

SENATE BILL NO. 502—COMMITTEE ON GOVERNMENT AFFAIRS

(ON BEHALF OF THE OFFICE OF FINANCE
IN THE OFFICE OF THE GOVERNOR)

MARCH 27, 2017

Referred to Committee on Government Affairs

SUMMARY—Makes various changes relating to the Public Employees’ Benefits Program and the Public Employees’ Deferred Compensation Program. (BDR 18-979)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
Effect on the State: Yes.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to public employees; making the Public Employees’ Deferred Compensation Program part of the Department of Administration; revising the membership of the Board of the Public Employees’ Benefits Program and the Committee to Administer the Public Employees’ Deferred Compensation Program; revising provisions relating to the procurement process for the Public Employees’ Benefits Program and the Public Employees’ Deferred Compensation Program; making various other changes relating to the Public Employees’ Benefits Program and the Public Employees’ Deferred Compensation Program; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

- 1 Existing law creates the Board of the Public Employees’ Benefits Program.
- 2 (NRS 287.041) Existing law requires the Board to establish and carry out the Public
- 3 Employees’ Benefits Program, which: (1) is required to include a program relating
- 4 to group life, accident or health insurance, or any combination thereof, for the
- 5 benefit of state officers and employees and other participants; and (2) is authorized
- 6 to include certain other plans and programs for the benefit of such persons. (NRS
- 7 287.043) Existing law additionally requires the Board to employ an Executive
- 8 Officer and authorizes the Board to delegate any of its powers, duties or functions



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9 to the Executive Officer. (NRS 287.0424) Existing law also establishes the Public
10 Employees' Deferred Compensation Program for state employees, which is
11 administered by the Committee to administer the Program. (NRS 287.325)

12 **Sections 1-4** of this bill make the Public Employees' Deferred Compensation
13 Program part of the Department of Administration. **Sections 2 and 3** of this bill
14 require the Director of the Department of Administration to appoint, with the
15 concurrence of the Governor and the Committee to Administer the Public
16 Employees' Deferred Compensation Program, the Executive Officer of the Public
17 Employees' Deferred Compensation Program and provides that the Executive
18 Officer is in the unclassified service of the state and serves at the pleasure of the
19 Director, except that he or she may be removed by a majority vote of the
20 Committee. **Section 11** of this bill authorizes the Executive Officer of the Public
21 Employees' Deferred Compensation Program to hire or contract with employees
22 and consultants as necessary. **Section 44** of this bill authorizes the Committee to
23 delegate certain administrative duties for the Public Employees' Deferred
24 Compensation Program to the Executive Officer.

25 **Section 15** of this bill changes the composition of the Board of the Public
26 Employees' Benefits Program and removes the requirement that the Governor
27 provide certain notice upon removing an appointed member of the Board. **Section**
28 **43** of this bill changes the composition of the Committee to Administer the Public
29 Employees' Deferred Compensation Program.

30 Existing law contains special provisions relating to the award of certain state
31 contracts for the Public Employees' Benefits Program, pursuant to which the Board
32 for the Program considers recommendations for the award of such a contract but
33 has final authority to make the award. (NRS 287.04345, 333.335) **Section 47** of this
34 bill eliminates those provisions, with the result that such contracts are to be
35 awarded in the same manner as provided generally for all agencies in the Executive
36 Department of the State Government. **Sections 11.5 and 24.5** of this bill provide
37 that the Public Employees' Deferred Compensation Program and the Public
38 Employees' Benefits Program are subject to existing law governing state
39 procurement and authorizes the Board or Committee, as applicable, to review any
40 evaluation of proposals for a contract in a closed meeting. **Sections 11.5 and 24.5**
41 also provide that, if members of the Board or Committee, as applicable, are
42 appointed to a committee to evaluate proposed contracts for their respective
43 Programs, the meeting of such an evaluation committee is exempt from the Open
44 Meeting Law to the extent of the review of the proposals. **Sections 11.5 and 24.5**
45 prohibit the members of the Board and members of the Committee from taking
46 action or deliberating on the business of their respective public body during a
47 meeting of such an evaluation committee.

48 **Section 20** of this bill requires the Director of the Department of
49 Administration to appoint a Quality Control Officer of the Public Employees'
50 Benefits Program.

