MINUTES OF THE
LEGISLATIVE COMMISSION'S INTERIM COMMITTEE TO STUDY PENSION PLAN FOR CERTAIN JUSTICES AND JUDGES
(Assembly Bill 698 of the 1999 Legislative Session)
February 11, 2000

A meeting of the Legislative Commission's Interim Committee to Study Pension Plan for Certain Justices and Judges (created as a result of Assembly Bill 698 – 1999) was held at 9:30 a.m. on February 11, 2000, in Room 4412, Grant Sawyer Office Building 555 East Washington Avenue, Las Vegas, Nevada. The meeting was video-conferenced to Room 3138 of the Legislative Building, 401 South Carson Street, Carson City, Nevada. Exhibit "A" is the Meeting Notice and Agenda; Exhibit "B" is the Attendance Roster.

COMMITTEE MEMBERS PRESENT IN LAS VEGAS:
Assemblyman Lynn Hettrick, Chairman
Senator Joseph Neal
Senator William O'Donnell
Assemblyman Bob Price

STAFF MEMBERS PRESENT:

Mark Stevens, Assembly Fiscal Analyst, LCB Fiscal Division
Mary Matheus, Program Analyst, LCB Fiscal Division
Ginny Wiswell, Program Analyst, LCB Fiscal Division
Leslie Hamner, Senior Deputy Legislative Counsel, LCB Legal Division
Sherie Silva, Secretary, LCB Fiscal Division

Chairman Lynn Hettrick called the meeting to order at 9:40 a.m. He introduced the committee members and then asked Mark Stevens, Fiscal Analyst, Legislative Counsel Bureau Fiscal Division, to give an overview of Assembly Bill 698 (Exhibit "C").

Mr. Stevens said A.B. 698 provides that:

- The Legislative Commission shall appoint two senators and two assemblymen to the study;
- The study must include an analysis of:
  - The actuarial soundness of the current method of funding the judicial pension plan;
  - An alternative to the current method of funding the judicial retirement plan modeled on the method of funding the Public Employees' Retirement System, and the actuarial soundness of such an alternative; and
  - Any other alternatives to the current method of funding the judicial retirement plan that the subcommittee determines to be actuarially sound.
- If the subcommittee considers the addition of justices of the peace or judges of the municipal courts to the current pension plan, the study must include an additional, similar analysis relating to that inclusion;
- The Public Employees' Retirement System is to provide advice to the subcommittee;

- $30,000 be authorized to be expended from the Public Employees' Retirement Fund to provide advice and actuarial assistance to the committee.

Assemblyman Hettrick announced that Leslie Thompson of The Segal Company, the company performing the actuarial analysis for the committee, had been delayed at the airport. However, Mr. Hettrick said that George Pyne, Executive Officer of the Public Employees' Retirement System, would review the draft copy of the actuarial report, and then specific questions could be asked once Ms. Thompson arrived.

Mr. Pyne explained that A.B. 698 requires the Public Employees' Retirement System (PERS) to provide advice and assistance to the subcommittee as may be required to carry out the provisions of the bill. The bill also states that PERS shall expend not more than $30,000 towards this objective, and a contract has been entered into with The Segal Company, which is also the PERS' actuarial and benefits consulting firm, to assist with the actuarial analysis and the cash flow analysis, i.e., the funded status of the judges' retirement plan.

Mr. Pyne said he would walk the committee through the Actuarial Evaluation Report for the Judges' Retirement Plan (Exhibit "D") and review some of the cash flow analyses. However, just as he began his presentation, Ms. Thompson arrived, and Mr. Pyne deferred the review to her.

Leslie Thompson introduced herself as a consulting actuary with The Segal Company. Beginning on page 1 of Exhibit "D", she explained the scope of the study was based on the present judicial retirement plan statutes and covered 29 active judges and 35 retirees and beneficiaries. Included in the study is an outline of actuarial assumptions that were used to develop the liabilities and costs of the plan. As a final note on page 1, she noted there are currently no assets in the system, so the assets are presumed to be zero.

