

Assembly

GOVERNMENT AFFAIRS COMMITTEE  
MINUTES OF THE MEETING  
FEBRUARY 18, 1971

56 ASSEMBLY SESSION

1-11

ALL MEMBERS PRESENT

ALSO PRESENT: DONALD D. ANDERSON, EXECUTIVE SECRETARY, PUBLIC EMPLOYEES  
RETIREMENT BOARD

GARY PRESNELL

ROBERT STELLON

KEITH HENDRICKSON, CHAIRMAN, NEVADA PEACE OFFICERS AND  
FIREFIGHTERS ASSOCIATION

LES GROTH, NEVADA FIRE CHIEFS AND FIREMEN

LEN ROBINSON, NEVADA STATE EDUCATION ASSOCIATION

ROSS CULBERTSON, NEVADA STATE EDUCATION ASSOCIATION

DON PERRY, NEVADA STATE EDUCATION ASSOCIATION

WILLIAM E. ADAMS, ASSISTANT CITY MANAGER OF LAS VEGAS

ANGUS MAC ECHERN, PERSONNEL DEPARTMENT OF LAS VEGAS

CURT BLYTH, NEVADA MUNICIPAL ASSOCIATION

Chairman Smith called the meeting to order and turned the meeting to Public Employees Sub-committee Chairman Lauri.

Chairman Lauri called upon Mr. Anderson of the Retirement Board to make his presentation.

AB 36 - Provides for payment of interest on withdrawals from Public Employees Retirement Fund.

Mr. Anderson spoke against this bill and outlined his reason - see attached sheet.

Assemblyman Hawkins questioned Mr. Anderson as to the legality of forcing people to join the retirement system.

Mr. Anderson said that this has not been tested in court and he wishes that someone would bring a test case into court as he would like a ruling on this matter. Mr. Anderson said that when the system went into effect it was voted upon by the employees at that time and since 75% voted in favor of it, it is held to be legal to oblige employees to join.

Assemblyman Smith questioned Mr. Anderson as to the number of people who leave the system every year.

Mr. Anderson said the 8400 figure was not quite correct as due to the accounting system some people receive two refunds, one from the money actually paid into the system at the time they leave state service and sometimes a second refund of monies that had not been received by the Retirement Board at the time of termination.

Assemblyman Smith asked the total number of persons covered by the system at present.

Mr. Anderson replied that there about 24,000 persons covered. He explained that many who leave are short time employees and summer help.

Assemblyman Hawkins pointed out that there would be no interest paid to people who have not had five years service and asked how many people would be involved.

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Mr. Anderson replied that a large part of the 8,400 people who leave the system do so before they have served five years.

Assemblyman Smith asked the average yeild on investments.

Mr. Anderson replied 5½% was the average.

Assemblyman Getto asked the percentage of the total fund that can be invested in stocks.

Mr. Anderson said the amount was limited to 20%.

Assemblyman Getto asked the amount this bill could cost the fund.

Mr. Anderson said he had not received any actual figures on this, however as of the end of the last fical year the fund was about 117 million dollars short and this would add to that amount.

Assemblyman Smith asked if Mr. Anderson could bring someone to testify who could give exact figures..

Mr. Anderson said that he could contact his actuary and report back to the committee.

Assemblyman Branch questioned Mr. Anderson as to what was meant by an unfunded liability.

Mr. Anderson explained that at the time the system was set up it was not fully funded and until it reaches thirty years of operation it will not be able to absorb any additional drain.

Assemblyman Hawkins asked the average amount paid into the system per year by a teacher.

Mr. Anderson said it would be about \$500.00 per teacher per year.

Assemblyman Hawkins pointed out that the interest on this was not a considerable amount when you take into account the fact that five years service was required before one would be eligable.

Assemblyman Smith asked if there was a plan to ask for more money to fund the system.

Mr. Anderson replied that he did have a request to make, however he was waiting until a bill in the Senate was acted upon as it would raise the amount paid by employees and employers from 6% to 8½%.

Assemblyman Smith stated that the increase in rates would only maintain the present rate of funding and that he felt that a long term plan of additional funding should be worked out.

Mr. Anderson said that such a plan would be submitted this year.

Assemblyman Lauri asked how the investment was authorized.

Mr. Anderson replied that Retirement Board was authorized to hire professional advisers and at present the firm of Sutter, Stevens and Clark of San Francisco is handling all investments for the Board.