51 **Section 55** of this bill eliminates the requirement that the Executive Officer and
52 the Board of the Public Employees' Benefits Program complete certain continuing
53 education requirements relating to the administration of group benefits for public
54 employees.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** NRS 232.213 is hereby amended to read as follows:
2 232.213 1. The Department of Administration is hereby
3 created.



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- 1 2. The Department consists of a Director and the following:
- 2 (a) Risk Management Division.
- 3 (b) Hearings Division, which consists of hearing officers,
- 4 compensation officers and appeals officers.
- 5 (c) State Public Works Division.
- 6 (d) Purchasing Division.
- 7 (e) Administrative Services Division.
- 8 (f) Division of Human Resource Management.
- 9 (g) Division of Enterprise Information Technology Services.
- 10 (h) Division of State Library, Archives and Public Records.
- 11 (i) Office of Grant Procurement, Coordination and Management.
- 12 (j) Fleet Services Division.

13 ***(k) Public Employees' Deferred Compensation Program.***

14 **Sec. 2.** NRS 232.215 is hereby amended to read as follows:
15 232.215 The Director:

- 16 1. Shall appoint an Administrator of the:
- 17 (a) Risk Management Division;
- 18 (b) State Public Works Division;
- 19 (c) Purchasing Division;
- 20 (d) Administrative Services Division;
- 21 (e) Division of Human Resource Management;
- 22 (f) Division of Enterprise Information Technology Services;
- 23 (g) Division of State Library, Archives and Public Records;
- 24 (h) Office of Grant Procurement, Coordination and
- 25 Management; and
- 26 (i) Fleet Services Division.

27 2. ***Shall, with the concurrence of the Governor and the***
28 ***Committee to Administer the Public Employees' Deferred***
29 ***Compensation Program, appoint the Executive Officer of the***
30 ***Public Employees' Deferred Compensation Program.***

31 3. Shall serve as Chief of the Hearings Division and shall
32 appoint the hearing officers and compensation officers. The Director
33 may designate one of the appeals officers in the Division to
34 supervise the administrative, technical and procedural activities of
35 the Division.

36 ~~3.~~ 4. Is responsible for the administration, through the
37 divisions of the Department, of the provisions of chapters 233F, 242
38 ~~4~~ and 284 ~~4~~ of NRS, NRS 287.250 to 287.370, inclusive, and
39 ***sections 10, 11 and 11.5 of this act and chapters*** 331, 333, 336,
40 338, 341 and 378 of NRS and all other provisions of law relating to
41 the functions of the divisions of the Department.

42 ~~4.~~ 5. Is responsible for the administration of the laws of this
43 State relating to the negotiation and procurement of medical services
44 and other benefits for state agencies.



1 ~~15-1~~ 6. Has such other powers and duties as are provided by
2 law.

3 **Sec. 3.** NRS 232.2165 is hereby amended to read as follows:
4 232.2165 ~~11-1~~

5 **1. The** Administrator of:

6 ~~11-1~~ (a) The State Public Works Division;

7 ~~12-1~~ (b) The Purchasing Division;

8 ~~13-1~~ (c) The Administrative Services Division;

9 ~~14-1~~ (d) The Division of Human Resource Management;

10 ~~15-1~~ (e) The Division of Enterprise Information Technology
11 Services;

12 ~~16-1~~ (f) The Division of State Library, Archives and Public
13 Records;

14 ~~17-1~~ (g) The Office of Grant Procurement, Coordination and
15 Management; and

16 ~~18-1~~ (h) The Fleet Services Division ,

17 → of the Department serves at the pleasure of the Director and is in
18 the unclassified service of the State.

19 **2. *The Executive Officer of the Public Employees' Deferred***
20 ***Compensation Program appointed pursuant to NRS 232.215 is in***
21 ***the unclassified service of the State and serves at the pleasure of***
22 ***the Director, except that he or she may be removed by a majority***
23 ***vote of the Committee to Administer the Public Employees'***
24 ***Deferred Compensation Program.***

25 **Sec. 4.** NRS 232.219 is hereby amended to read as follows:

26 232.219 1. The Department of Administration's Operating
27 Fund for Administrative Services is hereby created as an internal
28 service fund.

