you. My question is on Item No. 3. I'm noting that we're asked to approve a \$600,000 plus contract but then in the notes it says that, in the future, we'll likely see an amendment to this agreement to the tune of about \$4.1M. My question is, so this seems like this Item 3 really effectively is about a \$4.8M contract, am I reading this right?

Malfabon: Governor, this is Director Malfabon in response. That is correct. What we mentioned before on these phased approaches is we do a contract for the work at hand and then when it goes into construction, we amend agreements, design agreements for instance, to finish the design. It is a phased approach. The reason that we do that is to not tie up the funds when we don't know what we're going to construct yet and what the price for that construction of the next generation system is for the radio system. We don't have a good price yet to negotiate from. That's why we took that approach on this one, but we are being upfront with the Board to say that it is anticipated to have a substantial amendment in the future. Good catch.

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Hutchison: I think we all appreciate the additional information. Rudy, so we do know that this is probably a very sizable contract. My question in follow-up to that, when this company was selected, I assume through the RFP process, the bidding process; was this future work for an implementation and monitoring service, which is a much, much broader and much more expensive element of this contract than what we're being asked to consider now. Was that part of the RFP? Was that part of the bid analysis? Are we sure that this company is the best company that can perform the future work that's anticipated?

Malfabon: Definitely Lieutenant Governor. That was anticipated in the request for proposals.

Hutchison: Okay, thank you very much.

Sandoval: Other comments? If there are none, the Chair will accept a motion for approval of Contracts 1-4 as described in Agenda Item No. 7.

Skanke: So moved.

Almberg: Governor, I've got a question.

Sandoval: Oh, I apologize, please proceed.

Almberg: No problem. Thank you. As it relates to Contract No. 3, with the radios, there's additional stakeholders there is Washoe County, Nevada Energy; are those stakeholders participating in this cost?

Malfabon: I'm going to have staff respond to that Member Almberg.

Almberg: Thank you.

Inda: Good morning, for the record, Denise Inda, Chief Traffic Operations Engineer. Governor, Members of the Board, in response to Member Almberg's question, this RFP is for the [inaudible] RFP and the design of the system that will replace the existing statewide system that we have now. NDOT is paying for this on behalf of all of the state user agencies and the other agencies who pay to be on the system. The other partner agencies, NV Energy and Washoe County, are also working concurrently with us on this. They will be responsible for the costs associated with replacing their portions of the system. NDOT is only responsible for the portions that belong to the state and this RFP that will be issued for the statewide system.

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Almberg: Thank you.

Martin: I have one more question sir. Maybe this young lady can help me with this. So, what you're saying is that the cost of producing the RFP is going to be born entirely by NDOT?

Inda: Yes sir, that's correct.

Martin: Okay. One other clarifying question. I note their address, Fairfax, Virginia. I went on their website during the review of the Board packet. I can't find that they have a State of Nevada location. Is that true?

Inda: Yes, I believe that is correct. We do have a representative from Federal Engineering here and I don't know, Rajit, would you like to address that question?

Jhaver: Good morning Governor, Members of the Board. For the record, Rajit Jhaver with Federal Engineering, Director of Operations. We have representatives that are going to be involved in this project that are going to be here for a lot of face to face time. We don't have a person here permanently at this juncture, we do believe that will be important at the time that a vendor is selected for the implementation of the overall construction to replace the system. At that point, a lot of that additional money that was talked about would be for on-site presence of probably multiple people given the size of the State and the network that would be replaced.

For the upfront work, we have as part of our contract a lot of on-site meetings, face to face, with stakeholders as well as to get requirements gathered in order to design the best system for the State of Nevada. That's our approach for the initial contract.

Martin: So, just a clarifying point. The people that would be conducting the meetings, and I see it in your write-up here under Project Management, Item 2.1.1, the people that attend these monthly on-site technical meetings will be people that are flying in from Virginia?

