

MINUTES OF THE
MEETING OF THE SENATE COMMITTEE
ON FINANCE

SIXTY-FIRST SESSION
NEVADA STATE LEGISLATURE
January 27, 1981

The Senate Committee on Finance was called to order by Chairman Floyd R. Lamb, at 8:00 a.m., Tuesday, January 27, 1981, in Room 231 of the Legislative Building, Carson City, Nevada. Exhibit A is the Meeting Agenda. Exhibit B is the Attendance Roster.

COMMITTEE MEMBERS PRESENT:

Senator Floyd R. Lamb, Chairman
Senator James I. Gibson, Vice Chairman
Senator Eugene V. Echols
Senator Thomas R. C. Wilson
Senator Clifford E. McCorkle
Senator Lawrence E. Jacobsen

COMMITTEE MEMBER ABSENT:

(None)

STAFF MEMBERS PRESENT:

Ronald W. Sparks, Chief Fiscal Analyst
Dan Miles, Deputy Fiscal Analyst
Tracy L. Dukic, Secretary

OTHERS PRESENT:

Ace Martelle, Deputy Administrator for Assistance Payments
John R. Duarte, Chief, Management Services
Bruce Greenhalgh, Director of the Department of General Services
Terrence Sullivan, Purchasing Administrator
Michael Miezal, Superintendent of Building and Grounds
Eunice Garrett, Supervisor of the Department of General Services' Accounting Department
Ruth Rink, Purchasing Department
G.P. Etcheverry, Nevada League of Cities
Joseph Cathcort, City North Las Vegas
Jack Reynolds, Intern to Senator Lamb
Laurel Jackson, Intern to Senator Glaser

Chairman Lamb called the meeting to order and asked the Committee to reference page A-23, Supplemental Appropriations for 1980-81, and asked Mr. John R. Duarte, Chief, Management Services, to summarize the reasons for his request to be heard out of order by the Committee.

Mr. Duarte stated that, based upon the prior day's figures on the Aid to Dependent Children, the Assistance Program is approximately \$40,000 dollars short of meeting the payments scheduled for mailing this coming Friday, January 30th.

Senator Lamb asked Mr. Duarte to amplify his statement.

Mr. Duarte stated that in Fiscal 1980, they were budgeted an allotment of 9,500 ADC recipients every month, when, in actuality, there were 10,500 ADC recipients every month, or a 15.5% increase over the allotted amount. This problem was remedied by the Interim Finance Committee by approving a transfer of \$1,300,000 dollars in total State funds from the Fiscal 1981 budget to Fiscal 1980.

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At the end of the last fiscal year, they brought forward a total of \$64,662 dollars in State monies that was not needed out of the \$1,300,000 dollars. This year, the caseload has continued to rise. They were budgeted for 10,000 recipients for Fiscal 1981, and the caseload has risen to an average of 13,243 recipients for this particular fiscal year. That is the basic figure which has made it necessary to ask for a Supplemental. Mr. Duarte continues to draw a picture for the Committee by outlining the increasing growth in caseloads for the last five months. He said this is due to the rapid growth in the ADC Program. Based upon the supplemental figures, they have taken the actual expenditures for the first six months and added to that an estimated number of recipients for the last six months times an average grant of \$75 dollars per recipient. In summation, Mr. Duarte explained that this would necessitate an immediate appropriation of \$2,161,837 in State grants. \$75 dollars, he explained is above the authorized amount of \$73.50 cents authorized by the Legislature. The \$75 dollar amount would maintain the present level-of-needs standard of 92%.

Senator McCorkel makes note of the fact that, understandably, fewer recipients earning an income would raise the amount of the average grant but why would a decrease in family size affect this figure adversely. He stated that he thought it would reduce this figure.

Mr. Duarte stated that this was not so because the dollar amount of the benefit is highest for the individual parent and reduces for each dependent child. As the actual size of the family becomes smaller, the average grant becomes larger and, the one adult-one child family is becoming more and more common.

Senator Glaser inquired about the 92% rule that Mr. Duarte mentioned his department was trying to maintain.

92% is based upon a 1969 Needs Standard that has always been used.

Mr. Martelle interjected a comment referring to the 92% Needs Standard and told the Committee that it is the Legislature that authorizes the Division of Welfare to determine the average monthly payment amount.

Senator Gibson asked if this legislation had been drafted.

Senator Lamb stated that it had not.

Mr. Barrett indicated that this request has already been made to the bill drafter.

Senator Gibson inquired if this would be a separate bill.

Mr. Barrett replied that it would be considered as that.

Senator Lamb indicated that it would have to be made into an Emergency Measure due to the time factor involved.

There being no further questions on this matter, Senator Lamb asked for a motion from the Committee.

SENATOR GLASER MOVED THAT THE BILL^{*} BE DRAFTED AND INTRODUCED AND MADE AN EMERGENCY MEASURE.

SENATOR JACOBSEN SECONDED THE MOTION, AND IT CARRIED UNANIMOUSLY.

A copy of the aforementioned bill adopted by the Committee will be supplied at a later time and attached to the Minutes as Exhibit C.

*S.B. 119

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DEPARTMENT OF GENERAL SERVICES

Senator Lamb then referenced the Committee to page 67, the Department of General Services Director's Program Statement, (See Exhibit D), and asked for the gentleman seated before the Committee to identify himself.

He introduced himself as Mr. Bruce Greenhalgh, Director of the Department of General Services. He explained the way the Department is broken down and how they are funded. He explained, further, what their responsibilities entail, and that, being in charge of those four divisions, he had all the responsibility he could handle. He also enumerated the various recommendations made by the Governor's Task Force. He asked for the Committee's approval of the proposed new position of Deputy Director, and the increases in the categories of travel, communications and building rent are for the support of this position. The current administrative secretary would be able to handle the increased workload for both he and his new appointee.

Mr. Greenhalgh showed the Committee his operating expense figures and the basis for the increase in this category. He stated that he does not have much control over this category of expense. He explained that the \$1,000 dollars shown in this proposed budget under the Office Furniture Category is due to the new position of Deputy Director.

Senator Jacobsen asked Mr. Greenhalgh the reason for the Legal and Court Expenses being so high.

Mr. Greenhalgh stated that it was for the office of the Deputy Attorney General, and he said that he does not have any control over this expense escalating. He added that he has tried to build in an inflationary factor to collect the fee before it has increased. He has utilized a 15% the first year and a 10% increase the second.

Senator Wilson asked for an explanation of the kinds of legal services required by the Department of General Services.

Mr. Greenhalgh said that the majority of the legal and court expenses are related to settling personnel disputes and negotiating contracts.

Senator McCorkle inquired whether the proposed budget before the Committee has taken into account the recommendation of eliminating one supervisor and three clerical positions.

Mr. Greenhalgh said that it did not because the Accounting positions are not included in this budget.

Senator McCorkle asked if he agreed with that and if he reduced those three positions.

Senator Lamb asked Senator McCorkle to restrain his inquiries to the present budget.

Senator McCorkle asked Mr. Greenhalgh if he would just tell him whether or not those recommendations were complied with.