Turning to page 2, Ms. Thompson explained the study examined four key scenarios to developing costs for actuarial reserve funding.

- The first scenario presumed that the current retirees would stay on a pay-as-you-go funding basis; that the actives would go onto actuarial reserve funding; and that the unfunded liability developed in the study would be paid off over a 38-year period.
- Scenario two is similar to scenario one, except it was assumed that the retirees would also go onto actuarial reserve funding rather than remain on pay-as-you-go funding.
- Scenarios three and four mirror one and two identically, except for the fact that the amortization period to finance the unfunded liability would decrease to 25 years rather than a 38-year period.

Ms. Thompson explained pay-as-you-go funding means that benefit checks are cut as they come due; there is no advanced funding set aside in a trust for those monies. This is the practice currently in place for the judges' system. Conversely, she continued, actuarial reserve funding is where a trust is established, monies are set aside in advance, and both contributions and the investment earnings on that trust are used to pay ultimate benefits.

Moving to page 3 of the report, Ms. Thompson referred to the summary of results of the four scenarios. The summary chart shows the development of the accrued liability, i.e., the liability that exists in establishing a trust for which no assets have yet been put aside because benefits have already been accrued. The first annual payment to finance the unfunded actuarial accrued liability for the four scenarios varies from $581,000 under scenario one, to $1.6 million under scenario four. Annual payments over 38 years would be required for scenarios 1 and 2, and over 25 years for scenarios 3 and 4. Ms. Thompson reiterated the amounts represent the payment strictly for the unfunded accrued liability.

Page 4 of the report illustrates a total required contribution as a percent of payroll under the four different scenarios. Ms. Thompson said that the total costs range from 44.9 percent to 76.5 percent of payroll and include:

- payment on the unfunded liability;
- payment for the normal cost, which is the cost of benefits accruing during the year; and
- for those scenarios where pay-as-you-go funding is still maintained, the costs for that as well.

Ms. Thompson then moved to page 5, which is a summary of benefit provisions that are in the statute and are included as a part of the study. She said the key benefit provision would be the normal retirement benefit, but every other benefit promise referred to under the statute needs to be priced as well, i.e., early retirement, disability, death benefits, and post-retirement benefit increases. Once a member retires, benefits increase under the statute, and that cost is also included in the study.

Page 8 highlights the demographic characteristics of the population in the study, which Ms. Thompson cited:

- There were 29 active members with a total payroll of $3,246,756 and an average annual salary of $111,957;
- There are currently 21 retired members in the system with annual benefits totaling $881,490; and
- There are 14 survivors and beneficiaries receiving annual benefits of $377,651.

Page 9 of the report reflects a diagram of the active membership in the judges' plan, highlighted by years of service and age.

The actuarial assumptions used in valuing the liabilities are listed on page 10 of the report. Ms. Thompson noted the assumptions included an 8 percent investment return and salary increases of 3% per year, plus longevity increases. She said the remaining assumptions are fairly standard, but she would be happy to respond to any questions. There being no questions on the assumptions, Ms. Thompson moved on to the results of the valuation.

Page 12 of the report summarizes the results of the study under the four scenarios. Ms. Thompson again explained that normal costs are the costs for benefits that accrue during the year. The expenses necessary to administer the plan and then the payment of the unfunded accrued liability are added. Ms. Thompson explained the entire summary of the study can be seen in the numbers under the total state contribution requirement, both dollar amount and as a percent of pay (below).