Jhaver: Actually, they will be flying in, some are driving in but they will be from—we have people staffed on the project that are—I myself am from the Phoenix, Arizona area and we have other folks, not directly coming from Virginia. That is

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very far away. Most of the personnel that will be on this project will be from the west or the southwest area, so you know, an hour flight or a two, three hour drive.

Martin: Okay, thank you.

Sandoval: Other questions? If there are no further questions, Member Skancke, do you have a motion?

Skancke: I have a motion Governor. I make a motion to approve Items No. 1-4 under Agenda Item No. 7.

Sandoval: We've heard the motion, is there a second?

Martin: Second.

Sandoval: Second by Member Martin. Any questions or discussion on the motion? Hearing none, all in favor of the motion, please say aye. [ayes around] Oppose, no. That motion passes unanimously. Mr. Nellis, let's move to Agenda Item No. 8, Contracts, Agreements and Settlements.

Nellis: Thank you Governor. Again, for the record, Robert Nellis. There are three attachments that can be found under Agenda Item No. 8 for the Board's information. The first, or the only project for contracts awarded is located at the NDOT Headquarters Building for server room upgrades that include mechanical and fire protection systems, work room for existing servers and a rack mounted DPS power distribution package. There were two bids and the Director awarded the contract to Silver Knolls Electric, Inc. in the amount of \$508,880. Before turning to Attachment B, does the Board have any questions regarding this item?

Sandoval: Any questions? Let's move on.

Nellis: Great. There are 44 executed agreements under Attachment B on Pages 7-11 of 22 for the Board's information. Items 1-21 are acquisitions, I'm happy to say, for Project NEON, so there's quite a few, 20 on the Agenda and then one cooperative agreement. Items 22-33 are interlocal and facility agreements. Lastly, 34-44 are right-of-way access and service provider agreements. There's one correction to the record on Item No. 24, where it says, 'original agreement amount in the amount of \$15,900', that should actually just be \$500. Are there any questions I may answer or direct to the appropriate person on any of these items?

Sandoval: All right. I do not have many but on that Contract No. 33, with UNR.

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Nellis: Is that a research?

Sandoval: Yes, that is a research.

Nellis: Yes sir, what's your question?

Sandoval: Research the infrastructure capabilities of NDOT's Winter Road Maintenance System and give recommended improvements to the system. So, what don't we know right now that this study will improve?

Nellis: We have Anita Bush prepared to answer that question for you sir.

Sandoval: Okay.

Bush: Good morning Governor, Members of the Board, my name is Anita Bush, Chief Maintenance and Asset Management Engineer. I think it's important to note that the winter maintenance operations are the second biggest expenditure for our maintenance forces. We can make significant improvements in our winter operations, how we dispose our maintenance forces or snow plows, what kind of materials they use, when they use it. They are all dependent on weather conditions. Actually we really need to have a really good weather forecast. Also, knowing when to apply the de-icing agent.

Sandoval: I get all that but in five years I feel like I've already heard that we do that already. We do the weather forecasting. We do measure what we're throwing down and when we throw it down and what the contents are, particularly around Tahoe so that we don't have salt and too much sediment flowing into the Lake.

Bush: Well, we do know what we apply and when we apply it but we do not know if was it really the optimum time, when you apply that salt. Was it the optimum time when you disposed your maintenance forces to you know, to work overtime. Because MDSS is actually a big federal research program. It's a maintenance [inaudible] super system, but it's a computer program that you collect weather information data, pavement condition, surface temperature of the pavement and so on and based on that data, it will tell you when you should apply the snow and what kind of solution you should apply, when you should go and send out your maintenance forces to respond and we do not have that.

Sandoval: So we don't know when to put down, how to put down, where to put down?

