

NEVADA STATE BOARD OF MEDICAL EXAMINERS

9600 Gateway Drive
Reno, NV 89521

Rachakonda D. Prabhu, M.D.
Board President

Edward O. Cousineau, J.D.
Executive Director



*** * * MINUTES * * ***

OPEN SESSION BOARD MEETING

Held in the Conference Room at the Offices of the
Nevada State Board of Medical Examiners
9600 Gateway Drive, Reno, Nevada 89521

and Teleconferenced to

the Conference Room at the Offices of the Nevada State Board of
Medical Examiners/Nevada State Board of Dental Examiners
6010 S. Rainbow Boulevard, Building A, Suite I, Las Vegas, Nevada 89118

MONDAY, MAY 14, 2018 – 12:00 NOON

Board Members Present at Board Office in Reno

Mr. M. Neil Duxbury, Secretary-Treasurer

Board Members Present at Board Office in Las Vegas

Ms. Sandy Peltyn

Board Members Present by Telephone

Rachakonda D. Prabhu, M.D., President

Wayne Hardwick, M.D., Vice President

Victor M. Muro, M.D.

Ms. April Mastroluca

Aury Nagy, M.D.

Michael C. Edwards, M.D., FACS

Weldon Havins, M.D., J.D.

Board Members Absent

None

Staff/Others Present at Board Office in Reno
Edward O. Cousineau, J.D., Executive Director
Jasmine K. Mehta, J.D., Deputy Executive Director
Robert Kilroy, J.D., General Counsel
Donya Jenkins, Finance Manager
Laurie L. Munson, Chief of Administration and Information Systems

Staff/Others Present by Telephone
Henna Rasul, J.D., Senior Deputy Attorney General

Agenda Item 1

CALL TO ORDER AND ANNOUNCEMENTS

- Roll Call/Quorum

The meeting was called to order by President Rachakonda D. Prabhu, M.D., at 12:02 p.m.

Mr. Cousineau took roll call of the Board members present in the Reno and Las Vegas offices and via telephone. Board members not present were Michael C. Edwards, M.D., FACS and Aury Nagy, M.D. Mr. Cousineau announced there was a quorum.

Agenda Item 2

PUBLIC COMMENT

Dr. Prabhu asked whether there was anyone in attendance who would like to present public comment. No public comment was received.

Dr. Edwards joined the meeting at 12:04 p.m.

Agenda Item 3

CONSIDERATION OF APPROVAL TO PURCHASE BUILDING AT 9600 GATEWAY DRIVE, RENO, NEVADA 89521 AND AUTHORIZATION FOR RACHAKONDA D. PRABHU, M.D., PRESIDENT, TO SIGN ON THE BOARD'S BEHALF

Dr. Nagy joined the meeting at 12:05 p.m.

Mr. Cousineau stated that representatives from the Nevada Division of State Lands and principals from Laxalt & Nomura were present in Reno and could answer questions regarding the proposed purchase.

Dr. Havins stated he had three concerns. The first was whether the purchase was legal. He said he thought there were two letters that pertained to that – one was from the Attorney General – and he had requested copies of them for himself and the other Board members, but he had not received either of those.

Mr. Cousineau stated there were no letters, and that he had confirmed that with Mr. Duxbury.

Mr. Duxbury stated there were no formal letters; there was just communication, and when he had spoken with Dr. Havins about it, he was just merely identifying that the various parties were aware of the goings on.

Dr. Havins said he had misunderstood. He then said he would like to comment on the purchase documents the Board had been provided for review, and noted that the Purchase and Sale Agreement had been signed by Lori Story, Senior Deputy Attorney General, approving it as to form. He said he was concerned that the Grant, Bargain and Sale Deed, which contains the important provision that if the building were to be sold, the \$3.4 million would go back to the Nevada State Board of Medical Examiners, is only to be signed by two principals of Laxalt & Nomura, and not by anyone at the Division of State Lands or the Nevada State Board of Medical Examiners.

Ms. Mehta explained that a grant, bargain and sale deed is normally signed only by the seller, but the purpose of the provision is to put the world on notice that if there is a future sale, the funds will go back to the Board of Medical Examiners. There will be an assignment agreement from the Division of State Lands to the Board of Medical Examiners which will also encapsulate the same language that if there is a future sale, the proceeds of the sale will go back to the Board of Medical Examiners. They will assign the management of the property to the Board of Medical Examiners.

Dr. Havins asked if there would be a separate agreement that outlines whether or not the property is going to be sold and when.

Deann McKay, State Land Agent III, from the Nevada Division of State Lands, explained that a sale of the property would have to be directed by the managing agency. The managing agency would have to come to them and say they no longer need the property. The managing agency would, however, be responsible for the property until it was sold, even if they vacated it, as long as they were managing the property.

