NEVADA LEGISLATURE
COMMISSION ON SPECIAL LICENSE PLATES
(*Nevada Revised Statutes* [NRS] 482.367004)

SUMMARY MINUTES AND ACTION REPORT

The first meeting of the Nevada Legislature's Commission on Special License Plates was held on Wednesday, September 20, 2017, at 9:00 a.m., in Room 4401, Grant Sawyer State Office Building, 555 East Washington Avenue, Las Vegas, Nevada. The meeting was videoconferenced to Room 3137, Legislative Building, 401 South Carson Street, Carson City, Nevada.

The "Summary Minutes and Action Report," the "Meeting Notice and Agenda," and other meeting materials are available on the Nevada Legislature's website at https://www.leg.state.nv.us/App/InterimCommittee/REL/Interim2017. In addition, copies of the audio or video record are available through the Legislative Counsel Bureau's Publications Office (e-mail: publications@lcb.state.nv.us; telephone: 775/684-6835) and may be available online at http://www.leg.state.nv.us/Granicus/.

COMMISSION MEMBERS PRESENT IN LAS VEGAS:

Senator Patricia Farley, Chair
Assemblyman Richard Carrillo, Vice Chair
Senator Moises (Mo) Denis
Assemblywoman Daniele Monroe-Moreno

COMMISSION MEMBER PRESENT IN CARSON CITY:

Assemblyman Jim Wheeler

NONVOTING MEMBER PRESENT IN CARSON CITY:

Sean McDonald, Administrator, Division of Central Services and Records, Department of Motor Vehicles (DMV), representing Terri L. Albertson, C.P.M., Director, DMV

NONVOTING MEMBERS ABSENT:

Claudia Vecchio, Director, Department of Tourism and Cultural Affairs
James M. Wright, Director, Department of Public Safety

LEGISLATIVE COUNSEL BUREAU STAFF PRESENT:

Marjorie Paslov Thomas, Principal Research Analyst, Research Division
Brenda J. Erdoes, Legislative Counsel, Legal Division
Darcy Johnson, Principal Deputy Legislative Counsel, Legal Division
Christina Harper, Senior Research Secretary, Research Division

Items taken out of sequence during the meeting have been placed in agenda order.

AGENDA ITEM I—OPENING REMARKS

Chair Farley called the meeting to order. She welcomed members, presenters, and the public to the first meeting of the Commission on Special License Plates. Chair Farley reviewed general meeting and testimony guidelines.

AGENDA ITEM II—PUBLIC COMMENT

Chair Farley called for public comment; however, no testimony was presented.

AGENDA ITEM III—APPROVAL OF MINUTES OF THE MEETING HELD ON APRIL 27, 2017

MOTION: Assemblywoman Monroe-Moreno moved to approve the minutes of the April 27, 2017, meeting. The motion was seconded by Senator Denis and passed unanimously.

AGENDA ITEM IV—HEARING TO CONSIDER THE DETERMINATION MADE BY THE COMMISSION ON SPECIAL LICENSE PLATES ON APRIL 27, 2017, THAT HORSE POWER IS NOT IN COMPLIANCE WITH CERTAIN LAWS GOVERNING SPECIAL LICENSE PLATES (PURSUANT TO SUBSECTION 2 OF *NEVADA REVISED STATUTES* 482.38279)

Rocky Cooper, Legislative Auditor, Audit Division, Legislative Counsel Bureau (LCB), submitted a letter dated February 29, 2012, notifying the Commission that Horse Power did not comply with the filing requirements of NRS 482.38277 (Agenda Item IV A).

Chair Farley stated the reason for this meeting is to allow Horse Power the opportunity to respond to the Commission's April 27, 2017, determination of noncompliance. The Commission required Horse Power to accept and implement the following by August 3, 2017:

- The 15 recommendations contained in the *Performance Audit Horse Power Special License Plate 2017* (Agenda Item IV A-1);

- Revise the Horse Power Bylaws, Article IV "Board of Directors," to require the member composition of the Board include: a member who represents the business community, a Nevada licensed accountant, and a Nevada licensed veterinarian; and the Executive Director may not serve on the Board; and

- Execute a contract between the Executive Director and the Board of Directors that specifies the duties, responsibilities, and salary of the Executive Director.

Chair Farley explained that following the hearing, the Commission will then determine whether Horse Power has complied with the recommendations.

Mr. Cooper reviewed the 15 recommendations outlined in the *Performance Audit Horse Power Special License Plate 2017* (Agenda Item IV A-1). He reported that Horse Power accepted 12 recommendations, but rejected Recommendation Nos. 3, 4, and 6.

Mr. Cooper indicated that the Horse Power Board should be the owner of record for equine supported by special license plate revenues with the authority to make decisions in reference to the equine. He referred to an example of the transfer of ownership record for brand inspection (Agenda Item IV A-2) as an avenue for proof of ownership.

Mr. Cooper clarified the following issues that arose at the April 27, 2017, meeting:

- Alleged conflict of interest by the Audit Division;
- Original purpose of the Horse Power special license plate;
- Horse Power's claim of insufficient notice and time to respond to the audit;
- Slow response from Horse Power to provide documentation for the audit;
- The nondisclosure of a Horse Power liability; and
- Grant program application requirements.

Shannon Ryan, Audit Supervisor, Audit Division, LCB, provided highlights of the *Performance Audit Horse Power Special License Plate 2017* (Agenda Item IV A-1).

There was discussion among the members and Ms. Ryan regarding the grant application process and implementation of the Audit's recommendations.

Sally Summers, Executive Director and Founder, Horse Power, submitted written testimony (Agenda Item IV B) regarding her involvement with Horse Power.