Bush: Well we do know but—

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Hoffman: Governor, if I could, so Bill Hoffman, Deputy Director for the record. Really what the maintenance decision support system does, it's a multiphase federal program. What we did on behalf of the State of Nevada is, we were a handful of DOTs that were selected to try this technology out. Like I said, it was multi-phased. We were supplied a government grant, several states throughout the nation that are trying to do exactly what we're doing but with their own dollars. We're actually using federal dollars to try to refine real time information into the cab of the snow plow truck so they know exactly what to do and when to do it. It's a collection of the weather forecasting that this Board has approved before. What that does is, you have your weather models that are being generated specific for NDOT roadways. That information is then going into this algorithm, this weather modeling algorithm that then outputs in real time recommendations to snow plow drivers in terms of what to put down, when and then at what point to come back and make another pass.

So, this is a national, federal program. We've received federal funds for that, what a lot of State DOTs are trying to figure out. And, there's a lot of communication, technology between vehicles. I mean, there is some autonomous vehicle aspects to this that then transfers information back to a traffic management center to then report on conditions of the roadway and those sorts of things. So, I'm hoping that helped clarify this a little bit.

Sandoval: It's helpful. I guess I'm tired too. So, I apologize. I talked extensively about all this research we do and we give to these universities and I still haven't really been satisfied in terms of what the return is on all that. I get that it's federal money and it's that bucket and the money can't be taken out of that bucket for other reasons. I just feel like some of this is redundant. But, if it's a brand new grant or opportunity to become more efficient, because we just on a prior agenda spent millions of dollars on new plows and those trailer plows. I recall seeing that video that Sholet had prepared that showed how great we are. And we are. And we are. I'm not being facetious. I just want to make sure that when we spend this money that there's a return on it. We never—I should never say never, but I've really never seen an agenda item that has told us how beneficial this research has been. We've approved hundreds of thousands of dollars for the contents of the roadways and whether we should put rubber in it or not and whether they're quieter or not and whether they last longer or not. We spent money on weather, I guess that's what it was, forecasting and we got kind of the same presentation that this is really going to help us in terms of how much material that we lay down and

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what we lay down and where we lay it down. Then we get this. I guess, as I said, I hope we're right and let's take advantage of this money but it would be nice to hear a little bit of feedback after the winter that says—I mean, by the time they're done studying it, the winter season is going to be over. Is it a two-year study? Is it a one-year study?

Hoffman: Those are very good questions Governor. What I can do is work with Sondra Rosenberg who is over our Research Division and some of her staff and I could come give an update on exactly those questions that you've asked. What's the return on investment? Where's the vision of research? Are you really going after projects that will then benefit pedestrian safety? Infrastructure maintenance, you know, the list goes on and on. Personally, I'd like to bring that back to this Board and give you guys the information that I think you deserve.

Sandoval: Mr. Controller.

Knecht: Thank you Governor. First, you make a really good point there. I concur in that and I think Mr. Hoffman has got a good idea for a presentation, I look forward that that. Second, I wanted to ask about three items under Item B here. Page 7, the Minckle Acquisition for \$600K at Page 9, the NVE \$1,052,000 utilities related contract and also at Page 9, the TMCC LTAP for Item No. 30 for \$600,000. The NVE one is Item No. 25. Page 2 says that these are supposed to be executed agreements under \$300,000 and yet we've got two of them for \$600,000 and one for \$1,052,000. Am I missing something here?

Malfabon: Yes. This is Director Malfabon in response. Included in this Agenda Item are interlocal agreements, utility agreements and right-of-way administrative agreements. It's in addition to those agreements that the Director's authorized by that monetary limit of \$300,000. It's other agreements that the Board previously had agreed that those would be informational agreements. They're typical and it is a substantial amount of money but these are the typical types of agreements we have to support the projects, the right-of-way agreements, the utility agreements. It's going to be a general procedure to get the utilities out of the way, for instance, so the contractor can start his work.