Total State Contribution Requirement

Scenario 1		**Scenario 2**		**Scenario 3**		**Scenario 4**	
Actives Only 38-Yr Amortz.	% of Payroll	All Members 38-Yr Amortz.	% of Payroll	Active Only 25-Yr Amortz.	% of Payroll	All Members 25-Yr Amortz	% of Payroll
$1,458,113	**44.9%**	**$2,212,110**	**68.1%**	**$1,575,811**	**48.5%**	**$2,482,549**	**76.5%**

Turning to page 15, Ms. Thompson said the study included a cash flow comparison for each year under either actuarial reserve funding or pay-as-you-go funding. The point of the illustration on page 15 is to reveal how the cash flow would look in each year. However, at the bottom of the page, the total cash flow under either scenario over a 20-year period and a 40-year period is provided (totals are reflected below).

	Actuarial Funding	**Pay-As-You-Go**
Total – 20 Years	$ 63,190,100	$ 50,939,500
Fund Balance at End of 20 Years	**$ 40,218,600**	**$ -0-**
Total – 40 Years	$135,284,300	$160,022,600

Fund Balance at End of 40 Years	**$119,914,200**	**$ -0-**

Ms. Thompson explained that under actuarial reserve funding over a 20-year period, there would be more cash paid out than under the pay-as-you-go funding. However, she noted, under actuarial funding there is a remaining trust fund of $40 million, where there is no remaining trust fund under pay-as-you-go because the nature of the pay-as-you-go plan does not generate a trust reserve.

After 40 years, actuarial reserve funding has a lower outlay than pay-as-you go, and there is also a remaining reserve of nearly $120 million, as opposed to the pay-as-you-go system which has no reserve balance. Ms. Thompson explained the purpose of the exhibit is to show that there is a crossover point where actuarial reserve funding becomes less expensive than pay-as-you-go funding.

Senator Neal asked for clarification of the difference between pay-as-you-go and actuarial funding. He wondered if actuarial funding involved investment of the funds and earning accrued interest; Ms. Thompson replied the Senator was correct.

Chairman Hettrick said he wanted to explain for the record that pensions are currently paid and funded by the state of Nevada on a cash basis for judges who are not members of PERS. The cost is included in the General Fund budget each year as a cash expense. Referring to the chart above, he said if the pay-as-you-go funding system is continued, the estimated cost is reflected in the right-hand column; the center column reflects the cost to begin an actuarially sound program that would ultimately be self-funding.

Mr. Hettrick also pointed out that if the plan is approved, it will be administered by PERS but will be structured as a stand-alone account—the funds will not be co-mingled.

Senator Neal asked if it is anticipated that a portion of the cost will be deducted from the judges' salaries, or if the entire cost will be paid by the state. Mr. Hettrick said it will probably be paid by the legislature because there is no judges' contribution at the present time. However, that is one of the questions to be resolved by the committee, i.e., whether or not the judges should participate in the funding.

Mr. Pyne asked the committee to return to page 12 of the report and have Ms. Thompson clarify some terminology and aspects of the four scenarios.

Ms. Thompson explained the actuarial assumptions are very important because, for each member of the plan, she will have to go forward in time and predict their ultimate retirement benefits, and since they are final-pay based, she will also have to predict all future pay increases. In addition, she will have to take in probabilities for retirement disability, withdrawal, or anything else that could generate a benefit.

Ms. Thompson said the term "normal cost" refers strictly to the service cost for that particular year. In any year a member works, receives pay, and earns a year of service, an accrued benefit is generated that will be payable to the member at retirement. She said that amount is paid for through normal cost, which is why the number is the same under all four scenarios. The difference in the scenarios lies in how the state chooses to pay off the unfunded liability. Ms. Thompson said she compares the unfunded liability to a home mortgage—there is a certain large amount to be paid off over so many years. Benefits have already been accrued for many years of past service on the part of some of the judges, but there are no assets. Therefore, a funding method must be employed to pay for those over time.

Mr. Hettrick said he assumes the administrative expense consists of the PERS expense for operations and represents 1.2 percent of payroll. If the state wanted to pay cash today, he wondered what the total unfunded liability would be. Ms. Thompson replied under scenarios 1 and 3 it would be $10 million, and $23 million under scenarios 2 and 4.