Mr. Greenhalgh replied that there was an overall decrease in the General Services Department by 39 positions.

Senator Lamb inquired how many new positions were being created.

Mr. Greenhalgh stated that the number was six.

PURCHASING DIVISION

Senator Lamb directed the Committee to page 68; there were no questions regarding this page, and asked them to oves on to page 69.

Mr. Greenhalgh introduced the Purchasing Administrator from the Purchasing Division.

Mr. Sullivan first explained the function and responsibilities of the Purchasing Division and some of the unknown attributes of the function of this Division of the General Services Department. He requested that the Committee approve the request to eliminate two old positions and create one new one. The new position to be approved will handle all leases of equipment.

Senator Lamb interrupted Mr. Sullivan to ask him, why, even in view of the increased workload, is he choosing to do this now.

Mr. Sullivan replied that the positions being eliminated are a buyer and a clerical position. (The clerical position being support help for the buyer.) This is because of the request that all State agencies cut back, although he expressed the fear that they possibly may not be able to get by without these positions. He said that, if they did not, the Purchasing Division would come back to the Interim Finance Committee and request their reinstatement and, perhaps, augment it. He stated that his belief is that the State cannot lose money by having more buyers; that it would save the State more money.

Senator Wilson asked Mr. Sullivan how much buying activity did he think that his division would be delegating to other divisions to compensate for the lack of one buyer. He asked, also, if Mr. Sullivan thought that this but would save the State some money or not.

Mr. Sullivan expressed the opinion that if the agencies who they are delegating the purchasing authority to do it properly, and it does not create the need for more buyer positions, then it may be able to offset itself.

Senator Wilson asked Mr. Sullivan if he would know if the effectiveness of this program would be easy to monitor and if this program could be monitored adequately enough.

Mr. Sullivan replied that it would be possible by monitoring their voucher payables that appear to be in violation of the Purchasing Act.

Senator Gibson said that the recommendation, as he understood it, called for the reassignment of some functions that are not buying that they feel you can eliminate.

Mr. Sullivan indicated that that recommendation had nothing to do with their decision on those two positions. He stated that eliminating these two positions was a result of their constant efforts to streamline and make their system work more effectively.

Senator McCorkle stated that the recommendation is to eliminate a buyer and give the responsibility to the purchasing technician. Senator McCorkle asked Mr. Sullivan why he chose to comply with the Governor's recommendation in this manner rather than eliminating a purchasing technician.

Mr. Sullivan said that you can't eliminate a technician without eliminating a buyer because they are the buyer's support help. He said that you can't expect a technician to do a buyer's job without receiving a buyer's salary; therefore, you do not eliminate the position.

Senator McCorkle asked Mr. Sullivan if, in fact, that was not what he was doing.

Mr. Sullivan stated that he was eliminating an assistant buyer's position and the clerical support help for that position, called an "Administrative Aide."

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Mr. Sullivan went on to say that many State agencies are lax in the payments to the Purchasing Division, and it is up to the Purchasing Division to meet the incurred obligation and wait for its payment. He indicated that that practice is causing many vendors to raise their prices, and that is why they strive to maintain prompt payment. He further explained that the support help given to the buyers in the Purchasing Division would help prevent any unnecessary delays that might cost the State added late fees.

Senator Glaser asked if it was true that the Purchasing Division also purchased goods for the political subdivisions.

Mr. Sullivan indicated that this was done on a voluntary basis only.

Senator Glaser asked what percentage of the workload in the Purchasing Division is allocated to these political subdivisions.

Mr. Sullivan stated that in the warehouse, it ranges from 20 to 32 percent, depending upon the time of year, out of a total amount of \$2.5 million dollars in warehousing.

Senator Glaser asked if they had some rate that they used to assess the total cost of the order by a particular political subdivision.

Mr. Sullivan said that they did.

Senator Glaser inquired if this rate would be uniform across the board.

Mr. Sullivan said that they do and that the charge is 3% per requisition, not to exceed \$300 maximum. The charge is based upon requisitions and not the number of purchase orders written.

Senator Glas inquired into the reliability of the school districts in the particular political subdivisions about paying promptly. He asked if the Purchasing Division is very often required to carry these accounts until they receive their payment.

Mr. Sullivan replied that it was necessary to carry them, due to various and sundry reasons, and he went on to explain some of these reasons.

Senator Glaser asked Mr. Sullivan if Clark County and Washoe County go through the Purchasing Division.

Mr. Sullivan said that they did, but only for certain items as they have their own purchasing department. Mr. Sullivan added, though, that through the Purchasing Division's attempts to pay their invoices on time, they save the State some \$40,000 to \$50,000 dollars every year in earned discounts.

Senator Wilson asked Mr. Sullivan about his explanation for the Salary Adjustment item in the middle of page 71, Salary Increases - Non General Fund.

Mr. Barrett stated that since the funding for the Purchasing Division is a non-General Fund agency, i.e., it generates its own fund money by charging a 3% purchasing fee, they live off their own income. This is the money provided for this department's salary increases.

Senator McCorkle asked Mr. Sullivan what the administrative position was that was recommended that was not eliminated and why wasn't it eliminated.

Mr. Sullivan stated that the decision as to who to eliminate was based upon whose position would cause the least impact to the agency. Mr. Sullivan amplified by stating that the positions prescribed by the Governor's Task Force to be eliminated were not correct, but that they did specify that an administrative aid be eliminated and the assistant buyer.

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Senator McCorkle made the observation that if the Purchasing Division had followed the Governor's Task Force's recommendation to the letter, they would have eliminated three positions instead of two.

Mr. Sullivan agreed and stated that they had eliminated two of the prescribed three positions.

Senator McCorkle reiterated the Task Force's recommendation and asked Mr. Sullivan why he believed that the agency could not get by with three.

Mr. Sullivan emphasized that there would be many negative factors, such as slower payment to vendors, there would be less followup done on purchase orders, and the other reasons he stated in his earlier testimony. He stated that the Budget Division and the Governor's Office were in agreement with him. Mr. Sullivan stated that another reason was the fact that their office has to make up formal bids, which private industry does not, and the fact that these bids must remain open, by law, for a specified period of time, and that delays things also. The Purchasing Division has more to deal with than private business; therefore, the workload is greater.

Senator Jacobsen asked Mr. Sullivan if his division has ever tried auctioning excess property. Senator Jacobsen made the observation that, by auctioning, this brings more money.

Mr. Sullivan said that the Purchasing Division does do this, according to the mandates prescribed by the State.

Senator Jacobsen said that he felt it would be better to go where the equipment is and hold the auction, rather than pursuing it all over the State.

TRAVEL

Mr. Sullivan addressed the Travel section of his budget, and asked the Committee to allow the increase in this category so that members of his Division might attend an out-of-state conference to help keep the Purchasing Division abreast of the latest purchasing technology. He indicated, though, that this is not an annual occurrence and may not happen this year, but that it was necessary.

OPERATIONS

Mr. Sullivan said that the Operating section is still the same, except for an increase in utilities, due to the increase in size of the new facility and the addition of a new freezer and refrigerator.

Senator Gibson addressed Mr. Barrett with the question of why some of the standard assessments, such as, group insurance, were up considerably with fewer employees.