I don't know Paul, if you have anything to add to that, but I wanted to also take this opportunity to mention that the group that gets all these agreements done, their leader is going to be retiring soon and I wanted to acknowledge Paul Saucedo's efforts in leading the Right-of-Way Division. Hopefully he can come

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back for the opportunity at the quarterly retirees presentation to the Board, but I wanted to thank Paul for his years of service to the Department and in anticipation of you coming back Paul, for your formal photo op, but if you could respond to that question.

Saucedo: Thanks Rudy, I'd be happy to.

Sandoval: I don't know if he's going to come back.

Saucedo: For the record, Paul Saucedo, Chief Right-of-Way Agent. Good morning Governor and Members of the Board. The utility agreements, there are what we'd call entitlements, I guess. State law requires us to reimburse the utility companies upon them proving that they have a prior right. So, these are things that are in the laws, they're also in the federal regulations and they're in the State regulations. So, they're heavily regulated and if I wanted to I couldn't not reimburse them. We have an obligation to do so under the law. I don't know if that helps on the utility end.

The acquisition end of course, all those are done by appraisal. We have the appraisals reviewed. We set just compensation. Those individuals also are entitled to that money. In other words, if we're going to buy the property, we have to pay them. These are all supported by the documentation and then, again, the Uniform Act which sets a standard nationwide for acquisitions, relocations and what we have to do under the laws and the regulations in order to qualify for federal money. But also be in compliance with State law. Does that help?

Knecht: That's helpful Mr. Saucedo and thank you indeed for your years of service. I understand the acquisition matter being covered by an appraisal, so I take some comfort there that while whatever we're paying, it has a justification. The utility matters, my main question would be, who reviews the amounts? I understand it's as you characterized it, an entitlement matter, but they're entitled to the prudent and reasonable cost of what they've done and I presume the Public Utilities Commission is not doing that review for us. So, how do we know that \$1,052,000 was the right number?

Saucedo: Correct. So, there are several individuals that look at this. We have what we call Right-of-Way Agents which actually coordinate with the utility companies and our staff engineers to go through and look at these bills and review them. We look at the plans, look at their itemized documents. We also have our inspectors

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in the field that do the same thing. They review the plans. They review the itemized documents. These are actual costs, so you know, we have to have the documentation that supports that. We have to have the inventory and the cost of that item. We also have to have, if it's going to be time, we have to have their timesheets and who was working on what, who's the individual, what do they make per hour. All those items are put together and reviewed by several folks. If there's a situation where we need to hire an expert to look at a design, we've even gone to that extent. A lot of our engineers here don't have the experience in utility facilities and how they're designed and how they work and operate. If we have any inclination that something may not be correct or something is not right, we'll go ahead and actually consult with a private engineering firm that might be experienced in that area. It's a difficult job. It's a lot of complexities to it and it's a very valid question.

Knecht: I don't have to lend you any of my green eye shades for that purpose. I guess the final part is the TMCC, Local Technical Assistance Program, Item No. 30. If I understand right, in response to the Governor's questions, that review of that, the value we get for it, which is the real issue there will be covered in Mr. Hoffman's review for next month or the month after.

Malfabon: If I may, Mr. Controller, the Local Technical Assistance Program, or LTAP, is actually a training program. It's not exactly research. It's training and it's beyond NDOT. It's for the local agencies, the public works agencies. A lot of it is very functional and helpful for maintenance folks. How do you maintain things more cost effectively and efficiently. It is a federally funded program, but it is focused a lot on maintenance and local maintenance. It is something we administer in partnership with the Federal Highway Administration's support.

Knecht: Thank you all and thank you Governor.

Sandoval: Member Savage.

Savage: Thank you Governor. Briefly Mr. Nellis, on Page 7 of 22, the question has to do with federal reimbursement. All those acquisitions except the first one is federally reimbursed. I know that NEON is a 95/5 reimbursement project. I was wondering why some are and some are not reimbursed.