Mr. Hettrick affirmed if the state decided to fully fund the program, it would cost $23 million in cash to fund the entire liability as of this date. Ms. Thompson said if the $23 million figure were used under scenarios 2 and 4, it would mean the current retirees would not be kept under the pay-as-you-go funding method.

Chairman Hettrick asked Ms. Thompson if she had been able to fulfill a last-minute request for a scenario if the state decided to invest some cash into the plan. Ms. Thompson replied she had completed the scenario, and she highlighted the results:

- The unfunded liability would run for either 38 or 25 years, at which point it would be paid off.
- If the unfunded liability were paid, the only remaining contribution would be the normal cost plus any expenses. This would go on in perpetuity.

Referring to page 12 as an example, Ms. Thompson said if there was no more unfunded liability, the ongoing costs under scenario one would be 25.8 percent of payroll plus the 1.2 percent to offset the ongoing cost of administering the program.

To clarify his understanding, Senator Neal asked if the state were to pay off the 38-year or 25-year amortization, the amount of the unfunded liability to be paid would be $10,082,411. He wondered what the expense to the fund would then be. Ms. Thompson replied that amount would be $838,000 plus 1.2 percent of payroll, as reflected on page 14 of the study.

Chairman Hettrick explained that the reference to UAL in column 2 on page 14 means Unfunded Actuarial Liability, which is the amount that has not been paid in the past. If the UAL were paid off by the state, the ongoing costs would be as follows:

Employer Normal Cost (3% Growth)	$838,100
Administrative Expenses (3% Growth)	$ 39,000

Chairman Hettrick told Ms. Thompson the committee may request a scenario in the future in which $10 million (or some amount) would be paid against scenarios 2 and 4 rather than 1 and 3. Some agreement will be necessary with other legislators and the Governor to take some surplus money that may be available and fund some of the unfunded liability to lower the cost. He said he doesn't know if any of the scenarios will work, but they should all be explored. George Pyne said his office would be happy to provide any additional information requested by the committee.

Senator Neal asked if the figures are based upon what the judges would receive under the Public Employees' Retirement System. Would the existing law apply as to how to qualify for a pension under PERS?

Mr. Pyne replied the assumptions with respect to the plan from which the judges will receive benefits are based on the current design of the judges' retirement system, which is different than the benefit provisions under the PERS system. The provisions of the judges' retirement plan are found under NRS 2 and 3.

Senator Neal then asked if all of the judges would come under one system. Mr. Pyne explained presently about half of the active judges are in the PERS plan because at the time they were elected they had service in PERS and chose to remain in PERS. The other half are in the unfunded pay-as-you-go judges' plan, and The Segal Company study focuses just on those judges and the retirees from the plan. The study does not address the judges that are presently active or retired from the PERS plan.

Senator Neal asked if there would be two separate retirement systems as far as the judges are concerned. Mr. Pyne said that would certainly be a possibility. A separate judges' retirement system, not unlike the legislators' retirement system, could be created and invested and administered by the Public Employees' Retirement System and still have the same plan design that exists today. Or a more formalized structure with an actuarial reserve funding base could be created, which Mr. Pyne believes is the main focus of the study. The financial footing of the judges' plan needs to be on a much sounder basis than it is today. He noted there are some Internal Revenue Code concerns, some Governmental Accounting Standards Board (GASB) compliance concerns, and so on, which can be addressed by structuring a plan similar to PERS and the legislators' systems, and consequently the state can feel more comfortable about the administration of the plan.

Senator Neal asked if there will still be judges coming into the PERS plan. Mr. Pyne replied that could continue, but it is a policy decision to be made by the legislature. This study just focused on keeping things the way they are with respect to new members, i.e., they can stay in PERS, or they can choose to go into the judges' plan. However, an individual elected from the private sector would have to join the judges' retirement plan. Mr. Pyne reiterated it would be the legislature's decision to design the plan.