29 2. The operating budget of each of the following entities must
30 include an amount representing that entity's share of the operating
31 costs of the central accounting function of the Department:

32 (a) State Public Works Division;

33 (b) Purchasing Division;

34 (c) Hearings Division;

35 (d) Risk Management Division;

36 (e) Division of Human Resource Management;

37 (f) Division of Enterprise Information Technology Services;

38 (g) Division of State Library, Archives and Public Records;

39 ~~1-1~~

40 (h) Fleet Services Division ~~11-1~~; and

41 (i) ***Public Employees' Deferred Compensation Program.***

42 3. All money received for the central accounting services of the
43 Department must be deposited in the State Treasury for credit to the
44 Operating Fund.



1 4. All expenses of the central accounting function of the
2 Department must be paid from the Fund as other claims against the
3 State are paid.

4 **Sec. 5.** (Deleted by amendment.)

5 **Sec. 6.** (Deleted by amendment.)

6 **Sec. 6.5.** NRS 241.016 is hereby amended to read as follows:

7 241.016 1. The meetings of a public body that are quasi-
8 judicial in nature are subject to the provisions of this chapter.

9 2. The following are exempt from the requirements of this
10 chapter:

11 (a) The Legislature of the State of Nevada.

12 (b) Judicial proceedings, including, without limitation,
13 proceedings before the Commission on Judicial Selection and,
14 except as otherwise provided in NRS 1.4687, the Commission on
15 Judicial Discipline.

16 (c) Meetings of the State Board of Parole Commissioners when
17 acting to grant, deny, continue or revoke the parole of a prisoner or
18 to establish or modify the terms of the parole of a prisoner.

19 3. Any provision of law, including, without limitation, NRS
20 91.270, 219A.210, 239C.140, 281A.350, 281A.440, 281A.550,
21 284.3629, 286.150, 287.0415, **287.04345**, 288.220, 289.387,
22 295.121, 360.247, 388.261, 388A.495, 388C.150, 392.147, 392.467,
23 394.1699, 396.3295, 433.534, 435.610, 463.110, 622.320, 622.340,
24 630.311, 630.336, 639.050, 642.518, 642.557, 686B.170, 696B.550,
25 703.196 and 706.1725 **and section 11.5 of this act**, which:

26 (a) Provides that any meeting, hearing or other proceeding is not
27 subject to the provisions of this chapter; or

28 (b) Otherwise authorizes or requires a closed meeting, hearing
29 or proceeding,

30 **↳ prevails over the general provisions of this chapter.**

31 4. The exceptions provided to this chapter, and electronic
32 communication, must not be used to circumvent the spirit or letter of
33 this chapter to deliberate or act, outside of an open and public
34 meeting, upon a matter over which the public body has supervision,
35 control, jurisdiction or advisory powers.

36 **Sec. 7.** (Deleted by amendment.)

37 **Sec. 8.** Chapter 287 of NRS is hereby amended by adding
38 thereto the provisions set forth as sections 10, 11 and 11.5 of this
39 act.

40 **Sec. 9.** (Deleted by amendment.)

41 **Sec. 10.** ***“Executive Officer” means the Executive Officer of***
42 ***the Public Employees’ Deferred Compensation Program***
43 ***appointed by the Director of the Department of Administration***
44 ***pursuant to NRS 232.215.***



1 **Sec. 11.** *The Executive Officer may, within the limits of*
2 *money available for this purpose, employ or enter into a contract*
3 *for the services of such employees or consultants as is necessary*
4 *for the performance of the duties of the Executive Officer.*

5 **Sec. 11.5.** *1. The Program is subject to the provisions of*
6 *chapter 333 of NRS.*

7 *2. The Committee shall act as the chief of the using agency*
8 *for the purposes of NRS 333.335.*

9 *3. If a committee to evaluate proposals for a contract of the*
10 *Program is established pursuant to NRS 333.335, any number of*
11 *members of the Committee may be appointed to the evaluation*
12 *committee. If one or more members of the Committee are*
13 *appointed to an evaluation committee:*

14 *(a) No action or deliberation regarding any business of the*
15 *Committee other than the confidential review of the proposals*
16 *pursuant to NRS 333.335 may be taken or conducted by the*
17 *evaluation committee.*

18 *(b) Except as otherwise provided in paragraph (a), a meeting*
19 *of the evaluation committee is not subject to chapter 241 of NRS.*

20 *4. The Committee shall review the results of any evaluation*
21 *of proposals for a contract for the Program pursuant to NRS*
22 *333.335 in a closed meeting.*

23 *5. The Committee shall take the following actions pursuant to*
24 *NRS 333.335 only in an open meeting:*

25 *(a) Award the contract pursuant to NRS 333.335;*

26 *(b) Cancel a request for proposals; or*

27 *(c) Reissue a modified request for proposals.*

28 **Sec. 12.** (Deleted by amendment.)