Mr. Barrett explained that this was due to what had been prescribed by the Legislature last session.

Senator Gibson questioned the fact that the amount shown in the group insurance category was, in fact, greater than a 10% increase.

Mr. Barrett took note of that and said it was an error.

Senator Gibson inquired what "retirement group insurance" was.

Mr. Barrett replied that the last Legislature provided that each permanent employee would be provided \$15 per month from the General Fund appropriation to pay part of this group insurance premium. This is a new fund being created rather than have a General Fund appropriation for the insurance payment.

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Senator Gibson asked Mr. Barrett what the reason was for the increase in the unemployment insurance.

Mr. Barrett said that there will have to be some layoffs.

Senator Gibson went on to question why communications is up.

Mr. Barrett said that this category is up in all the budgets, but, particularly, in a budget such as the Purchasing Division's due to the anticipated increase in postage.

Mr. Sullivan explained the need for an updated fire alarm system.

Senator Wilson noted that the projected funds necessary for utilities had doubled and asked Mr. Sullivan if the reason for this increase was the enlarging of their facilities.

EQUIPMENT

Mr. Sullivan replied that it was. He went on to the equipment additions necessary to operate more efficiently. Mr. Sullivan told the Committee that shipping charges will be ever-increasing due, mainly, to the cost of fuel. He also mentioned that there was an additional \$5,000 dollars in that category allocated to pay for inmate labor to help with the shipping details.

REVOLVING FUND

Senator Gibson asked Mr. Sullivan about the Purchasing Division's Revolving Fund.

Mr. Sullivan replied that the request is for a \$500,000 dollar increase.

Senator Gibson asked Mr. Barrett why the \$500,000 dollar increase is shown in one year and not in the next.

Mr. Sullivan said that they were not able to project that far ahead.

Mr. Sparks asked Mr. Sullivan to clarify why that amount was necessary for the Revolving Fund, and went on to say, that the Purchasing Division carries many State agencies for a prolonged period of time. Mr. Sparks asked if there was not a recommendation by the Task Force to have those funds immediately forwarded to this division.

Mr. Greenhalgh replied that he has asked to have this problem remedied by a Bill Draft Request, and he continued to explain why such a bill would be necessary, outlining and illustrating the various problems involved. He said, essentially, that because of the lack of legislation to back up the Purchasing Division's attempts to collect, these debts must be borne by the division.

Mr. Sparks asked if the agency had done any polling to see which agencies are the biggest abusers and what the real problems are.

Mr. Sullivan stated that the reasons are many and varied.

Mr. Greenhalgh suggested that once an agency makes an encumbrance by ordering through the Purchasing Division, that money is immediately set aside to pay that encumbrance.

Senator Wilson asked if this was not now possible.

Mr. Greenhalgh answered that it was.

Mr. Barrett said that he would agree with what has been suggested.

Mr. Sullivan stated that part of the balance in the Revolving Fund is what is stored in the warehouse, but that it takes a toll due to inflation; therefore, it is not efficient to keep any stock on hand because the Purchasing Division must cover its encumbrances first.

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COMMODITY FOOD PROGRAM

Mr. Sullivan explained the Commodity Food Program, its purpose and the Purchasing Division's role in the program.

Senator Lamb asked Mr. Sullivan how successful his division has been in this area.

Mr. Sullivan replied that they had just been audited by the Federal Government, and they found no exceptions.

Senator Lamb inquired if there were any new positions in the program.

Mr. Sullivan explained that there were not but they had eliminated a half-time position in this program and a half-time position in Surplus Property. This is because these two units are being combined into one.

He stated that they are not requesting any appropriation for the Family Food Program on Reservations.

Mr. Sullivan stated that in the Commodity Food Program, the division had been very successful and had saved the State money. He indicated that that is why the service and handling charges have been lowered.

STATE-OWNED BUILDING RENT

Senator Glaser asked Mr. Sullivan for an explanation of State Owned Building Rent.

Mr. Sullivan replied that the Purchasing Division is assessing the Food Program Storage space they previously had in commercial warehouses. With the expansion of the warehouse, they are able to house most of the stock in the warehouse; therefore, the Purchasing Division will assess the Food Program for space and the freezer and cooler.

Senator McCorkle asked Mr. Sullivan what the \$20,000 dollars was in the category of Specialized Equipment.

Mr. Sullivan said that that appropriation was for a new outside forklift, and he went on to validate the request. He went on to talk about the Surplus Property category and stated that that section of the budget had not increased substantially, except that a half-time position is being eliminated.

Senator Lamb asked Mr. Sullivan about the reserve account of \$10,000 dollars. He asked him if he thought that amount could be done away with.

Mr. Sullivan stated that they had put it into the budget as a part of the income section. He added a request for a calculator.

SURPLUS PROPERTY

Senator Gibson asked Mr. Sullivan about the audit recommendation concerning the practice of charging operating expenses from the Purchasing Division's Surplus Property section, which have been applicable to the Surplus Property Administration Fund, to the Purchasing Division's Working Capital Operating Fund when money is lacking in the Surplus Property Administration Fund.

Mr. Sullivan replied that it had been discontinued.

Senator Gibson went on to inquire about the Surplus Property Division not utilizing an accounts receivable control account.

Mr. Sullivan replied that this situation had been remedied, also.

Senator Gibson asked Mr. Sullivan if the surplus property stored in the Purchasing Division's warehouse had been inventoried and added to the equipment listed in this category.

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Mr. Sullivan said that, up until a year and a half ago, the equipment referred to had been listed as Federal property; then the Federal Government released it, but the Purchasing Division did not list it as part of their inventory until the audit was done.

BUILDINGS AND GROUNDS

Mr. Greenhalgh introduced the Superintendent of Buildings and Grounds, Michael Miezal, and he described the main categories that this agency is responsible for. He then directed the Committee's attention to the Building and Grounds Facility Budget, Communications Budget, the Motor Pool and Water Treatment Plant Budgets and Marlette Lake.

Building and Grounds Facility Budget: Mr. Miezal explained the basis for the funding of this budget. He stated that for the current year there were some fairly large changes in the budget, including, a change in custodial service in Las Vegas and Reno, by deleting 31 positions and going to contract janitorial service in these areas. They also plan to increase utilization of inmate labor from the local prisons.

Senator Lamb inquired as to the efficacy of the Inmate Labor Program.

Mr. Miezal stated that, although the program has not run perfectly and in spite of his negative attitude at the outset, the program has proved to be more effective than he had ever imagined it could be. He went on to amplify his reasons for this change in attitude and how effectively the inmate labor force can be utilized.

Senator Lamb asked Mr. Miezal if there had been any noticeable problems with the program.

Mr. Miezal stated that there were some minor problems in the beginning, but he had adopted an attitude of replacing anyone who caused trouble, and this had seemed to have been very effective.

Mr. Greenhalgh stated that the inmate labor force was being utilized and that, overall, this program had been successful. He emphasized that his budget was primarily dependent upon the utilization of the inmate labor force.

Mr. Miezal indicated that the civilian labor that he is losing in Carson City he is trying as much as possible to replace with inmate labor.