Ms. Summers addressed the following issues in the Audit report:

- The loss of documentation and receipts;
- Submission of documentation to the Audit Division;
- The grant application process;
- Brand inspection for the protection of the horses;

- Insurance and liability issues; and
- False accusations made against Horse Power.

There was discussion between Chair Farley and Ms. Summers on the following:

- The need for audit deficiencies to be addressed;
- A new executive director for Horse Power will begin working on October 1, 2017;
- The use of the organization's debit card with receipts and proper documentation;
- Development of written procedures to track debit card purchases; and
- The purchase of hay in bulk.

Mr. Cooper indicated that Horse Power has a procedure for tracking expenses and submitting documentation, but it did not follow the procedures as use of the debit card increased.

The Commission requested Ms. Summers address how the deficiencies outlined in the Audit are being corrected by submitting written documentation detailing new policies and procedures.

There was discussion between Senator Denis and Ms. Summers regarding reimbursement requests, the required documentation that should accompany each request, and Horse Power's budget line items.

Commission Members and Ms. Summers also discussed the following matters:

- The decline in the percentage of grants from 50 percent in 2008 to 4 percent in 2015;
- The mission of Horse Power as a grant or rescue organization;
- Horse Power's expenditures compared to the funding of grants; and
- The current accountant's nonprofit experience.

AGENDA ITEM V—DISCUSSION AND DECISION BY THE COMMISSION ON SPECIAL LICENSE PLATES ON WHETHER TO UPHOLD OR CHANGE ITS ORIGINAL DETERMINATION MADE ON APRIL 27, 2017, CONCERNING THE HORSE POWER SPECIAL LICENSE PLATE (PURSUANT TO SUBSECTION 3[A] OF *NEVADA REVISED STATUTES* 482.38279)

Chair Farley outlined that the Commission will send a letter to Horse Power within the next ten days with specific deadlines and the following expectations:

- Horse Power is to implement all of the 15 recommendations noted in the Audit report and the additional recommendations made by the Commission;

- Develop a plan for the grant awards to be at least 50 percent of the revenue received annually and grants to be awarded to other horse organizations performing similar work in the community as per the special license plate application;

- The Horse Power Board will have 90 days to review, meet with their accountant, and develop written policies and procedures to be implemented by Horse Power that meet or exceed the deficiencies defined in the Audit;

- The Commission will hold a hearing in 90 days, on January 4, 2018, to determine whether Horse Power has implemented its recommendations;

- The Commission requests that members of the Horse Power Board of Directors attend the meeting and explain their experience and expertise in running a nonprofit organization and their financial expertise in managing public funds;

- The Commission requests the Board's accountant prepare a presentation and submit written information on how he or she is going to meet or exceed the audit deficiencies; and

- If at the January 4th meeting, Horse Power does not provide documentation showing it has met all of the recommendations as provided for by the Commission, it will be the decision of the Commission to provide six months for Horse Power to wind down its operation while the Commission looks for another organization to direct the special license plate revenues.

Assemblyman Wheeler requested that Horse Power also be required to provide a written plan to operate as a grant organization that provides grants or a wild horse rescue organization.

The Commission agreed to add this recommendation.

There was discussion among the members whether Horse Power would need to amend its special license plate application if it transitions to a rescue organization. The Commission may need to review the change and make a recommendation to the Department of Motor Vehicles to allow Horse Power to receive revenues from the special license plate.

MOTION: Senator Denis moved to send a letter to Horse Power with the requirement it come into compliance with the aforementioned recommendations and provide this information to the Commission in January. The Commission must determine whether Horse Power has complied with the Commission's recommendations. The motion was seconded by Assemblywoman Monroe-Moreno and passed unanimously.

Sally Summers, previously identified, provided documentation at the end of the meeting, which included (Agenda Item V):

- Silver Flume Business information on Horse Power;
- The resume of Phil Johncock, who will serve as Executive Director of Horse Power as of October 1, 2017;
- Information on current Horse Power Board Members;
- Facebook posting for the solicitation of grant applications; and
- Horse Power's income and expense report from January through December 2014.

AGENDA ITEM VI—PUBLIC COMMENT

Chair Farley called for public comment; however, no testimony was presented.

AGENDA ITEM VII—ADJOURNMENT

There being no further business to come before the Commission, the meeting was adjourned at 11:20 a.m.

Respectfully submitted,

_____
Christina Harper
Senior Research Secretary

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Marjorie Paslov Thomas
Principal Research Analyst

APPROVED BY:

_____
Assemblyman Richard Carrillo, Vice Chair

Date: _____

MEETING MATERIALS

AGENDA ITEM	WITNESS/ENTITY	DESCRIPTION
Agenda Item IV A	Rocky Cooper, Legislative Auditor, Audit Division, Legislative Counsel Bureau (LCB)	Letter
Agenda Item IV A-1	Rocky Cooper, Legislative Auditor, Audit Division, LCB	Performance Audit Report
Agenda Item IV A-2	Rocky Cooper, Legislative Auditor, Audit Division, LCB	Example of Brand Inspections
Agenda Item IV B	Sally Summers, Executive Director and Founder, Horse Power	Written testimony
Agenda Item V	Sally Summers, Executive Director and Founder, Horse Power	Various documents

The "Summary Minutes and Action Report" are supplied as an informational service. Copies of all meeting materials are on file in the Research Library of the Legislative Counsel Bureau, Carson City, Nevada. You may contact the Library online at www.leg.state.nv.us/lcb/research/library/feedbackmail.cfm or telephone: (775) 684-6827.