Saucedo: Again, Paul Saucedo, Chief Right-of-Way Agent. That one should be reimbursed. That would qualify under NEON. That is a relocation expense. So,

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we're relocating Myers Electric which was a tenant in a property that we acquired under Phase 1 of NEON. If I'm on the right item.

Savage: I was looking at Page 7 of 22, the Items 1-10.

Malfabon: Protective rent agreements.

Savage: Protective rent.

Saucedo: Oh, the protective rent. I'm sorry, maybe I have an older one. The protective rent, it should be reimbursed under federal law or by the feds. There should not be something that wouldn't be reimbursed. The protective rent is paid to the property owner. So, the property owner has tenants and we're relocating those tenants prior to the acquisition of the property.

Savage: Right, okay. So, it should be federally—

Malfabon: I believe the point is that we need to do a better job of quality control on this document.

Savage: Yes.

Malfabon: There's been several citations by the Board Members where it should've been federally eligible but indicating not federally eligible. We need to do a better job in the future.

Savage: Thank you Rudy. I appreciate it, thank you Governor.

Sandoval: Other questions or comments? Mr. Nellis, please proceed.

Nellis: Thank you Governor. Again, for the record, Robert Nellis. Moving to Attachment C. There are two eminent domain settlements found on Page 13 of 22 for the Board's information.

The first line item is a settlement that provides for \$800 for a temporary easement for sound wall construction for the South McCarran Widening Project.

The second item is a settlement that provides for \$13,500 to be paid to the State for legal fees in an unsuccessful complaint against the State in regard to Project NEON.

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Governor, that does conclude all the items under Agenda No. 8. Any questions on these can be directed to Mr. Gallagher. Thank you.

Sandoval: Thank you Mr. Nellis. Any questions with regard to Agenda Item No. 8?

Martin: I had one.

Sandoval: Mr. Martin.

Martin: Dennis, why is it Ad America is being given 90 days to pay us? We get a certain amount up front and then it takes 90 days to give us the rest of it?

Gallagher: For the record, Dennis Gallagher. That proposal came from Ad America. I'm assuming that it deals with some cash flow issues that they've had. That particular company, we're involved or have been involved in a number of different litigations with them and some of their property has been foreclosed upon. I'm speculating, Board Member Martin that they've just got some cash flow issues.

Martin: Okay, thank you.

Sandoval: Mr. Controller.

Knecht: I just want to know if the NDOT staff can bring us more No. 2 items?

Sandoval: Any other questions or comments? Paul, I just wanted to thank you, if I don't get an opportunity to do it, I wanted to do it while you were here. You've been in the middle of this entire Project NEON and that's a lot of work. To get us to where we are right now and the number of individuals and entities and representatives that you've had to deal with to get us here is again a complement to you. I want to thank you for your years of services. I know it's hard sometimes with this Board and answering questions and such, but you've always conducted yourself with class and dignity and done a great for the State of Nevada and the people of this State should be very appreciative of what you have accomplished for them. So, thank you.

Let's move on to Agenda Item No. 9. Condemnation Resolution No. 453.

Malfabon: Thank you Governor. This is a parcel that's from Desert Inn Road, pardon me, that's the project description. This is for us requiring property in order to maintain the acquisition schedule for Project NEON. We're requesting the Board

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approval of this Condemnation Resolution. It's for the Southland Corporation, which a lot of people know as 7-Eleven. We've had discussions with the owner, but we're at this point, to stay on schedule we request that the Board approve the Condemnation Resolution and as always, we will continue to have those types of discussions as we showed with the Roundy Property that we can hopefully reach a settlement.

Sandoval: Board Members, any questions with regard to Agenda Item No. 9? Hearing none, the Chair will accept a motion to approve Condemnation Resolution No. 453 as described in Agenda Item No. 9.

Skanche: So moved.

Martin: So moved.

Sandoval: Member Skanche has moved, Member Martin has seconded the motion. Any questions or discussion? All in favor say aye. [ayes around] Oppose, no. That motion passes. Let's move to Agenda Item No. 10, Public Auction.