29 **Sec. 13.** (Deleted by amendment.)

30 **Sec. 14.** (Deleted by amendment.)

31 **Sec. 15.** NRS 287.041 is hereby amended to read as follows:

32 287.041 1. There is hereby created the Board of the Public
33 Employees' Benefits Program. The Board consists of 10 members
34 appointed as follows:

35 (a) ~~One member~~ *Two members* who ~~is a~~ *are* professional
36 ~~employee~~ *employees* of the Nevada System of Higher Education,
37 appointed by the Governor upon consideration of any
38 recommendations of organizations that represent employees of the
39 Nevada System of Higher Education. *One such member must*
40 *reside in northern Nevada and the other member must reside in*
41 *southern Nevada.*

42 (b) Two members who are retired from public employment,
43 appointed by the Governor upon consideration of any
44 recommendations of organizations that represent retired public
45 employees.



1 (c) Two members who are employees *in the classified service* of
2 the State, appointed by the Governor upon consideration of any
3 recommendations of organizations that represent state employees.

4 ~~(d) One member appointed by the Governor upon consideration~~
5 ~~of any recommendations of organizations that represent employees~~
6 ~~of local governments that participate in the program.~~

7 ~~—(e)~~ One member who is employed by this State in a managerial
8 capacity and has substantial and demonstrated experience in risk
9 management, ~~portfolio investment strategies~~ *group insurance*
10 *programs, health care administration* or employee benefits
11 programs appointed by the Governor. ~~The Governor may appoint~~
12 ~~the Executive Officer of the Public Employees' Retirement System~~
13 ~~to fill this position.~~

14 ~~—(f)~~ (e) Two members who have substantial and demonstrated
15 experience in risk management, ~~portfolio investment strategies~~
16 *group insurance programs, health care administration* or
17 employee benefits programs appointed by the Governor.

18 ~~(g)~~ (f) The Director of the ~~Office~~ *Department* of ~~Finance~~
19 *Administration* or ~~the~~ a designee of the Director ~~is~~ *approved by*
20 *the Governor.*

21 2. Of the ~~seven~~ *nine* persons appointed to the Board pursuant
22 to paragraphs (a) to (e), inclusive, of subsection 1, at least ~~one~~
23 ~~member~~ *four members* must have ~~an advanced~~ *a bachelor's*
24 *degree or a more advanced degree, or equivalent professional*
25 *experience,* in business administration, economics, *medicine,*
26 accounting, *actuarial science,* insurance, risk management or health
27 care administration, and at least two members must have education
28 or proven experience in the management of employees' benefits,
29 insurance, risk management, health care administration or business
30 administration.

31 3. Each person appointed as a member of the Board must:

32 (a) Except for a member appointed pursuant to paragraph ~~(f)~~
33 *(e)* of subsection 1, have been a participant in the Program for at
34 least 1 year before the person's appointment;

35 (b) Except for a member appointed pursuant to paragraph ~~(f)~~
36 *(e)* of subsection 1, be a current employee of the State of Nevada or
37 another public employer that participates in the Program or a retired
38 public employee who is a participant in the Program;

39 (c) Not be an elected officer of the State of Nevada or any of its
40 political subdivisions; and

41 (d) Not participate in any business enterprise or investment:

42 (1) With any vendor or provider to the Program; or

43 (2) In real or personal property if the Program owns or has a
44 direct financial interest in that enterprise or property.



1 4. Except as otherwise provided in this subsection, after the
2 initial terms, the term of an appointed member of the Board is 4
3 years and until the member's successor is appointed and takes office
4 unless the member no longer possesses the qualifications for
5 appointment set forth in this section or is removed by the Governor.
6 If a member loses the requisite qualifications within the last 12
7 months of the member's term, the member may serve the remainder
8 of the member's term. Members are eligible for reappointment. A
9 vacancy occurring in the membership of the Board must be filled in
10 the same manner as the original appointment.

