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MEMBERS
Kevin E. Burke, Acting Chairman
Michael Efstratis
John C. Ellison
Jerry Higgins
Nathaniel W. Hodgson, III
William "Bruce" King
Stephen P. Quinn

STATE CONTRACTORS BOARD

MINUTES OF THE WORKSHOP BEFORE THE NEVADA STATE CONTRACTORS BOARD HELD NOVEMBER 13, 2009 LCB FILE NO. R057-09

The workshop was called to order at 8:30 A.M. on Friday, November 13, 2009 at the offices of the State Contractors Board, 2310 Corporate Circle, Henderson, Nevada and video-conferenced to the Reno office. Exhibit 1 is the Notice of Intent to Act Upon a Regulation and a copy of the proposed regulation. Exhibit 2 are the sign-in sheets. Exhibit 3 are copies of written comments received.

BOARD MEMBERS PRESENT:

Kevin E. Burke, Acting Chairman
Michael Efstratis
John C. Ellison
Jerry Higgins
Nathaniel W. Hodgson, III
William "Bruce" King

STAFF MEMBERS PRESENT:

Ms. Margi Grein, Executive Officer
Ms. Nancy Mathias, Licensing Administrator

Acting Chairman Kevin E. Burke commenced the workshop at 8:30 a.m., Friday, November 13, 2009 with a statement concerning the proposed regulation and thanking the participants for attending.

Ms. Grein explained the purpose of the workshop is to receive public comment on proposed amendments to Chapter 624 of the Nevada Administrative Code to revise license bond amounts. The Legislative Counsel Bureau has designated the file as LCB File No. R057-09.

Ms. Grein indicated that the notice of the workshop had been posted in compliance with NRS 233B and the Open Meeting Law at the Las Vegas City Hall, the Sawyer State Building, Clark County Library, Washoe County Courthouse, Washoe County Library, Reno City Hall and the offices of the State Contractors Board in Reno and Henderson.

Approximately 200 members of the public were present and several offered comments concerning the proposed regulation. There were no comments in support of the regulation.

Margaret Cavin of J & J Mechanical indicated that she has been a contractor for twenty-seven (27) years. She voiced her opposition to the regulation and indicated her thought that the regulation would be punitive to the 95 percent of contractors who have had no complaints or discipline against their license. In addition, she feels the present laws and regulations governing the Contractors Board should be used to discipline errant contractors.

George Miller of Big G Construction indicated his opposition to the regulation. He indicated his liability insurance and other bond requirements are adequate coverage. He also expressed his concern regarding the cost of additional bond requirements indicating that the proposal would triple his bond costs.

Paul Miller, Miller Construction indicated his opposition to the regulation citing that he is a small contractor who holds two licenses and that adoption of the regulation would increase his costs by approximately \$15,500 per year. He also felt the notification concerning the workshop was inadequate.

Bill Zarker, B Z Electric concurred with other speakers in opposition to regulation. He indicated he has held his license for many years and did not apply to the board to waive the bond.

David Fulton, Reno Builders Exchange, indicated support for more enforcement to alleviate the problem of unlicensed contracting. He also supports additional fines for unlicensed contracting and those contractors facing disciplinary action. In addition, he indicated that additional costs for bonds would be passed along to consumers.

Mark Brewer, Gen X Carpentry voiced his opposition to the regulation and recommended that more enforcement of unlicensed contractors be undertaken.

Pat Dorney, CBIC indicated that the Nevada Contractors Bond is one of the most expensive on the west coast. CBIC indicted the difficulty with bond underwriting and the increased costs associated thereto. He suggested prioritization of bond claimants.

Glen Greener, Commercial Roofers, indicated his opposition to the proposed regulation both as a contractor and as a bond underwriter. He likened the adoption of this regulation to an additional tax increase. He indicated he felt the regulation was burdensome especially in light of the economic conditions.

Jerry Bowlen, TBL Landscape & Masonry indicated his concern with the regulation, especially the cost for those licensees who hold multiple licenses. He also indicated his concern with the bond amounts being proposed.

Dave Bold, Done Right Plumbing, indicated his opposition to the regulation.

Jim Donofrio, Trident Construction, voiced his opposition to the regulation and indicated increased bond costs takes away from a contractor's operating capital. He also mentioned the bond requirements imposed by city and counties.

Dick Rogers indicated his adamant opposition indicating the construction industry has been hurt dramatically by bad lenders walking away from projects. He agreed with Mr. Donofrio's comments.

Kathleen Huddleson, NAWIC, indicated she represented 100 members of NAWIC and opposed the regulation. She noted that no surety companies or insurance companies are in favor of the proposal. She also mentioned the adoption of this regulation could force small contractors out of business.

Bill Hoover, SNHBA, indicated opposition and stated Nevada's depressed economy has not even begun recovery. He indicated that it is not the time to increase bonds and recommended at the very least that the bond regulation be tabled for 24 months .

Fred Kessler, Anchorage Construction indicated his opposition. He feels the regulation would force many small contractors out of business. He believes a large percentage of contractors in business in 2006 will not be in business in 2010. He feels the regulation is extremely ill-considered and ill-timed.

Buzz Harris, Nevada Chapter AGC, indicated his organization represents approximately 100 contractors in opposition to the regulation. They support more enforcement of unlicensed contractors.