Assemblyman Smith asked Mr. Anderson if the bill, AB 36, were given favorable consideration from the committee would an amendment allowing only one refund with interest computed from the last full quarter paid in, help with the administration of such legislation.

Mr. Anderson stated that he could handle any requirement that

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the Legislature saw fit to impose.

Assemblyman Smith asked Mr. Anderson if he felt that he would have a more favorable budget and more personnel in the future. Mr. Anderson replied that he had been given three more lower positions on his staff.

Assemblyman Lauri asked what the administrative figure was per member.

Mr. Anderson replied that it was \$6.21 per year per person.

Mr. Gagnier stated that NSEA favored AB 36.

Assemblyman Getto asked that Mr. Gagnier submit to the committee a report that would compare Nevada with other states that pay interest and also contain a comparasion of benefits.

Assemblyman Lauri suggested that AB 94 be discussed.

AB 94 - Removes prohibition against educational facility employees contributing to public employees retirement from two incomes in public service at once.

Mr. Anderson explained that teachers are able to contract their services to the Universities for the summer months and almost double their salaries for the three months while other employees are not in a position to do this.

Assemblyman Smith stated that he felt that teachers should not be singled out in this matter and that also a similar situation could involve other state or local employees who hold public office. It was his opinion that some solution could be worked out that would not place the teachers in a special position but would still protect the fund.

Assemblyman Hawkins asked how many teachers had well-paying contracts for the summer months.

Mr. Anderson estimated that about 100 teachers had summer contracts.

Mr. Perry estimated that about 50 teachers had summer contracts. He stated that this bill would let teachers be equal to other employees.

Mr. Blyth pointed out that many teachers were employed by cities during the summer and would be paying into the retirement fund from thses jobs.

Mr. Culbertson stated his belief that it would not be the older higher paid teachers who would be working during the summer months but the younger teachers who were not yet any where near retirement age.

Assemblyman Dini pointed out that this bill would be a companion bill to any bill passed which would use the schools for twelve months.

Assemblyman Lauri suggested that some system be worked out where persons contributing from two incomes receive two retirements instead of lumping the income together for retirement benefits.

Assemblyman Hawkins asked Mr. Anderson if AB 94 would not cost the retirement system more than AB 36.

Mr. Anderson agreed that it might.

Assemblyman Smith pointed out that careful study will have to be given this bill.

AB 123 - Removes time limits and restrictions on repayment of public employees' retirement contributions after withdrawal from and return to system; requires redeposited contributions to be accompanied by compound interest.

Mr. Anderson explained that this would answer the problem of the five year gap, however he felt that compound interest would be very high.

Assemblyman Getto suggested the bill be changed to require the amount of interest equal to the yield of the fund.

Mr. Anderson felt this would be much better.

Assemblyman Hawkins stated that she felt that if a person wanted back into the fund he should pay the compound interest.

Mr. Anderson pointed out that SB 58 also deals with this problem and should be considered with it.

Assemblyman Dini suggested that some definite amount per month or year be specified rather than a lump sum required or the present system of paying when ever the employee desires.

Assemblyman Getto agreed with this point.

Mr. Anderson agreed that this would be a much better system, however he would have no way of collecting such payments if the person did not send them to him.

Mr. Hendrickson stated that his organization was also in favor of this bill and suggested that the bill be amended to say that after the member returns to the system he would have ten years to repay the amount he withdrew, but it must be in a lump sum.

Mr. Anderson suggested that a member could repay the amount any time before retirement in a lump sum.

Assemblyman Frazzini asked how many people do come back into the system.

Mr. Anderson said one out of ten perhaps.

AB 158 - Makes technical amendments and other changes in Public Employees Retirement Act.

Mr. Anderson explained that this was a housekeeping bill and recommended certain changes that the Retirement Board felt would be beneficial.

Assemblyman Lauri asked that Mr. Anderson explain this bill to the committee.

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Mr. Anderson said the first item would increase the amount paid to the Board members to thirty dollars a day from the present twenty.

The second would increase the revolving fund from \$750,000 to \$1,000,000.

Next on page 2, lines 26 -30 is to clear up just who is covered by the system. This would place a \$3,600.00 minimum even for half time employees and not consider the hours worked.

The next change would take care of summer help and the problem of so many people withdrawing their funds after a short time, and also place full time help under the system immediately. Assemblyman Ronzone asked if it might not be better to say 100 days instead of 90 days.

Page 3, line 16 would give the board the power to enforce its regulations, and impose a penalty on late payments.

