

*workforce*CONNECTIONS
Local Elected Officials Consortium

MINUTES

November 13, 2012

1:00 p.m.

*workforce*CONNECTIONS
7251 W. Lake Mead Blvd.
Suite 200 Conference Room
Las Vegas, NV 89128

Members Present

Commissioner Lawrence Weekly
Councilwoman Peggy Leavitt
Councilwoman Anita Wood
Councilwoman Gerri Schroder (Phone)
Commissioner Bill Kirby (Phone)

Members Absent

Councilman Bob Coffin
Commissioner Tommy Rowe
Commissioner Butch Borasky

Staff Present

Ardell Galbreth
Heather DeSart
Peter Bacigalupi
Suzanne Potter
Emilio Pias
Maggie Mendez
Jim Kostecki
Madelin Arazoza

Others Present

Sandra Douglas Morgan, Legal Counsel
Derrick Berry, DETR
Jack Eslinger, City of Las Vegas
Earl McDowell, DETR
Keith Hosannah, DETR/WISS
LeVerne Kelly, DETR
Chris Clifford, TEG
Erin R. Barnett, Marquis, Aurbach & Coffing
Scott A. Marquis, Marquis, Aurbach & Coffing

(It should be noted that not all attendees may be listed above)

1. CALL TO ORDER, confirmation of posting, roll call

The meeting was called to order by Chair Commissioner Lawrence Weekly at 1:07 p.m. Staff confirmed the meeting had been properly noticed and posted in accordance with the Nevada Open Meeting Law. Roll call was taken and a quorum was present.

2. DISCUSSION AND POSSIBLE ACTION: Approve the Agenda with inclusions of any emergency items and deletion of any items

A motion was made to approve the agenda as presented by Commissioner Bill Kirby and seconded by Councilwoman Peggy Leavitt. Motion carried.

3. FIRST PUBLIC COMMENT SESSION

None

4. DISCUSSION AND POSSIBLE ACTION: Approve the Minutes from the Local Elected Officials Consortium Meeting of September 11, 2012

Councilwoman Anita Wood noted an error in the minutes on page six, paragraph two, which should read:

Commissioner Weekly will be holding a workforce training event jointly with Councilwoman Wood and Assemblywoman Kirkpatrick.

A motion was made to approve the Minutes from the Local Elected Officials Consortium Meeting of September 11, 2012 with the above changes by Councilwoman Anita Wood and seconded by Commissioner Bill Kirby. Councilwoman Peggy Leavitt abstained. Motion carried.

5. DISCUSSION AND POSSIBLE ACTION: Approve Staff and Workforce Connections' Legal Counsel's recommendation to enter into a lease agreement with National Solutions, LLC for the purpose of housing Southern Nevada Workforce Investment Area's Comprehensive One-Stop Center and Southern Nevada Workforce Investment Board's (Workforce Connections) staff offices

Workforce Connections' legal counsel, Scott Marquis and Erin Barnett, provided a brief overview of the lease and addressed questions.

The lease is for a six year initial term and two optional five year terms. The initial term will start off at \$1.41 per sq. ft. inclusive of all CAM (Common Area Maintenance) charges and will increase at 3% per year through the initial term. Following the initial term, there is a re-evaluation of the market rate for the property and that rate will be effective year seven through twelve if the lease extension is exercised. The same will apply for the final five year lease term.

The following concerns were addressed:

Commissioner Bill Kirby commented that the 3% annual increase is substantial and suggested that the agency negotiate the annual increase to be 3% or the National Cost of Living Index, whichever is less.

Scott Marquis replied that especially with the initial term, part of the 3% annual increase is with regard to the payback of the contribution by the landlord to Workforce Connections' for tenant improvements in the amount \$550,000. The approximate amount of tenant improvements will be \$800,000 to \$1,100,000.

Kirby: Section 3.03 Additional rent

Marquis: This is for any additional money due from the tenant to the landlord for small potential charges that can occur (i.e., abandoned cars). A definition is provided in the lease.

Kirby: Section 5.02 Personal property tax payments to landlord

Marquis: This is only in the event that personal property taxes become comingled with real property taxes. This is probably a nonevent.

Kirby: Are we adequately protected for down-time adjustments reducing our rent in the event of damage to the property occasioned by natural events and fires of unknown origin or because of faulty electrical wiring, etc., and the option out of the lease as of the date the event makes the place untenable?

Marquis: This is addressed in section 9.02 in that the agency can use any such events to abate the rent that is due. For instance, Workforce Connections can cover the cost to fix an event and reduce the monthly rent accordingly.

Kirby: Is Workforce Connections purchasing insurance to cover natural disasters or other events for which the landlord should be responsible for?

Marquis: Yes, Workforce Connections is purchasing general liability insurance to ensure that the building is operational and to protect all assets. The landlord is insuring the building itself.

Ardell Galbreth added, risk management insurance is to protect Workforce Connections against damage of its equipment (i.e., computers and equipment).

Kirby: Upon notice of condemnation under imminent domain we should have the option of leaving at our convenience without penalty?

Marquis: Yes, Workforce Connections has the option to leave at its convenience without penalty in the event of condemnation. If Workforce Connections cannot reasonable do its work there, the lease can be terminated.

Kirby: Is there an escape clause for adjustments for termination of our funding prorated to some date?