Senator McCorkle asked Mr. Miezal if he were to receive the money necessary for transportation and supervision, would he be able to save money by expanding the inmate labor program.

Mr. Greenhalgh said that he could not answer that questions off the top of his head.

Senator Lamb made the observation that as long as there was adequate screening prior to allowing the inmates into the work atmosphere, the quality of prisoner sent to do the work was better.

Mr. Greenhalgh agreed that screening was the key to the success of the program.

Senator McCorkle noted that the attitude of those persons involved in the program has a great deal to do with the success or failure of a program such as this. He also asked that if the money were allocated to use the prison labor force, would Mr. Miezal be able to come back and present a proposal, whereby, the dollars saved would be greatly enhanced by using inmate labor for the agencies under his jurisdiction.

Mr. Miezal replied that he would be able to.

Senator Wilson then asked if it would be feasible to put together an inmate service program that did, in fact, service other agencies not under their program.

Senator Lamb said that if this program has worked successfully for one agency, it can work as well for others.

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Senator Jacobsen observed that there had been some problems with the program because of the lack of communication and cooperation between the prison administrators and the employers of the inmate labor force and that there had also been some apprehension on the part of the public as to their safety and security when the inmates were present and working in different areas.

Senator Lamb said that it was necessary to talk to Charles Wolff, Director of the Department of Prisons, and to coordinate the program from there.

Senator McCorkle asked Mr. Greenhalgh and Mr. Miezal to get together with the next biggest user of inmate labor and combine their efforts to produce a proposal for the Committee to hear.

Senator Glaser recommended that Senator McCorkle be the liason in these efforts.

Senator McCorkle agreed to do that.

Mr. Miezal said that there will be one new position, that of Energy Engineer, which is part of the Task Force recommendation to institute a facilities' management program for all agencies in the State. He further explained the responsibilities he would perform. There is an increase in contract services for custodial and maintenance due to the increase in these services. Mr. Miezal indicated that the equipment they use must be overhauled and replaced as they are used for general building maintenance.

Mr. Miezal said that regarding the utility category, the difference in what the Governor recommends and what the agency request is what the computer facility had heretofore been withdrawing from this fund to pay their utilities. He stated that this will now be paid directly.

Senator Wilson inquired into the increase in the cost of water service.

Mr. Miezal replied that it was due to the fact that the cost of water has doubled because it must be purchased from the water treatment plant.

Senator Lamb asked Mr. Miezal if the increase in the Inmate Stipend item was to pay the supervisors.

Mr. Miezal replied that it was for the inmates, but that the money goes to the prison. He stated that an inmate starts off at \$1 dollar per hour and gets a raise within six months, then two years.

Senator McCorkle asked Mr. Miezal if \$1 dollar per hour is too low a wage to recruit a better class of prisoner.

Mr. Miezal believed that the pay was not too low; that they consider it a privilege to work outside.

TELEPHONE/MAIL ROOM BUDGET

Mr. Miezal then addressed the telephone budget, explaining that there have been cuts made in this program as far as personnel due to the addition of an electronic information system.

Mr. Miezal said that the increases in the Mail Room budget were due to increases in postage, which is projected to escalate 20%.

MOTOR POOL

Mr. Miezal recited the Task Force's recommendations for the Motor Pool Section, making it a division and adding a division head--Motor Pool Service Administrator--to centralize the functions and operation of the Motor Pool and to find out what cars are and are not being utilized and what abuses are taking place.

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Mr. Greenhalgh stated that the Governor wants to get a good handhold on the status of the Motor Pool to eliminate waste and abuse of vehicles.

Mr. Miezal stated that the Reserve Fund for the Motor Pool is to meet incoming expenses in the first three months of the biennium.

Senator Gibson asked Mr. Miezal about the Task Force recommendation to delete one mail clerk from the mail room.

Mr. Miezal indicated that he did not agree with the recommendation because of the volume of work coming into that room, but added that they hope to work an inmate into the mail room program.

Senator McCorkle inquired whether there was some agency in government that has consistently needed more vehicles and have these vehicles been better utilized.

Mr. Miezal indicated that the decrease in the size of the State's Fleet will be helpful and the number of vehicles assigned to an agency according to its needs.

Senator Gibson raised the question of why Mr. Greenhalgh chose to seek an unclassified employee for the position of Motor Vehicle Service Administrator.

Mr. Greenhalgh replied that he has the authority to accomplish this, and would prefer that the Motor Vehicle Service Administrator remain an unclassified employee so that they might bring him on board more rapidly.

Mr. Sparks asked Mr. Greenhalgh if the Department of Transportation was included in this program.

Mr. Greenhalgh replied yes, and that the intention was to include all State vehicles in this program.

Senator Glaser inquired what kind of cars were being purchased to replenish the Motor Pool -- midsize? economy? or what?

Mr. Miezal indicated it was limited by the limit of the purchase allowed but, that this was mostly compacts and subcompacts.

Senator Gibson asked how many American cars were being purchased.

Mr. Miezal replied that they were purchasing only American cars.

MARLETTE LAKE

Mr. Miezal then spoke on the Marlette Lake Budget. He stated that the increases in this budget was due to an increase in water sales creating more cost in shipping the water to the users. The sales in this category have doubled in the last four years.

BUILDING & GROUNDS SERVICES

Mr. Miezal then addressed the Buildings and Grounds Services Category and said that this budget covers the repair costs to the water system. It includes reimbursement to repairmen and appropriation for specialized equipment (four-wheel drive vehicle and a snow mobile).

Senator Glaser asked Mr. Miezal about the proposal to increase the budget to pump water out of Marlette Lake to Hobart Reservoir. He asked if anyone had thought of using the tunnel.

Mr. Miezal indicated this idea has been around for a long time, but that his division was not now intending to do that.

Senator Lamb asked Mr. Miezal if someday they did not intend to open the tunnel to allow water to flow freely.

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Mr. Miezal concluded that it would be an efficient way of producing water and energy because it is all gravity flow.

WATER TREATMENT PLANT

Mr. Miezal directed the Committee's attention to the Water Treatment Plant Budget and stated that this is a new budget for the new water treatment plant authorized by the Legislature. The budget for this section is based upon sales of water, although the treatment plan bills the cost of labor back to Building and Grounds. He went on to explain the different subsections of this budget for the Committee.

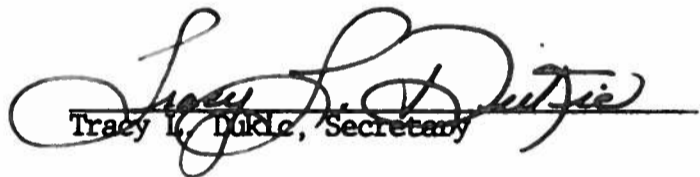
ACCOUNTING DIVISION

The Committee then directed its attention to the Accounting Division's Budget presented by Ms. Eunice Garrett, Supervisor of the Department of General Services Accounting Division. Her testimony is included as Exhibit E. (Please see attached sheet).