Would investing the $10 million forever cure the problem, Senator Neal asked? Chairman Hettrick replied it would, in the sense that from then on the only cost would be the annual contribution required of all members. Mr. Pyne added an actuarial evaluation would be conducted every year to determine the new normal cost of the plan, and contribution rates would be moved accordingly to fund the plan appropriately. Paying down the $10 million upfront would go a long ways toward ensuring the sound financial footing of the judges' retirement plan.

Chairman Hettrick said the issue is very complicated, and there are a lot of questions to be answered. He suggested the judges make their presentation prior to a question/answer period, as more questions may arise. He would like to have all of the information laid out on the table, take time to study it, and then come back in thirty days and determine what direction should be taken. He thanked Mr. Pyne and Ms. Thompson for their presentations.

John Pappageorge testified he represents the Nevada District Court Judges' Association, and he introduced the president of the Association, Judge Sally Loehrer, who proceeded with the presentation from the Judges' Association.

Judge Loehrer said a written report from the Nevada District Judges' Association (Exhibit "E") had been distributed to the committee. She said the Judges' Association has met several times to study the dilemma of judicial retirement. There are two systems, and they operate side-by-side but do not coordinate in any way, shape, or form. Half of the district court judges and Supreme Court justices in the state (there are a total of 57) are in the PERS system and half are in judicial retirement. The retirement of those in PERS is being funded annually, as are other PERS employees. The half of the judges in judicial retirement are not funded—the cost is paid from the State General Fund every year.

Judge Loehrer said surveys of the Association's membership have been conducted, and of most importance to the membership is that judicial retirement be actuarially funded, because the present system allows no option for retiring judges to select the survivor's benefit option, an available option under the PERS system. She explained if judicial retirement is actuarially funded, a retiring judge would be able to elect to have a survivor's benefit. The benefit costs no more to the program, because when an individual retires and selects the survivor's benefit option, the ages of both the retiree and spouse are combined and the benefits are distributed over the joint ages, reducing the benefit amount. However, with the present system which is not funded, when a judge dies, the spouse receives $2,500 a month, but only if he/she is 60 years of age and remains unmarried. Judge Loehrer said there is currently no way for a judge to plan for his or her spouse after the judge dies. The Association's first priority is to have the judicial retirement plan actuarially funded so that judicial retirement can offer the survivor's benefit option.

Judge Loehrer encouraged committee members to read the judges' report (Exhibit "E") prior to the next meeting. There are a number of differences between the judicial retirement system and the PERS system which the Association would like to see become more compatible. She said until about 15 years ago, a judge could elect to retire under PERS if he had been in PERS, or he could elect to retire under judicial retirement. Due to a change in the law, it is no longer allowable for any judge, except one in Carson City, to make an election to retire under one or the other system.

Judge Loehrer referred the committee to page 4 of Exhibit "E", which compares how benefits accrue between PERS and the judicial retirement system. Judicial retirement system credit accrues at a faster rate; however, not for the first 10 years. A person in the judicial retirement system does not earn service credit for the first 4 years of service, while an individual in PERS accrues 10 percent. This would affect those judges who are appointed and subsequently do not get elected, those who get appointed and die, or those in any other situation which results in less than 4 years of service. After 10 years of service, judicial retirement begins to accrue a larger amount than PERS. Judge Loehrer said this is one of the reasons judges coming from the public sector remain in the PERS system.

Another major desired change would allow a judge coming from the PERS system to transfer his PERS credits to the judicial system after 4 years of service and thereafter accrue retirement benefits at the judicial annual accrual rate.

Judge Loehrer thanked George Pyne and Leslie Thompson for meeting with the Judges' Association in January. She said they were very helpful in answering a number of questions in order for the Association to understand what revisions would or would not be possible. She said she would be happy to provide any additional information to the committee in a timely manner.

Senator Neal, referring to the Comparison Chart for Retirement Benefits (page 4 of Exhibit "E"), noted that after 4 years, the judicial system is on a much faster track toward reaching 75 percent of the retirement, i.e., 22 years under the judicial plan versus 30 years under the PERS system. He wondered what the ultimate cost would be to make the two systems compatible.