11 5. The appointed members of the Board serve at the pleasure of
12 the Governor. ~~If the Governor wishes to remove a member from the
13 Board for any reason other than malfeasance or misdemeanor, the
14 Governor shall provide the member with written notice which states
15 the reason for and the effective date of the removal.]~~

16 **Sec. 16.** (Deleted by amendment.)

17 **Sec. 17.** (Deleted by amendment.)

18 **Sec. 18.** (Deleted by amendment.)

19 **Sec. 19.** (Deleted by amendment.)

20 **Sec. 20.** NRS 287.0426 is hereby amended to read as follows:

21 287.0426 1. The Executive Officer may, within the limits of
22 legislative appropriations and other available money, appoint such
23 officers and employees as are necessary for the administration of the
24 Program, who are in the unclassified service of the State and serve
25 at the pleasure of the Executive Officer. ~~[The appointment and
26 dismissal of an officer in charge of quality control are subject to the
27 approval of the Board.]~~

28 2. *The Director of the Department of Administration shall
29 appoint a Quality Control Officer for the Program. The Director
30 shall define the duties of the Quality Control Officer with the
31 concurrence of the Board. The Quality Control Officer is in
32 the unclassified service of the State and serves at the pleasure of
33 the Director.*

34 3. Each officer appointed pursuant to subsection 1 *or 2* who is
35 placed in charge of quality control, operations, finance or
36 information technology must be a graduate of a 4-year college or
37 university with a degree that is appropriate to their respective
38 responsibilities or possess equivalent experience. ~~[as determined by
39 the Board.]~~

40 ~~3. Officers and employees appointed pursuant to subsection 1
41 are entitled to annual salaries fixed by the Board. The salaries of
42 these officers and employees are exempt from the limitations set
43 forth in NRS 281.123.]~~

44 4. The Executive Officer may employ such staff in the
45 classified service of the State as are necessary for the performance



1 of the Executive Officer's duties, within limits of legislative
2 appropriations or other available money.

3 **Sec. 21.** (Deleted by amendment.)

4 **Sec. 22.** (Deleted by amendment.)

5 **Sec. 23.** (Deleted by amendment.)

6 **Sec. 24.** (Deleted by amendment.)

7 **Sec. 24.5.** NRS 287.04345 is hereby amended to read as
8 follows:

9 287.04345 1. The *Program is subject to the provisions of*
10 *chapter 333 of NRS.*

11 *2. The Board shall act as the chief of the using agency for the*
12 *purposes of NRS 333.335.*

13 *3. If a committee to evaluate proposals for a contract for the*
14 *Program is established pursuant to NRS 333.335, any number of*
15 *members of the Board may be appointed to the evaluation*
16 *committee. If one or more members of the Board are appointed to*
17 *an evaluation committee:*

18 *(a) No action or deliberation regarding any business of the*
19 *Board other than the confidential review of the proposals*
20 *pursuant to NRS 333.335 may be taken or conducted by the*
21 *evaluation committee.*

22 *(b) Except as otherwise provided in paragraph (a), a meeting*
23 *of the evaluation committee is not subject to chapter 241 of NRS.*

24 *4. The Board shall review ~~any recommendation for awarding~~*
25 *~~a contract submitted to the Board~~ the results of any evaluation of*
26 *proposals for a contract for the Program pursuant to NRS 333.335*
27 *~~in a closed meeting.~~*

28 *5. The Board ~~may:~~*

29 ~~*(a) Approve the recommendation of the Administrator of the*~~
30 ~~*Purchasing Division of the Department of Administration or of a*~~
31 ~~*committee appointed to evaluate a proposal and award the contract*~~
32 ~~*as recommended; or*~~

33 ~~*(b) Schedule a separate public meeting to award the contract.*~~

34 ~~*2. If the Board conducts a separate meeting pursuant to*~~
35 ~~*paragraph (b) of subsection 1, it shall:*~~

36 ~~*(a) Disclose the review by the Board of the vendors whose*~~
37 ~~*proposals scored the highest;*~~

38 ~~*(b) Identify the criteria it will use to evaluate the high scoring*~~
39 ~~*proposals;*~~

40 ~~*(c) Consider the ranking given to a proposal by a committee*~~
41 ~~*appointed to evaluate the proposal, if any;*~~

42 ~~*(d) With regard to a request for proposals, evaluate the*~~
43 ~~*responses of vendors interviewed by the Board; and*~~

44 ~~*(e) Award the contract based on the best interests of the State.*~~



1 ~~3. The Board is not bound by the recommendation of the~~
2 ~~Administrator of the Purchasing Division or the committee~~
3 ~~appointed to evaluate the proposal.] shall take the following actions~~
4 ~~only in an open meeting:~~

5 (a) *Award the contract pursuant to NRS 333.335;*

6 (b) *Cancel the request for proposals; or*

7 (c) *Modify and reissue the request for proposals.*

8 **Sec. 25.** (Deleted by amendment.)