At the conclusion of Ms. Garrett's presentation, Mr. Sparks addressed the Committee regarding a problem that Interim Finance will be addressing. It consists of the obligation incurred by the Legislature to Kennedy Skylites for their initial expenditures in trying to secure the Legislature's support for the Kennedy Skylites Program in Lyon County. Mr. Sparks indicated that the handout, (See Exhibit F), would be provided to all Committee Members which included all correspondence regarding this particular subject.

There being no further business, the meeting was adjourned at 10:10 a.m.

Respectfully submitted by:


Tracy K. Duke, Secretary

APPROVED BY:


Floyd R. Lamb, Chairman
DATED: February 5, 1981

SENATE AGENDA

COMMITTEE MEETINGS

Committee on Finance, Room 231.

Day (See Below), Date (See Below), Time 8:00 a.m.

Monday, January 26, 1981

1. Comprehensive Statewide Planning.
2. Four Corners Regional Commission.
3. Office of Community Services.
4. Statewide Comprehensive Employment and Training Office.
5. Commission for Veteran Affairs.

Tuesday, January 27, 1981

1. Department of General Services (All divisions except Central Data Processing and State Printing Office).

Wednesday, January 28, 1981

1. State Employee's Salary Increases. (Pg. 1034 - Jim Wittenburg)
2. Economic Development. (Pg. 124 - Walt McKenzie)
3. Nevada Magazine. (Pg. 126 - C. J. Hadley)

Thursday, January 29, 1981

1. State Welfare Division. (Pgs. 556-588 - George Miller)

Friday, January 29, 1981

1. Department of Taxation. (Pg. 137 - Roy Nicksen)
2. Secretary of State. (Pg. 45 - William Swackhammer)
3. State Treasurer. (Pg. 48 - Stan Colton)

Library Note:

Even though none of the material following the meeting is labelled as exhibits, it appears that some material is missing. Exhibit C is noted in the minutes as being a copy of a bill introduced in the meeting (S.B. 119), but no copy of the bill is present. Additionally, Exhibit D is noted as being the program statement of the Department of General Services. A program statement from the Accounting Division of the Department is present, but it is unclear if this is Exhibit D or if it is Exhibit E (which is noted as being testimony of the supervisor of the Accounting Division). Because nothing is labelled, it is impossible to determine what other exhibits are or are not complete.

Research Library
June 2014

DEPARTMENT OF GENERAL SERVICES

ACCOUNTING DIVISION

Program Statement

GENERAL SERVICES ACCOUNTING is responsible for the book-keeping chores for most divisions of the Department of General Services and Administration and the Lieutenant Governor. In addition to processing vendor payments, we invoice users for telephone, mail, rent, motor pool and other such services and deposit the resultant revenue in the appropriate accounts. We also provide management with budgetary and financial information which is necessary in order to be able to plan and adjust their financial affairs. Funding for this budget is derived from charges to the agencies we serve.

This budget request is for salaries and operating expenses only. No new positions are requested for the coming biennium. Our current staff consists of nine (9) positions, ranging from Account Clerk to Principal Accountant; we have no clerical positions.

Six (6) positions are utilized to do the bookkeeping chores for our customers--they pay bills, deposit revenue, invoice agencies using our services, process payrolls and generally keep track of payables and receivables. They also answer inquiries from vendors and agencies concerning payments or invoices. The accountants spend the major part of their time preparing statements of position for administrators, working with budget analysts concerning work programs, working in cooperation and with the help of data processing in designing and analyzing computer programs, and responding to

special requests for information.

Two (2) years ago, we had five (5) additional positions funded by the CETA Program, which has now been terminated in state government. Three (3) of those positions were working on bookkeeping tasks for our client agencies. We have been able to absorb a part of the work done by those CETA employees through automation. For instance, complete automation of the billing function has enabled us to send out approximately 11,000 computerized invoices annually, which had been hand-typed in the past. In addition, we have used the services of a prison inmate full-time and have intermittent help from a volunteer from the Retired Senior Volunteer Program. The availability of these two persons permits us to accomplish more work without hiring a state employee and at a reduced cost. Funding for this help was from administration monies already received from CETA. (SAVINGS - 1st 12 months, \$6,500 excluding benefits; next 9 months = \$4,000, excluding benefits. RSVP cost approximately \$ 50 per month for three (3) afternoons per week.)

The recommendations of the Governor's Management Task Force for improving some of our procedures were accepted and have aided in processing our required paperwork in a more timely manner.

Our operating expenses in this budget request have been projected from actual FY 1980 expenditures, increased to offset anticipated inflationary effects. The amounts requested under "STIPENDS

AND TRAVEL" would permit us to continue to use inmate labor in the coming biennium. Inmate salaries range from \$1 to \$3 per hour.

During the previous legislative session, we requested and were granted \$300 for training of entry-level employees. Several employees subsequently took accounting courses at the Community College but preferred to bear the costs themselves. Consequently, I have not requested any training funds this biennium.

The Governor's Management Task Force spent several weeks with us last summer and made several suggestions for improving our services. As I mentioned before, we have already implemented most of these suggestions. I expect them all to be completed within the next few weeks. One of the recommendations was to transfer the bookkeeping chores to the agencies we serve which have the largest volume of work. This was advised to eliminate certain duplication of effort and to speed up the work flow. Accordingly, two (2) Senior Account Clerks have been outstationed in Buildings and Grounds and one in Purchasing Division for the past two months. To date, the results have been good; documents process faster and the administrators have immediate access to records which were formerly kept in our office. Additionally, we have been able to eliminate a duplication of some functions that had been occurring in the past. The day-to-day direction is handled by the out-station administrator, but help relating to bookkeeping and accounting procedures remains with GSA.

The bookkeeping effort for agencies with smaller accounts remains in our office, where each employee can handle several of those accounts.

This budget request is based on our serving existing customers; any significant change in current workload would result in a corresponding change in staffing levels.

###

STATE OF NEVADA
LEGISLATIVE COUNSEL BUREAU
LEGISLATIVE BUILDING
CAPITOL COMPLEX
CARSON CITY, NEVADA 89710

LEGISLATIVE COMMISSION (702) 885-3627
KEITH ASHWORTH, *Senator, Chairman*
Arthur J. Palmer, *Director, Secretary*
INTERIM FINANCE COMMITTEE (702) 885-5640
DONALD R. MELLO, *Assemblyman, Chairman*
Ronald W. Sparks, *Senate Fiscal Analyst*
William A. Bible, *Assembly Fiscal Analyst*



ARTHUR J. PALMER, *Director*
(702) 883-3627

FRANK W. DAYKIN, *Legislative Counsel* (702) 883-3627
JOHN R. CROSSLEY, *Legislative Auditor* (702) 883-3620
ANDREW P. GROSE, *Research Director* (702) 883-3637

January 8, 1981

Mr. Kent A. Weisner, President
Kenergy Corporation
Post Office Box 17832
Orlando, Florida 32810

Dear Mr. Weisner:

Since your letter of November 21, 1980, the Interim Finance Committee has received no information that you have made the required financial arrangements to construct your plant in Lyon County or to draw the money allocated for this purpose, except the letter or letters of credit orally mentioned to Mr. Sparks yesterday. The committee has therefore voted to withdraw the allocation, effective 5 days after a reasonable time for your receipt of this notice.