Marl Turner, BAWN, concurred with opposition to the regulation. He indicated implementation of the regulation would contribute to additional small contractors going out of business and result in them becoming unlicensed contractors. He recommended more enforcement of those violating the law. He also indicated a small increase to the Residential Recovery Fund assessment may be a means to help homeowners.

John Martin, Bison Construction indicated that he personally indemnifies his business. He stated that he has been in business for approximately 30 years and this year he has approximately 30% of the business he had last year. He also stressed the expense involved in his opposition to implementation of the regulation.

Bill Winfield, WWW Construction Inc. opposed the regulation. He read into the record a letter from his surety company indicating that implementation of the regulation may result in fewer sureties willing to write bonds. He also indicated that the Board should focus enforcement activity on some of the large contractors who come to the state and work without obtaining a license.

Jerry Bailey, True North Construction voiced his opposition and indicated, based on his license limits, the cost of bonds would increase to \$240,000 annually. He also indicated his belief that small contractors would suffer more impact than larger contractors. In addition, he expressed his support for stricter enforcement against unlicensed contracting.

Jeff Westover, NECA, representing 39 electrical contractors in Southern Nevada expressed opposition. He also recommended larger penalties for unlicensed contracting and violations by licensed contractors.

Steve Holloway, AGC, Las Vegas Chapter, indicated his organization's opposition and stated that at least 100 contractors have expressed opposition through him.

Doug Williams, Plumber Inc. voiced his opposition to the regulation. He understands the need to protect the consumer but feels the regulation is ill-timed.

Keith Howard, Living Water & Garden indicated his opposition. He stated small contractors are struggling in today's economy and also indicated that implementation of the regulation would not only affect the contractor but has a ripple down effect. He indicated families and families of workers who may have to be laid off would suffer.

Gary Gladwill indicated his opposition. He holds three licenses and must post a bond for each license. He would like to propose that the Board require one bond per entity rather than each license.

Howard Rakestraw indicated his cost will increase to \$200,000 per year with his four licenses. He wants only to perform small remodels. He indicated he has put his life savings into becoming a contractor and feels the regulation will put more contractors out of business. He also expressed concern about the process of notification of the workshop.

Roger Worsham, Advanced Property Service indicated he performs very small jobs for homeowners associations. He currently has four licenses. The new regulation would raise his bond cost to \$8000. He currently employs six individuals and would like the Board to consider giving a break to small contractors. He voiced his opposition to the regulation.

Mike Holmes, BANN, spoke on behalf of BANN as well as on his own behalf as a contractor. Indicated 600 members of BANN oppose the proposed regulation. He indicated current laws and regulations provide adequate safeguards. He also indicated the proposed regulation would increase the cost of doing business and that bond companies are hesitant to write bonds.

Miguel Palma, Capital Insurance, indicated opposition to the proposed regulation. He feels the adoption of the regulation would put many people out of business. He recommended that Nevada adopt California's policy by creating a limit on the amount that a supplier can receive from a bond and thereby giving the consumer an opportunity to receive payment from the bond.

Ed McSwain, Terra Contracting, indicated his opposition to the proposed regulation. He indicated he has received a letter informing him his bond company had cancelled his bond. He indicated he will be going out of business. He recommended the bond requirement be eliminated.

Modesto Gaxiola, representing Roofers Local #162 indicated the union's opposition stating the regulation would create an obstacle to helping economy recover.

Lisa Stevens, Leavitt Insurance Agency indicated opposition, citing that in today's economy, contractors who are struggling just to stay in business are now being forced into high risk bonds at extreme high costs.

Gordon Marx, ACE Fire Systems voiced his opposition to the proposed regulation. He would like to see all license bond requirements eliminated and owner/consumers should be required to get payment and performance bonds for specific project. He also indicated he feels that contractors have no protection.

Curtis Cumming, indicated he has been a contractor since 1981 and he represents the North Las Vegas Chamber. He voiced his opposition to the proposed regulation on his behalf and on the chamber's behalf. The chamber objects to the regulation since it gives no help to business. It is their desire to promote growth of small business.

Lynn Crosswhite, Meridian Concrete voiced her opposition to the proposed regulation. She spoke about a large contractor who held a \$500,000 bond who went out of business leaving sub-contractors with \$1.5 million in losses. She feels the regulation offers no benefit to the subs but will cost much more.

Art Moreno, Extreme Air Conditioning opposes the regulation and feels implementation will force him out of business. He has been a contractor for eight years without any complaints.

Margo Smith, Bond Manager of Nevada Bonding voiced opposition to the proposed regulation.

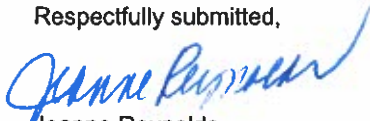
Stephen Mack, El Camino Construction voiced his opposition and indicated his feelings that small and large companies would be put out of business.

Ms. Grein thanked everyone for participating in the workshop and stated their statements would be summarized for the Board members.

Mr. Burke indicated the Board would give careful consideration to all of the comments received and thanked all participants.

The meeting adjourned at 10:20 a.m.

Respectfully submitted,



Jeanne Reynolds
Recording Secretary

Approved:



Margi Grein
Executive Officer