Malfabon: Thank you Governor. You'll see that in your packets, Item No. 10, 11 and 12 are separate properties but related in that they were acquired for the Carson City Freeway many years ago and we're requesting approval from the Board of Directors of the Department of Transportation to dispose of the property through a public auction for these three properties in Items 10, 11 and 12. And, Paul Saucedo is here for one last round of questions.

Sandoval: Board Members, and why don't I just go ahead and call it out. We'll take on Agenda Items 10, 11 and 12 together. Board Members, any questions with regard to Agenda Items 10, 11 or 12? Hearing none, the Chair will accept a motion. Oh, Mr. Controller.

Knecht: Thank you Governor. The analysis shows that we're looking for \$36,000, \$34,000 and \$30,000 as the fair market value amounts. Is there a provision that says that we have to get within a certain amount or a certain percentage of that amount before the auction is accepted?

Saucedo: Yes, for the record, Paul Saucedo, Chief Right-of-Way Agent. Yes, State law requires us to be within 90% of the fair market value. We would start the auction at that amount if anybody would propose that and then we go from there.

Knecht: Governor, with that, I'll move approval of all three.

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Sandoval: Thank you. The Controller has moved for approval of the Public Auctions described in Agenda Items 10, 11 and 12. Is there a second?

Savage: Second.

Sandoval: Second by Member Savage. Any questions or discussion? All in favor of the motion, please say aye. [ayes around] Oppose, no. That motion passes unanimously. Let's move on to Agenda Item No. 13, approval of equipment purchase in excess of \$50,000.

Malfabon: Thank you Governor. The Board is being asked to approve the purchase of a high speed profiling system. What NDOT does is, we've moved towards equipment that measures the smoothness of the pavement and the bridge decks. It is a specification requirement that our contractors build the bridges and the pavement to a certain level of smoothness. The way that we measure it is with this type of device. We've moved from a device that used to be on, basically bicycle tires that was on a long frame and a person would have to push it down the road. This is something that you can drive down the road, it's electronic, it's digital, it's modern and we're requesting Board approval of this device to measure smoothness.

Sandoval: There's a joke in there somewhere. All right. We have a motion for approval of the equipment purchase in excess of \$50,000 as described in Agenda Item No. 13, is there a second?

Almberg: Second.

Hutchison: Second.

Sandoval: Was that you Mr. Almberg? I wanted to get you on the record for a motion.

Almberg: It was sir.

Sandoval: All right, second by Mr. Almberg. All right. We have a motion and a second, any questions or discussion? All in favor say aye. [ayes around] Oppose, no. That motion passes unanimously. Let's move to Agenda Item No. 14, Old Business.

Malfabon: Thank you Governor, that was a smooth move by Member Skancke. Oh, I'm sorry. [laughter] Item 14 is the Old Business. We have the report on outside counsel costs and open matters and monthly litigation report. Chief Deputy

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Attorney General Dennis Gallagher is available to answer any questions on that issue.

We have the Fatality Report, continued to be concerned with the increase in fatalities and even with the steps that this Board has taken in approving additional projects, we're seeing quite a challenge in that. Just recently a lot of news reports about impaired drivers, either having others killed or seriously injured due to their poor choices to drive impaired.

Item D is additional information regarding purchase of the digital camera system. We did get some additional information as requested by the Board from last month. One of the questions was asked about the maintenance agreement and we're looking at an anticipated maintenance cost of \$35,000 a year. Given that range of up to \$110,000 per year for the different maintenance options, we believe that's a good sweet spot for the maintenance program of that digital camera. The warranty information is provided and I think we also learned that we're going to get a better camera than the one that—I think they had sold out of the model but they were willing to give the same price for the newest camera, the newest version of the digital camera. That was good news.

Sandoval: Board Members, any questions with regard to Agenda Item 14?