This action was taken at the request of the Lyon County authorities, who therefore release you from any commitments to them upon withdrawal of the allocation. If before receiving this letter you have made any binding commitment to anyone else, please notify this office in writing on or before January 16, 1981.

Very truly yours,

William A. Bible, Fiscal Analyst

WAB:ym

cc: Assemblyman Donald R. Mello
Frank W. Daykin, Legislative Counsel

ATTACHMENT A



**KENNEDY
SKY-LITES**
KENERGY CORPORATION

January 15, 1981

Mr. William A. Bible
Fiscal Analyst
Interim Finance Committee
Legislative Counsel Bureau
State of Nevada
Capitol Complex
Carson City, Nevada 89710

Dear Bill:

Your letter of January 8, 1981 arrived on my desk this morning, and I was thunderstruck to learn that the Interim Finance Committee is considering withdrawal of funds committed to our Lyon County project on the grounds that it has not received appropriate information.

In fact, we have been proceeding as expeditiously as possible to make the necessary financial arrangements for the project, including arrangements respecting the furnishing of an appropriate letter of credit. We have recently received a bank commitment to furnish a letter of credit. I have personally travelled extensively to negotiate the acquisition of the necessary capital equipment, real property and financing and the Company has incurred significant legal fees and travel and other expenses in furtherance of the financial and operational plans for the project. One substantial piece of equipment, a Wysong 72" shear, has already been purchased for installation at the facility, and the Company has been constructing molds for hyperbolic paraboloid shaped sky lights (which will withstand extreme snow loads and are thus especially suited for application in the western states) for use in Yerington.

We have had no previous indication from anyone that we have been remiss in furnishing information to the Committee, and in fact had not regarded the matter as one of immediate urgency because of the Committee's own repeated statements that the funds to finance the loan would not be fully available until September 1981. In the minutes of the Committee for June 25, 1980, Chairman Mello remarked that "it appeared that interest on the \$5,000,000 allocated to Lynch Communications Systems would amount to \$392,000 by

KENERGY CORPORATION Kennedy Sky-Lites Division
P.O. Box 17832 • 3647 All American Boulevard • Orlando, Florida 32810 • (305) 293-3880



ATTACHMENT B

162

page two
Mr. William A. Bible

September 1981. He suggested that these funds and possibly funds from the Contingency Fund could be obligated to Kennedy Sky-Lites in order to start the project in Lyon County." At the same meeting, Mr. MacKenzie noted that "the interest funds would not be available until September 1981". Further, at the October 14, 1980 meeting, Chairman Mello stated that "Mr. Weisner had been told that the interest money would be available to him but that it would be a matter of time until the requested \$700,000 had accumulated". It therefore appears that any delay in implementation of the project has been and will be occasioned by the unavailability of funds from the State rather than any dilatory conduct on our part. Although there has been discussions of legislative action to make funds available at an earlier date, we could not, of course, rely on such availability since the legislature has not yet taken any such action.

As recently as January 12, 1981 (before receipt of your letter of January 8), I wrote to Ron Sparks requesting certain information and indicating our continuing efforts to make appropriate arrangements at this end. I enclose a copy of that letter for your information.

I am happy to be able to tell the Committee that we have developed a program (and are presently in the process of negotiating commitments in connection therewith) which will permit the earlier start-up of manufacturing and employment in Lyon County than was previously contemplated. As indicated in minutes of the Committee and correspondence, the full amount of the funds may not be available until September 1981, and hence both we and the State contemplated commencement of construction at that time. We presently believe that under the program now being developed construction can begin substantially in advance of that date and that manufacturing may be commenced in temporary quarters even before construction is started.

Our Orlando attorney, Mr. Frank T. Black, will be forwarding to you today or tomorrow a proposed draft of a contract modeled on the Lynch Communications Systems contract which you sent me under cover of your letter of October 28, 1980, which draft reflects the program described above, together with a letter explaining in greater detail how we propose to accelerate the commencement of operations in Lyon County.

ATTACHMENT B

page three
Mr. William A. Bible

In light of the foregoing, it seems to me that it would be manifestly unjust for the Committee to attempt to withdraw the firm commitment made to our company for a program which is proceeding perhaps even more rapidly than contemplated and which offers substantial benefits to the people of Lyon County.

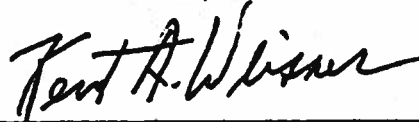
I trust that the State of Nevada will be willing to reaffirm this commitment in the near future so that we may proceed with the program.

I will be looking forward to hearing from you on this matter in the near future.

Very truly yours,

KENERGY CORPORATION

By



Kent A. Weisner, President

BY HAND DELIVERY

ATTACHMENT B

January 12, 1981

Mr. Ronald W. Sparks
Senate Fiscal Analyst
Nevada Legislative Counsel Bureau
Room 341, Legislative Building
Carson City, Nevada 89710

Dear Ron:

Thank you for your telephone call on January 7th concerning our plans relative to Industrial Development Funding for our project in Lyon County. Sorry I missed you, but Harold Johnson informed me of your discussion concerning the letter of credit.

We presently have a written commitment from our bank here in Orlando to satisfy our contemplated needs with respect to the letter of credit. However, the cost to us for such a long term commitment, while not completely prohibitive, is considered excessive by our standards; therefore, we are shopping alternative sources at the present time for a better rate.

You would certainly be helping the process along, Ron, if you could inform me of the amount of interest accumulated in the fund at the present time and your best estimate of that balance at March 31 and June 30 of this year. This information will greatly assist me in my negotiating efforts for better terms.

(continued . . .)

Sent copy to Mr. Tom Hardy 1/14/81

ATTACHMENT B

Mr. Ronald W. Sparks
January 12, 1981
Page 2

I look forward to hearing from you in the near future.

Very truly yours,

Kent A. Weisner
President

KAW/jde

BAKER & HOSTETLER
ATTORNEYS AND COUNSELLORS AT LAW

ADMITTED IN FLORIDA
V. KEITH YOUNG
WILLIAM S. MESHER
RICHARD P. TRISHEN
JOEL H. SHARR, JR.
JERRY R. LINSBOTT
FRANK T. BLACK
G. THOMAS BALL
ARTHUR R. LOUV

850 CNA TOWER • P. O. BOX 112 • ORLANDO, FLORIDA 32802
(305) 841-1111

213 WEST CONSTOCK AVE. • P. O. BOX 1660 • WINTER PARK, FLORIDA 32790
(305) 647-8684

IN CLEVELAND OHIO:
3200 NATIONAL CITY CENTER
CLEVELAND, OHIO 44114
(216) 621-0200

IN WASHINGTON D. C.:
818 CONNECTICUT AVE., N. W.
WASHINGTON, D. C. 20006
(202) 881-1200

IN COLUMBUS OHIO:
100 E. BROAD STREET
COLUMBUS, OHIO 43215
(614) 228-1844

IN DENVER COLORADO:
500 CAPITOL LIFE CENTER
DENVER, COLORADO 80203
(303) 881-0600

ROBERT W. BOYO
DENIS L. DURKIN
HAROLD E. MORLAN, II
MARTHA G. ANDERSON
FREDERIC S. O'NEAL
DAVID E. TERRY

REPLY TO: Orlando

January 16, 1981

GEORGE W. JOHNSON
OF COUNSEL

Mr. William A. Bible
Fiscal Analyst
Interim Finance Committee
Legislative Counsel Bureau
State of Nevada
Capitol Complex
Carson City, Nevada 89710

RECEIVED

JAN 19 1981

**LEGISLATIVE COUNSEL BUREAU
FISCAL ANALYSIS DIVISION**

Re: Kennedy Sky-Lites, Inc.