Assemblyman Smith commended that the legislative audit showed that many of the agencies do not pay their contributions on time and that some way should be found to insure that the money is forwarded to the Retirement Board when due.

This would also speed up payments when a person retires.

Mr. Blyth said that he would like to determine if it would be possible for the different cities to comply with this regulation.

Assemblyman Hawkins asked about page 2, lines 18 and 19.

Mr. Anderson explained that it had to do with the dates and would not apply until July 1, 1971, where the rest of the bill would apply sooner.

Page 4, line 2 would change the earning year from a calendar year to a fiscal year.

On page 5, lines 1-5 would automatically give the benefits to a survivor if an application had been made, even if it had not been processed.

Page 6 doubles the amount that the fund can invest in general stock and per cent in any one company.

Assemblyman Bryan asked what provisions were in the act as to the type of stock that could be invested in.

Mr. Anderson replied there were only per-centage restrictions.

Assemblyman Bryan asked if other states had restrictions on type of stock that could be bought.

Mr. Anderson replied that he could only think of one state.

Assemblyman Smith asked that Mr. Anderson bring to the committee some additional information about the value of this change to the fund.

AJR 10 - Proposes to amend the Nevada Constitution by declaring monies paid into Public Employees Retirement Fund are trust monies. Mr. Anderson said that this was a request of his board and would set the minds of many employees at ease.

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AB 284 - Revises composition of Public Employees' Retirement Board and provides for election of members by employee groups. Mr. Anderson spoke against this bill explaining that he felt the present board worked very well.

A discussion followed about the qualifications of the board members and special interest groups being represented.

Mr. Hendrickson stated that he felt that it would provide for better communication between the Retirement Board and the people whose fund it is.

Assemblyman Hawkins stated that she would like to be sure that the people who are the policy making board of the fund are well qualified.

Assemblyman Branch stated that he would like to discuss this matter again on the 25th of February.

Mr. Hendrickson stated that he would be in favor of enlarging the board to seven members so that the public at large would be represented.

Assemblyman Lauri stated that he felt that the taxpayer should be represented.

Assemblyman Frazzini asked about the qualifications of the members of the board.

Assemblyman Branch stated that he was sure no one who was not qualified would be considered.

Assemblyman Hawkins pointed out that after appointment by the Governor the member must be elected by his own group and that sometimes the most qualified persons are not elected.

Mr. Psaltis suggested that a person who had a vested interest in the retirement system would certainly be most interested in seeing that the fund was protected.

Assemblyman Lauri agreed.

Mr. Hendrickson stated that policemen and firemen have special interest from other public employees and should be represented.

Assemblyman Bryan asked if at present any member of the board was a professional investment person.

Mr. Anderson stated that no member was presently a professional investment person but that several members of the board are members of the retirement system.

The meeting was adjourned.

AGENDA FOR COMMITTEE ON Government Affairs

1-8

Date 2-18 Time \_\_\_\_\_ Room 214

<u>Bills or Resolutions to be considered</u>	<u>Subject</u>	<u>Counsel requested*</u>
<u>AJR 10</u>	<u>Proposes to amend the Nevada Constitution by delaring moneys paid into Public Employees' Retirement Fund are trust funds.</u>	_____
<u>AB 36</u>	<u>Provides for payment of interest on withdrawls from Public Employees' Retirement Fund.</u>	_____
<u>AB 85</u>	<u>Authorizes special Assesment levies against State and political subdivisions.</u>	_____
<u>AB 94</u>	<u>Removes prohibition against educational facility employees contributing to public employees' retirement from two incomes in public service at once.</u>	_____
<u>AB 147</u>	<u>Permits relatives to be employed by any police or fire department.</u>	_____
<u>AB 158</u>	<u>Makes technical amendments and other changes in Public Employees' Retirement Act.</u>	_____

\*Please do not ask for counsel unless necessary.

HEARINGS PENDING

Date \_\_\_\_\_ Time \_\_\_\_\_ Room \_\_\_\_\_  
Subject \_\_\_\_\_

Date \_\_\_\_\_ Time \_\_\_\_\_ Room \_\_\_\_\_  
Subject \_\_\_\_\_







DONALD D. ANDERSON  
EXECUTIVE SECRETARY

STATE OF NEVADA  
PUBLIC EMPLOYEES RETIREMENT BOARD

P.O. Box 637

CARSON CITY, NEVADA 89701

February 18, 1971

BOARD  
ELBERT B. EDWARDS  
CHAIRMAN  
BOULDER CITY  
CLARENCE SWAIN  
ELY  
THOMAS L. WAR  
LAS VEGAS  
ROBERT C. WEEMS  
RENO  
JAMES H. SULLIVAN  
RENO

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To the Members of the  
Committee on Government Affairs

Comments of the Executive Secretary acting on behalf of the Board.