Hutchison: Governor?

Sandoval: Mr. Lieutenant Governor.

Hutchison: Thank you very much. This is a question for Mr. Gallagher. Dennis, I want to make sure I'm following the reporting here. I note that there was two new cases under the monthly litigation report. We've got the Manzano case and the Perkins case. I don't see any cases that were removed from the last report, so I take it there were none removed from the last report, right? We haven't settled any of these litigation cases since the last report?

Gallagher: For the record, Dennis Gallagher. Lieutenant Governor, they're not removed from this report until the file is closed. So, we may have reached a settlement in one or the other but until the file is closed it remains on this report. That having been said, off the top of my head, I can't think that we closed any in the past month.

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- Hutchison: Then just a follow-up. On these two new cases, the Manzano and the Perkins case, once those are assigned to Counsel, we'll then see that updated on the Outside Counsel Report, right? You'll put that in red just so I can keep track of this and other Board Members can keep track of this and you don't have to return to the items we talked about last month?
- Gallagher: For the record, Dennis Gallagher. Lieutenant Governor, we try to keep all the tort actions, be it personal injury, property damage or wrongful death in house.
- Hutchison: Oh good, so that's all through the AG's Office.
- Gallagher: Yes. Now in some of these cases, we may tender the defense of the State to the prime contractor, but we don't retain any additional counsel for the State.
- Hutchison: Very good. Thank you Mr. Gallagher. Thank you very much Governor.
- Sandoval: Thank you. Last chance for questions on Agenda Item 14.
- Martin: One question sir.
- Sandoval: Member Martin.
- Martin: Dennis, I don't see Snell and Wilmer, unless I'm missing it here and I have done that recently, but on Snell and Wilmer and Meadow Valley case listed on Outside Counsel Report.
- Gallagher: For the record, Dennis Gallagher. Member Martin, you are very Sherlock Holmes like. It was never listed as a case as Meadow Valley never filed the lawsuit. The reason it's dropped off on the Outside Counsel Report was that the original contract had an expiration date of July of this year. When it expired then it was removed. It should've probably been placed back on given the consideration for Item 5, but that's the reason it fell off the report. It expired by its own terms.
- Martin: Okay. I had one more issue off that. I went back to the May Minutes, issued in June, on the matter that was discussed in May about Snell and Wilmer and all that other stuff. It said in that May Minutes that today they had expended \$190,000. So, again, that begs the issue of, how do we jump forward through that point of \$190,000 up to \$450,000 or whatever the number really is because we don't know, or \$620,000, as Member Savage said?

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Gallagher: For the record, Dennis Gallagher. We will give a complete breakdown of the fees, when they were invoiced, when they were received, so that may provide some additional insight to the Board.

Martin: Awesome, thanks Dennis, I appreciate it.

Gallagher: Yes sir, thank you.

Sandoval: Thank you Frank. Let's move to Agenda Item 15, is there any Public Comment in Carson City? Is there any Public Comment in Las Vegas?

Almberg: Yeah, Governor, I got one quick comment. You had some questions earlier talking about our snow removal and how it's going. It's my understanding that I'll be able to report back to you by the time I get home tonight how it's going. [laughter]

Sandoval: We can't see outside but I will say this, compliments to the Northeastern Nevada Staff because last week I was in Owyhee and Mountain City and Wild Horse, and Elko, the day after the storm and those roads were perfect. They really did a nice job. The residents of Owyhee, I know appreciate it a lot because they talk about that canyon there. It was clear. So, if you could pass that on to the staff out there.

Malfabon: We will Governor, thank you.

Sandoval: Appreciate it. We'll move to Agenda Item 16, is there a motion to adjourn?

Sandoval: We have a motion and a second. All in favor say aye. [ayes around] Motion passes, this meeting is adjourned. Thank you ladies and gentlemen.



Secretary to Board



Preparer of Minutes