Dear Mr. Bible:

I am writing to you at the request of Mr. Kent A. Weisner, President of Kennedy Sky-Lites, Inc. (now by change of name Kenenergy Corporation) (the "Company") in connection with the contemplated loan to the Company to be made by Lyon County, Nevada (the "County") with funds to be furnished by the State of Nevada from those available to the Interim Finance Committee of the Nevada Legislature, pursuant to action taken at the meeting of the Committee on June 25, 1980 and the meeting of its Subcommittee on Industrial Development on October 14, 1980.

Enclosed herewith is a proposed draft of a contract between the Company and the County, which is modeled on the contract between Lynch Communications Systems, Inc. (Nev.) and White Pine County, a draft of which was furnished to Mr. Weisner under date of October 28, 1980. I would like to comment on several provisions of the proposed draft, which, among other things, is intended to expedite the commencement of activity in the City of Yerington by the Company and to permit the earlier hiring of employees than had previously been contemplated.

ATTACHMENT C

page two
Mr. William A. Bible
January 16, 1981

1. As indicated in paragraph 1 of the proposed draft, the Company is presently negotiating with the owners of the land on which the facility is ultimately to be located so that the owners will construct the contemplated building commencing at the earliest possible date and will lease it to the Company under an arrangement which will permit the Company to purchase the building when State funds become available to it. As indicated in your letter of October 28, 1980 and the enclosed minutes, the full amount to be loaned to the Company may not be available until September 1981; however, the lease program will permit construction of the building before that date and hence the early commencement of manufacturing and employment. The lease arrangements will in no way impair the security of the County and the State with respect to the loan, since the County will have (in addition to the letter of credit) a first security interest in all equipment purchased with early advances on the loan and will also have an assignment of the lease as security for such advances. Since the owners will put up the money for actual construction of the building, the County will not be asked to advance any funds to be expended on the building until such time as such funds are available and the Company is able to grant to the County a first mortgage on the premises in connection with its acquisition thereof pursuant to the purchase option in the lease.

2. As noted above, the Company desires to commence its operations in Yerington at the earliest possible moment. It is therefore making arrangements to lease 12,000 square feet of space in an existing building in Yerington in order to get started on a small scale and be better prepared to enter full production as soon as the new building is available. As reflected in the proposed draft, the Company would contemplate acquiring certain machinery in the very near future for installation in the temporary premises and using a portion of the loan proceeds to finance the acquisition of this equipment, which would, of course, be fully encumbered to the County and would be transferred to the new facility upon its completion.

3. As reflected in paragraph 3 of the proposed draft, we are suggesting that the maximum amount of the loan be increased to \$725,000, primarily to cover inflationary increases since the time of the original proposal.

ATTACHMENT C

page three

Mr. William A. Bible
January 16, 1981

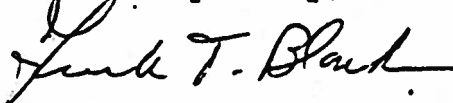
4. I have revised somewhat the provisions respecting the letter of credit contained in paragraph 4 of the proposed draft to reflect what I believe is what was contemplated by the parties, i.e., that the letter of credit will be amended (or a new letter of credit substituted) to reflect one-half of the total draws at the time of each draw. As discussed above, the deed of trust on the real property will be delivered against the advance to be used to pay the purchase price upon exercise of the option under the lease.

The copy of the draft contract which Mr. Weisner received had attached to it an Appendix A, which may not be the "Exhibit A" contemplated by the draft. I am not certain exactly what the provisions of Exhibit A should be, and I would appreciate your verifying the contents of the Exhibit A attached to the Lynch contract and forwarding me a copy, whereupon I will revise it to conform to the instant transaction.

Mr. Frank Cassas of Hill, Cassas, deLipkau and Erwin, the Company's Nevada counsel, has not yet had an opportunity to look at the proposed draft, and it is possible that he may have some suggestions. Subject to Mr. Cassas' comments, the Company has informed me that the provisions contained in the proposed draft are satisfactory to it. Based on the possibility that this draft will be acceptable to all parties, Mr. Weisner has executed it on behalf of the Company; but this is not intended to imply that we are not amenable to revisions, and suggestions will be welcomed. I would be glad to have the comments of any of the recipients of this letter on the proposed draft, and their advice as to how best we might expedite the execution of the contract so that the Company's program in Yerington can proceed at the earliest possible time.

Thank you very much for your cooperation in this matter.

Yours very truly,



Frank T. Black

0101/2048

encls

cc: Frank W. Daykin
Ronald W. Sparks

ATTACHMENT C

CONTRACT

THIS CONTRACT is made and entered into this _____ day of _____, 1981, by and between the COUNTY OF LYON, STATE OF NEVADA, a political subdivision, hereinafter sometimes referred to as the "County," AND KENERGY CORPORATION (formerly known as Kennedy Sky-Lites, Inc.), a Florida corporation, hereinafter sometimes referred to as the "Company".

WHEREAS, The Interim Finance Committee of the State of Nevada, pursuant to the provisions of Chapter 621, Statutes of Nevada 1979, has adopted a resolution, a copy of which is attached hereto and marked Exhibit "A"; and

WHEREAS, Such resolution requires the execution of this contract between the County and the Company; now, therefore, the parties hereto, in consideration of the mutual promises herein contained, hereby agree as follows:

1. The Company will enter into a lease agreement (the "Lease") for the acquisition of a leasehold interest in an industrial facility in the County (the "Facility") designed to accommodate 15 to 50 employees and flexible enough to serve the needs of a variety of manufacturing industries. The Company will cause to be constructed as a part of the Facility a manufacturing and production plant for the Company of approximately 20,000 square feet, expandable to 40,000 square feet. The building will be of insulated metal construction, geared to accommodate the physical and electrical needs associated with manufacturing and production operations. The total costs of construction, equipment, training and start-up costs for the Company are estimated to be at least \$825,000. The Lease will provide that the Company will have an option (the "Option") to purchase the Facility at any time for a price initially equal to the cost of construction plus \$15,000 for land improvements installed by the owner.

ATTACHMENT C

CONTRACT

THIS CONTRACT is made and entered into this _____ day of _____, 1981, by and between the COUNTY OF LYON, STATE OF NEVADA, a political subdivision, hereinafter sometimes referred to as the "County," AND KENERGY CORPORATION (formerly known as Kennedy Sky-Lites, Inc.), a Florida corporation, hereinafter sometimes referred to as the "Company".