- A. B. 36 - Objection to change in 286.430 (Interest on withdrawals)
1. As of this date very many of the 2,341 have been given credit for "prior service" (which was free time) in the computation of their basic retirement. They have been given 16,036 years. We should not consider payment of interest until the retirement system is at least 30 years old so that this drain on the fund will discontinue.
  2. Persons who have retired since 7/1/49 and are now deceased averaged a return of 9 dollars received for every 1 dollar they paid into the system. We cannot afford to pay interest.
  3. The office force (12 persons) would have to be augmented at least by one-third to make 8,400 interest calculations per year. Budget-wise this would never be allowed.
- A. B. 94 - Objection to change in 286.410. (Teachers allowed two incomes)
1. Teachers often take a 3 month contract for June, July and August to give lectures at the University. This allows some of them to double their salary (or more) for 9 of the last 36 months - upon which their retirement is usually based. This adds 25% to their final average salary. The objection is that this type of opportunity is not available to the other two-thirds of the active membership.
- A. B. 123 - Suggested improvements in considering the bill:
1. Line 25 (page 2) the word "compounded" is pretty stiff. If a member is repaying a 20 year old withdrawal, say at 5 percent - the resulting amount due would be staggering.
  2. It is suggested that on page 2: lines 29-38 and lines 45 thru 8 (on page 3) be eliminated. This would put all repayments on a lump-sum basis as they should be. Also Line 39 on page 2 read "after 10 consecutive years" (not 5). This would be the same as in S. B. 158.
- A. B. 158 - These are 8 "housekeeping" items recommended by the retirement board to improve the language of the statutes, prevent misunderstanding by members, and to cure a few ills that 23 years of experience have taught us.

*Donald D. Anderson*  
Executive Secretary

PUBLIC EMPLOYEES RETIREMENT BOARD  
P. O. BOX 637  
CARSON CITY, NEVADA 89701

Donald D. Anderson - Executive Secretary  
(Succeeding Ken Buck on July 11, 1970)

Background:

Pre-world War II: Comptroller of Evans Products  
Company of Coos Bay, Oregon.

World War II : 6 years, 2nd Lt. to Major  
U. S. Army Artillery.

Post World War II: Comptroller of Holman's Dept.  
Store, Pacific Grove, California -  
with 2 years out for Korean War  
as Lt.Col. Inspector-General's Dept.

In Reno since 1954: 2 years as Cost Accountant for  
Raymond I Smith of Harold's Club.

2 years as Chief Auditor of the  
Mapes Hotel.

3 years as City Comptroller of Reno.

10 years as Asst. Executive Secretary  
of Public Employees Retirement Board.

Age 56. Retired as Colonel, Artillery, U. S. Army Reserve,  
after 30 years ( 8 years war-time ) of service.

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GOVERNMENT AFFAIRS COMMITTEE

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DATE:

NAME	REPRESENTING	TITLE
Robert. Stellan	Public Employers Retirement	Asst. Secy.
Gray Presnell	"	Asst. Exec. Sec.
Donald D. Anderson	"	Exec. Sec.
Kelch Hennington	Peace Officers - Fire Fighters	Chairman
LES GROTH	NEVADA FIRE CHIEFS " FIREMEN	Chief
Don Robinson	Nevada State Educ Assoc	Teacher
PASS CULBERTSON	NEVADA STATE EDUC. ASSOC	TEACHER
Alon Perry	Nevada State Education Assn	Committee
William E. Adams	City of Las Vegas, Nevada	Asst. City Manager
Curt Blyth	Nev. Min. Assoc	Exec. Dir.
Angus McEskew	City of Las Vegas	Personnel



ADDRESS ALL COMMUNICATIONS TO  
JOHN E. BAWDEN  
STATE HIGHWAY ENGINEER

STATE OF NEVADA  
DEPARTMENT OF HIGHWAYS

CARSON CITY, NEVADA 89701

February 18, 1971

DIRECTORS  
MIKE O'CALLAGHAN, GOVERNOR, CHAIRMAN  
ROBERT LIST, ATTORNEY GENERAL  
WILSON MCGOWAN, STATE CONTROLLER

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IN REPLY REFER TO SUBJECT

Mr. Henry Etchemendy, City Manager  
Carson City  
Room 205 - Court House  
198 North Carson Street  
Carson City, Nevada 89701

Dear Mr. Etchemendy:

Your letter of February 3, 1971 respectfully requested that the Highway Board consider and take formal action to transfer the property on which Governor's Field has been developed and the access to it from Oregon Street.