Dr. Havins asked whether that was governed by statute or regulation, or required a separate writing.

Ms. McKay stated it was in statute, NRS 321.003, and does not require a separate writing.

Dr. Havins said that based on the Balance Sheet and Profit & Loss Budget vs. Actual as of December 31, 2017, the Board has expenses of over \$5 million each year, and at that point, had total current assets of \$9.4 million. The Board is one quarter of the way through the two-year cycle that it has for collection of fees, which is its major source of income, so it seems to him that paying \$3.4 million in cash will leave the Board short. He said he had asked for a financial analysis to ensure the Board doesn't find itself in a precarious position, which has happened in the past, but he had not received it.

Ms. Jenkins explained the financial analysis was very simple. The Board is moving a current asset to a fixed asset, so the balance sheet total assets and liabilities will not change. She said she thought Dr. Havins was asking how the Board will fund the \$5 million in expenses budgeted for the next year. She explained the majority of the Board's current liabilities are deferred income, and that this is the most complicated part of the Board's financial statements, so she understands why it can cause some confusion. Deferred revenue is the way the Board recognizes the licensing fees over the course of the biennium. So the \$2.5 million Dr. Havins is suggesting we reduce has already been reduced. The Board has already recognized it in 2017, so the Board still has a balance of \$5 million we have set aside to use for expenses over the balance of the biennium. Since there are 15 months

left in the biennium, we would expect to use approximately \$4 million of that money to fund expenses in the next year. In the budget, we have projected \$4.5 million in income. The other \$500,000.00 comes from current income in the year, approximately \$500,000.00 in application fees and other smaller items of income that we recognize as we receive them. So, for the \$5 million we budgeted to spend in 2018, \$4 million will come out of the deferred income, \$500,000.00 from current income, which is projected, and we projected we would take \$600,000.00 out of reserves. The reserves on the balance sheet were \$800,000.00 at the end of the year. Of the \$10 million in current assets, the only assets that are not available to use, technically, are \$446,000.00 – a very small portion. It is a very wise financial decision for the Nevada State Board of Medical Examiners to fund the purchase of the building. It offsets the Board's long-term liability with a long-term asset. It gives a strong financial base for the Board of Medical Examiners for the next 40 years. The insurance will be handled by the Board, and the utilities and maintenance have been budgeted for, although we would have the utilities and maintenance either way. The savings is in the rent; the current rent is \$23,508.00 per month, so a total savings per year of \$282,000.00. Even if we reduce that by the projected depreciation, it is a savings of almost \$200,000.00 a year, and we can use that to expand our capacity for our mission.

Dr. Havins asked whether Ms. Jenkins could put what she had just said in writing and provide it to him, and she stated she would.

Dr. Havins said he was concerned about the optics of discussing this at a special meeting rather than at a regularly-scheduled meeting. Although it is perfectly legal, he is concerned it is going to be misinterpreted as the Board doing something that is questionable because it is being done at a special meeting.

Mr. Duxbury said that due to timing, the telephonic meeting will allow the Board to complete the transaction, provided the Board approves it, and save the Board \$23,000.00 in rent for the upcoming month.

Dr. Hardwick said he didn't think the optics were a problem.

Ms. Mastroluca asked Mr. Cousineau to confirm that the meeting was noticed properly, and Mr. Cousineau stated it was. Ms. Mastroluca said she didn't see any problem with the optics.

Dr. Muro stated this is not an unusual proceeding. This has happened in the past when there have been time constraints, and we don't want to delay things that are important. He said he thought Dr. Havins brought up some questions that are important, but they had also been thoroughly answered. He said it is a win-win situation. The savings that were enumerated are sizeable. It is a unique opportunity that the Board should avail itself of, as it will serve the Board as it moves forward with its mission, and hence the public.

Dr. Nagy said the Board should move forward with the purchase.

Dr. Hardwick moved that the Board move forward with the purchase. Mr. Duxbury seconded the motion, and it passed, with Dr. Havins voting against the motion, and all other Board members voting in favor of the motion.

Mr. Duxbury moved to allow Dr. Prabhu to sign the documents. Ms. Peltyn seconded the motion, and it passed unanimously.

Agenda Item 4
PUBLIC COMMENT

Dr. Prabhu asked whether there was anyone in attendance who would like to present public comment. No public comment was received.

Agenda Item 5
ADJOURNMENT

Dr. Hardwick moved to adjourn the meeting. Mr. Duxbury seconded the motion, and it passed unanimously. Dr. Prabhu adjourned the meeting at 12:26 p.m.

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