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1. The Company will enter into a lease agreement (the "Lease") for the acquisition of a leasehold interest in an industrial facility in the County (the "Facility") designed to accommodate 15 to 50 employees and flexible enough to serve the needs of a variety of manufacturing industries. The Company will cause to be constructed as a part of the Facility a manufacturing and production plant for the Company of approximately 20,000 square feet, expandable to 40,000 square feet. The building will be of insulated metal construction, geared to accommodate the physical and electrical needs associated with manufacturing and production operations. The total costs of construction, equipment, training and start-up costs for the Company are estimated to be at least \$825,000. The Lease will provide that the Company will have an option (the "Option") to purchase the Facility at any time for a price initially equal to the cost of construction plus \$15,000 for land improvements installed by the owner.

ATTACHMENT C

2. Prior to the completion of the Facility, the Company will use its best efforts to lease an existing building in the County (the "Temporary Facility"), to purchase and install therein certain of the equipment to be ultimately installed in the Facility and to commence operations employing from 6 to 15 employees.

3. The County will loan to the Company from the local government pooled investment fund the sum of not to exceed \$725,000 without interest for the development of the Facility, including without limitation equipping of the Facility (including the Temporary Facility) and purchase of the real property upon exercise of the Option by the Company. Money shall be withdrawn by the County from the local government pooled investment fund only pursuant to resolution of the board of county commissioners of the County in which said board certifies that the money to be withdrawn will be immediately disbursed to the Company:

(a) In reimbursement for expenses incurred for (i) purchase of real property, (ii) purchase or construction of buildings and other improvements to real property, (iii) purchase or construction of capital equipment and/or (iv) necessary design, of which in any case the board has satisfied itself by actual inspection; or

(b) In advance for expenditure for one of the purposes enumerated in subparagraph (a) of this paragraph 3, to be expended within 15 days, and for no other purpose. If any money is so advanced, the board of county commissioners must, before making any further advance or reimbursement, satisfy itself by actual inspection that all of the amount advanced has been used for the purpose for which it was advanced or for another purpose, within those enumerated in subparagraph (a) of this paragraph 3, which was approved by the board before the money was so used.

4. The Company will repay to the County the entire amount advanced or reimbursed to the Company, without interest, according to the following schedule:

- (a) At least 25 percent of the amount on or before _____, 1986;
- (b) At least 25 percent of the amount on or before _____, 1991;
- (c) At least 25 percent of the amount on or before _____, 1996; and
- (d) The remainder of the amount on or before _____, 2001.

The respective payments by the Company will be unconditionally guaranteed in full with a letter or letters of credit in an amount equal to one-half (1/2) of the amount of the loan from time to time outstanding, purchased by the Company, as the Company makes incremental withdrawals from the \$725,000 loan. The letter of credit may decrease to one-third (1/3) of the amount outstanding upon the principal payment in 4(a) above, and will no longer be required upon the principal payment in 4(b) above. The Company will also execute and deliver to the County its negotiable promissory note for each amount disbursed to it, payable in the aggregate according to the schedule prescribed above, without interest, and secured in the aggregate by (a) upon the purchase of the Facility pursuant to the Option, by a first deed of trust upon the real property and buildings and improvements thereon sold to the Company pursuant to the Option (b) a first security interest in all tangible personal property purchased from any disbursement and (c) a conditional assignment of the Lease. The deed of trust must be delivered at or before the time of the disbursement made to exercise the Option, and the security agreement and the assignment of the Lease must be delivered at or before the time of the first advance.

5. The Company will make all of its records of contracts and payments made for acquisition of real or personal property and for design or construction of the Facility available for examination and copying, at any time during normal business hours, to the county auditor of the County, the legislative auditor or a fiscal analyst of the State of Nevada, or any representative of any of these so designated in writing.

6. If any of the required installments of repayments by the Company is not paid in full when due, the entire remaining balance of the amount advanced or reimbursed becomes immediately due and payable. If the provision for verification contained in paragraph 5 is substantially breached, the County is obligated not to make any further advance or reimbursement and the entire amount of any prior advance or reimbursement must be immediately repaid. The parties acknowledge that the State of Nevada is the third-party beneficiary of the requirements of this paragraph 6, and that the County is without power to waive either requirement.

7. The County will pay over to the state treasurer for credit to the fund for industrial development in counties having a population of 25,000 or less all interest earned on the deposit of the \$725,000 to the local government pooled investment fund as directed by the provisions of Exhibit "A".

8. The County will immediately pay over to the state treasurer all money repaid to the County by the Company pursuant to paragraph 4 for credit to the state general fund.

9. The County will release to the state treasurer for credit to the fund for industrial development in counties having a population of 25,000 or less any balance of the \$725,000 transferred to the local government pooled investment fund by the state controller pursuant to Exhibit "A" and not advanced to the Company on the date of the termination of this contract or June 30, 1983, whichever is earlier.

10. If a breach by the Company of any of the provisions of this contract occurs, the chairman of the board of county commissioners of the County shall report this fact immediately to the director of the legislative counsel bureau of the State of Nevada.

11. This contract supersedes all prior contracts or agreements approved or executed by the parties.

12. This contract must be submitted to the legislative counsel of the State of Nevada for review prior to execution by the parties to determine whether it meets the requirements of Exhibit "A", and becomes effective only after:

(a) Approval by the legislative counsel of the State of Nevada; and

(b) Execution by the parties after compliance by the County with the provisions of NRS 244.320.

IN WITNESS WHEREOF, the parties hereto have executed this contract the day and year above written.

COUNTY OF LYON, STATE OF NEVADA

By _____
Chairman, Board of County Commissioners

ATTEST:

County Clerk
County of Lyon, Nevada

KENERGY CORPORATION

BY Kent A. Weisner
Kent A. Weisner, President

ATTEST:

Constance Walburger, Secretary,
Kenergy Corporation

The within contract between the County of Lyon, State of Nevada, and Kenergy Corporation has been reviewed by me and is approved as required by the provisions of Exhibit "A" thereof.

Legislative Counsel, State of Nevada

Date:

_____, 1981

ATTACHMENT C

176

BAKER & HOSTETTER

EXPRESS MAIL

POST OFFICE TO ADDRESS

FROM: P.O. Box 9, Westfield, N.J. 07092

Customer Number, if any:

TO: Mrs. J. J. ...
...
...

LABEL 118 JUNE 70 U.S.P.O. 1970-301-900 9-711

TO REMOVE PEEL BACK HERE

B 43950923

DESTINATION:	
Date of Delivery:	1-19-81
Time of Delivery:	8:30 AM
Initials of Delivering Employee:	[Signature]
Signature of Addressee or Agent:	[Signature]
DELIVERY WAS ATTEMPTED	
Date:	1-18-81
Time:	7:30 PM
Noted Last by:	[Signature]

ORIGIN:	
Initials of Receiving Clerk:	[Signature]
P.O. ZIP:	07092
Date In:	1-16-81
Time In:	3:00 PM
Weight:	1.00 lb
Package:	7/20

EXPRESS MAIL SERVICE