At the regular Highway Board meeting held on February 17, 1971, the matter was discussed and action taken by the Board.

This is to inform you that the Highway Board, in official action, approved the transfer of title from the State Highway Department to Carson City, with the provision that the transfer documents and deeds contain a clause that the land and title were transferred to the City on the basis that the use of the land would be for recreational purposes. In the event that, in the future, the land in question might be considered for use other than presently utilized, or sale, its ownership would revert back to the State Highway Department.

Very truly yours,

  
JOHN E. BAWDEN, P.E.  
State Highway Engineer

JEB:mr

CC: Hon. Mike O'Callaghan  
Hon. Robert List  
Hon. Wilson McGowan  
Hon. Lawrence E. Jacobsen  
Hon. Hal Smith  
Stanley D. Sundeen  
Legal  
Right of Way

**LAS VEGAS CITY EMPLOYEES'  
PROTECTIVE AND BENEFIT ASSOCIATION, INC.**

CITY HALL  
LAS VEGAS, NEVADA

February 18, 1971

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The Honorable Senator Floyd Lamb  
Nevada State Legislature  
Carson City, Nevada 89107

Dear Senator Lamb:


We have been keeping a sharp eye on Senate Bill 74 and the amendments to this bill, as it very deeply concerns us. We cannot for the life of us understand your feelings on this bill, as it is very discriminatory to all others of the system Except firemen and policemen.

1. As an example--If firemen and policemen are to receive the benefit of retiring after 20 years of service and all others after 30 years of service plus all others must be of age 55. Are we then saying that Firemen and Policemen are 1st class citizens and all others are 2nd class?
2. The disability benefit is even worse as it is proposed. Let's assume two workmen are injured on duty, one a fireman and the other a truck driver. The fireman would be able to retire on disability at 50% of his salary and the truck driver would be regulated by section N.R.S. 286.540, where he would receive \$75.00 monthly if he had belonged to the system for 10 years. If both have been injured on duty please tell me what makes one human better than another?
3. Under Sec. 3 N.R.S. 286.410. If the  $\frac{1}{2}$  percent that policemen and firemen are to pay in excess of other employees is computed to cover all the added benefits they are to receive, Why, then, cannot all employees pay the additional  $\frac{1}{2}$  percent and have the same benefits. If the  $\frac{1}{2}$  percent will not cover the additional benefits for policemen and firemen, then it must mean all other employees of the system will be subsidizing these benefits for firemen and policemen. Is this fair to all other employees of the system?

The Las Vegas City Employees' Association which represents 707 non-uniformed employees at this time cannot understand how an Elected Official that has been elected to represent all people can sponsor any bill which will discriminate against many employees and offer benefits to a few.

Sincerely yours,

  
\_\_\_\_\_  
Clay Hymer, President

  
\_\_\_\_\_  
George Dammer, Vice President

  
\_\_\_\_\_  
James Gist, Legislative Committee  
Chairman

cc: To All Senators and  
Assemlymen  
State Employees Assn.  
Clark County School Teachers'  
Assn.  
Boulder City Employees' Assn.

SENATE STANDING COMMITTEES

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A G E N D A

SENATE COMMITTEE ON FEDERAL, STATE AND LOCAL GOVERNMENTS

DATE: Friday  
February 19th ROOM NO. \_\_\_\_\_ TIME \_\_\_\_\_

SUBJECT:

PLEASE NOTE THERE WILL BE NO MEETING ON FRIDAY, FEBRUARY  
19th OF THE FEDERAL, STATE AND LOCAL GOVERNMENTS COMMITTEE.

/s/ James I. Gibson  
CHAIRMAN

SENATE STANDING COMMITTEES

/- 153

A G E N D A

SENATE COMMITTEE ON FEDERAL, STATE AND LOCAL GOVERNMENTS

DATE: Monday,  
February 22nd ROOM NO. 243 TIME 3:00 P.M.

SUBJECT:

1. SB-163 (Senator Pozzi) Makes technical amendments in Carson City Charter.
2. SB-172 (Senator Wilson) Removes advisory committee recommendations as limitation on powers of Nevada tax commission concerning budgets of local governments.

/s/ James I. Gibson  
CHAIRMAN