Marquis: Yes, there is an escape clause for termination of funding that is prorated to some date. Essentially, the way it works is there is about \$100,000 per year that is worked off the tenant improvements that have been contributed by the landlord. This is why the initial lease is a secure lease, so after it secures the tenant has repaid all the tenant improvements back to the landlord. If Workforce Connections needs to terminate the lease prior to the end of the six year term, then that sum is prorated by month throughout the lease. It breaks down to about \$8,000 per month that is worked off of the tenant improvements. For instance, if Workforce Connections needed to terminate the lease after the fourth year, the amount to be paid back to the landlord would drop by about \$400,000.

Kirby: Should we leave the security deposit in escrow subject to adjustment by arbitration if there is a disagreement on the amount to be returned?

Marquis: It was agreed by both parties to allow the security deposit to remain in the landlord's general fund and the landlord agreed to grant Workforce Connections its requests regarding the free rent. Workforce Connections is getting a good deal with regard to the free rent; the One-Stop needs to open by April 2013, which is when rent commences for the 8,000 sq. ft. section of the building for the One-Stop. For the other 10,000 sq. ft. area for the staff offices the rent will not start until October 1, 2013.

Kirby: In the current economy is \$1.41 per square foot the best one could do for a comparable facility?

Marquis: The \$1.41 includes the CAM charges. The cost per square foot is about \$.97, which is right in the range for the area and property type. The property is unique in that it has both retail and office space and so it's a little difficult to find comps.

Kirby: I believe the maintenance of the heating and air should be responsibility of the landlord along with adequate parking area maintenance.

Marquis: The landlord warranties the heating and air for a period of 12 months from the execution date of the lease. After that period, it's the responsibility of the tenant. The parking area maintenance is the landlord's responsibility.

Kirby: Are personal property taxes prorated to the day of our exit?

Marquis: There are not any personal property taxes that are applicable to Workforce Connections.

Kirby: What is the difference in the rent?

Marquis: For the new location rent will be about \$26,000 to \$27,000 per month compared to over \$30,000 per month for the existing and much smaller location.

A motion was made to approve Staff and Workforce Connections' Legal Counsel's recommendation to enter into a lease agreement with National Solutions, LLC for the purpose of housing Southern Nevada Workforce Investment Area's Comprehensive One-Stop Center and Southern Nevada Workforce Investment Board's (Workforce Connections) staff offices by Commissioner Bill Kirby and seconded by Councilwoman Anita Wood. Motion carried.

6. DISCUSSION AND POSSIBLE ACTION: PY2012 WIA Formula Budget July 1, 2012 through June 30, 2013 and PY2012 Budget Narrative

Jim Kostecki presented the PY2012 WIA Formula Budget and Budget Narrative.

A motion was made to approve PY2012 WIA Formula Budget July 1, 2012 through June 30, 2013 and PY2012 Budget Narrative by Councilwoman Peggy Leavitt and seconded by Councilwoman Anita Wood. Motion carried.

7. REVIEW, DISCUSS, and ACCEPT

a. Budget vs. Actual Finance Report (Workforce Connections Operations) for the Period July 1, 2011 through June 30, 2012 (Formula WIA)

Mr. Kostecki provided a brief overview of the report on page 49 of the agenda packet.

b. PY2011/PY2012 Awards & Expenditures Report – Monthly Update

Mr. Kostecki provided an overview the PY2011 Awards & Expenditures Report on page 50 of the agenda packet.

Councilwoman Wood requested staff to provide a column on this report for the number of participants served.

Ms. DeSart replied that an additional report will be provided to the LEOs monthly with this information that is already provided to the ADW Committee; however, adding a column to the Awards & Expenditure report would make the report too busy and the font would be too small.

c. Audit Findings for Program Year 2010 (Year Ended June 30, 2011) Report

Mr. Kostecki provided an overview of the Audit Findings Report for PY2010 on page 53 of the agenda packet.

d. INFORMATION: Workforce Connections' Standing Professional Services Contracts

The Professional Services Contracts report is provided on page 57 of the agenda packet.

A motion was made to accept agenda item 7a. - 7d. by Commissioner Bill Kirby and seconded by Councilwoman Peggy Leavitt. Motion carried.

8. Executive Director's Report ~ Ardell Galbreth

Ardell Galbreth thanked the consortium for allowing staff to move forward with lease agreement for the One-Stop Center and also relocate staff offices next year. This will allow the agency to be in full compliance with the Workforce Investment Act.

Commissioner Kirby noted that he would like legal staff to pursue some of the items mentioned previously regarding the lease that may possible present a cost saving for the agency.

Mr. Galbreth agreed stating that every effort will be taken to try and reduce costs that are included. Negotiations have been going on for some time and staff believes that this is a good opportunity.

9. SECOND PUBLIC COMMENT SESSION

None

10. LEO Consortium Member Comments

Councilwoman Wood thanked staff for assisting with the workforce training event and requested that staff provide a report with the number of attendees as well as provide some follow-up.

Commissioner Kirby said he had a great time working with the LEOs and that this will probably be his last LEO meeting as his commission will be ending effective January 2013; however, he looks forward to continue serving on the Workforce Connections' Board.

Commissioner Weekly thanked Commissioner Kirby for his service and stated that he is truly an example of a great leader in Nevada.

Councilwoman Wood said thank you to Commissioner Kirby and that he will be missed.

Councilwoman Schroder wished everyone a Happy Thanksgiving.

Councilwoman Leavitt thanked Commissioner Kirby for his service and also noted that he is a great example to all.

11. Adjournment

The meeting adjourned at 1:49 p.m.