Ms. Thompson asked if Senator Neal was envisioning the accrual of the PERS system to be the same as that of the judges' plan; he replied affirmatively. She said that while she cannot calculate the numbers that fast in her head, she would anticipate normal costs to rise to amounts closer to those of the judges' plan for the entire PERS system, and unfunded liability payments would increase as well. She explained current normal costs under PERS are about 14 percent, whereas they are nearly 25 percent for the judicial system.

Assemblyman Hettrick calculated that the cost would increase to nearly 27 percent if $10 million were paid, resulting in 25.8 percent plus 1.2 percent of payroll, which would be 13 percent higher than present. The state contribution for a current PERS employee would have to nearly double.

Senator Neal affirmed that the actuarial study did not take into consideration a change in the PERS system to bring it in line with the judicial system; rather, the study only involved making changes to the judicial system to bring it in line with PERS. Ms. Thompson and Chairman Hettrick concurred.

Chairman Hettrick said one of the questions before the committee is whether it would be possible to revise one of the programs to match the other. Changing the judges' plan to match the PERS plan would provide an earlier benefit, but would require 30 years of service rather than the existing 22-year vesting period.

Senator Neal suggested the legal ramifications of merging the two programs be studied. Chairman Hettrick said assuming the programs were left separate, there would be separate funding in two separate programs, and anyone who is retired is already guaranteed a benefit at a certain rate based on a certain program. He did not think legal problems would be encountered in merging the two because it would only involve separate accounting. However, the real question is whether to choose to simplify the systems and have only one plan, or to leave things the way they are. Mr. Hettrick thought the preference of the judges would be to provide 4.166 percent annual funding from the first year of service, which of course would again raise the cost.

To clarify the Judges' Association's proposal, Judge Loehrer explained the actual number of PERS credits accumulated prior to entering the judicial retirement system would transfer to the judicial system. The amount would not grow, and the judge would not receive more percentage benefits, but thereafter he would be in the judicial system and years of service would accrue at the judicial rate. The back cost would not change, i.e., the $10 million, but future payments would increase because instead of 2.5 percent per year into PERS, the contribution would be 4.166 percent into the judicial system.

Chairman Hettrick noted the $838,000 amount referred to earlier would increase significantly if judges were allowed to transfer systems, because the accrual rate would jump from 2.5 percent to 4.166 percent, and of course, it can be assumed that everyone would move since the accrual rate is so much faster.

Judge Loehrer clarified that the $838,000 per year is for only half of the judges—the half that are in the judicial system. The legislature did not ask in A.B. 698 for an analysis of the difference between PERS and the judicial plan and to study the whole judicial retirement system. The bill only mandates a study of half of the system.

Chairman Hettrick said A.B. 698 mandates what the committee has to do; it does not say what it cannot do, and therefore the committee can study anything it wants. The real issue, he continued, comes down to how many dollars are available and where they should be placed. Should the state invest $10 million one time, have the judges' plan actuarially sound, and have a 26 percent contribution that might get funded, or should all the benefits be provided with a contribution rate of 76 percent of salary? Would funding be available to support a 76 percent contribution rate? Mr. Hettrick emphasized those are the real issues for the committee. Of utmost importance is that the judicial system has to be put on an actuarially sound basis. It would not seem responsible to spend $160 million over 40 years and have a zero fund balance, when it is possible to spend $153 million and have $120 million in the bank and have the retirement plan be actuarially sound. The discussion becomes what changes are to be made while doing this—should the two plans be made even across the board? Should judges participate in some fashion in funding the plan? Should accrual methods and amounts be discussed?

Senator Neal asked if the Judges' Association has taken a position on one plan over another. Judge Loehrer replied the Association actually represents 50 percent in one plan and 50 percent in the other plan. The membership has been polled as to what the best scenario would be, and the majority opinion is that the first and highest priority should be to have the judicial retirement system actuarially funded so that, upon retirement, the judges in judicial retirement can have a survivor's benefit option. However, Judge Loehrer continued, the other half of the membership who are in PERS would like to see the two systems merged so that PERS credits are not lost if a judge enters the judicial system.

When asked by Senator Neal if the actual answer to his question is "no," Judge Loehrer replied rather than take a position, the Association is open to all options. However, she believes the reason judicial retirement reaches 75 percent in 22 years rather than 30 is because of the average starting age of judges. Of the 59 judges presently on the bench, the average age was 44.7 years upon their first election. Therefore, a 30-year accrual would necessitate most judges working until age 75 to receive full retirement benefits.

If judges are not elected until they are 45 or 47 years of age, Senator O'Donnell asked, what kind of retirement plans do they have prior to their election? Judge Loehrer replied the widest variety possible—she herself has social security, which is reduced because of her government pension. Over her lifetime she will receive less money than she has paid into social security. Some judges come from law firms that had pension plans, and they are in a better position than others. She said about half of the judges came from the private sector and half from the public sector, thereby having some PERS benefits. Some of those from the private sector have nothing except maybe some social security.

Senator O'Donnell remarked there are KEO plans, 401K plans, and all kinds of retirement plans. He wondered what the rationale of the legislature was to create a shortened 22-year retirement. Judge Loehrer reiterated it is her belief it was because most do not enter the judgeship until their middle 40s.

Senator O'Donnell said that presupposes that an individual has no retirement for 20 years after graduation from law school. He was perplexed as to why a judge deserves a 22-year retirement period just because he doesn't start working until he is 45. Judge Loehrer said this circumstance is not unique to Nevada—it is not strange or unusual to have a shortened period of time for a judicial career across the nation. There is the uncertainty of being elected every six years; there are significant costs to leave an existing practice to enter the judiciary; and if not re-elected, it is necessary to re-establish a practice. She believes there were all kinds of financial considerations taken into account by the legislature when the shortened accrual period was originally adopted.

John Pappageorge remarked the issue of retirement in general might be the answer to Senator O'Donnell's question. Why does anyone receive retirement? Why do firefighters have different retirement plans? He said it is a good question, but a very complex one. As with other professions, in order to attract quality people, it is necessary to offer benefits, and a good retirement plan might be the reason Nevada has good quality judges such as Judge Loehrer and the others in the room.

Chairman Hettrick said Senator O'Donnell had brought up a major question the committee will have to struggle with. There are people in the PERS system who have no previous retirement and started at age 45 as well, and nothing is being done for them. Also, he noted judges' salaries are significantly higher than the average person in PERS, and they have much more ability to fund their own retirement or additional retirement benefits if they choose to do so, which many members of the PERS system do not. Mr. Hettrick said all of these factors must be weighed during the committee's deliberations, and there will likely be some trade-offs negotiated. The judges have an opportunity to get part of what they would like to have, and the committee will try to hold the costs down and make the plans as fair and even as possible.

Chairman Hettrick asked for any comments from the audience; there were none.

Senator Neal moved that the committee accept The Segal Company's Actuarial Valuation Report and Review as of July 1, 1999; the motion was seconded and passed unanimously.

Chairman Hettrick asked Leslie Thompson to provide different scenarios of investing $10 million into the judges' retirement system for the next meeting, although he did not think it would be necessary for her to attend the meeting. He said he would like to see a print-out of the $10 million invested into scenarios 1 and 3, as well as scenarios 2 and 4. Once the committee considers all scenarios and reaches the point where definite decisions will be made, the committee will have her attend the work session.

The committee agreed to meet again on Thursday, March 9, 2000, at 9:30 a.m. in Las Vegas.

There being no further business to come before the committee, Chairman Hettrick declared the meeting adjourned.

Respectfully submitted,

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Sherie Silva, Secretary

APPROVED:

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Assemblyman Lynn Hettrick, Chairman

Date:__________________________________