9 **Sec. 26.** (Deleted by amendment.)

10 **Sec. 27.** (Deleted by amendment.)

11 **Sec. 28.** (Deleted by amendment.)

12 **Sec. 29.** (Deleted by amendment.)

13 **Sec. 30.** (Deleted by amendment.)

14 **Sec. 31.** (Deleted by amendment.)

15 **Sec. 32.** (Deleted by amendment.)

16 **Sec. 33.** (Deleted by amendment.)

17 **Sec. 34.** (Deleted by amendment.)

18 **Sec. 35.** (Deleted by amendment.)

19 **Sec. 36.** (Deleted by amendment.)

20 **Sec. 37.** (Deleted by amendment.)

21 **Sec. 38.** NRS 287.250 is hereby amended to read as follows:

22 287.250 As used in NRS 287.250 to 287.370, *and sections 10,*
23 *11 and 11.5 of this act,* inclusive, unless the context otherwise
24 requires, the words and terms defined in NRS 287.260 to 287.310,
25 *and section 10 of this act,* inclusive, have the meanings ascribed to
26 them in those sections.

27 **Sec. 39.** NRS 287.260 is hereby amended to read as follows:

28 287.260 "Committee" means the Committee ~~established to~~
29 ~~administer] to Administer~~ the *Public Employees' Deferred*
30 *Compensation* Program.

31 **Sec. 40.** (Deleted by amendment.)

32 **Sec. 41.** NRS 287.310 is hereby amended to read as follows:

33 287.310 "Program" means the Public Employees' Deferred
34 Compensation Program authorized by NRS 287.250 to 287.370,
35 inclusive ~~H~~, *and sections 10, 11 and 11.5 of this act.*

36 **Sec. 42.** NRS 287.320 is hereby amended to read as follows:

37 287.320 1. The State may agree with any of its employees,
38 and the Board of Regents of the University of Nevada may agree
39 with any of its employees, to defer the compensation due to them in
40 accordance with a program approved by the Committee which may
41 consist of one or more plans authorized by 26 U.S.C. § 401(a),
42 401(k), 403(b), 457 or 3121, including, without limitation, a FICA
43 alternative plan, or any other plan authorized by any federal law to
44 reduce taxable compensation or other forms of compensation. The
45 Board of Regents may agree with any of its employees to defer the



1 compensation due to them as authorized by 26 U.S.C. § 403(b)
2 without submitting the program to the Committee for its approval.
3 An employee may defer compensation under one or more plans in
4 the Program.

5 2. The employer shall withhold the amount of compensation
6 which an employee has, by such an agreement, directed the
7 employer to defer.

8 3. The employer may invest the withheld money in any
9 investment approved by the Committee or, in the case of deferred
10 compensation under 26 U.S.C. § 403(b) for employees of the
11 Nevada System of Higher Education by the Board of Regents of the
12 University of Nevada.

13 4. The investments must be underwritten and offered in
14 compliance with all applicable federal and state laws and
15 regulations, and may be offered only by persons who are authorized
16 and licensed under all applicable state and federal regulations.

17 5. All amounts of compensation deferred pursuant to the
18 Program, all property and all rights purchased with those amounts
19 and all income attributable to those amounts, property or rights
20 must, in accordance with 26 U.S.C. § 401(a), ~~401(k),~~ **401(k),**
21 403(b), 457(g) or 3121, including, without limitation, a FICA
22 alternative plan, or any other federal law authorizing a plan to
23 reduce taxable compensation or other forms of compensation, as
24 applicable, be held in trust for the exclusive benefit of the
25 participants in the Program and their beneficiaries.

26 **Sec. 43.** NRS 287.325 is hereby amended to read as follows:

27 287.325 1. The Governor shall appoint ~~the~~ **the** Committee to
28 ~~administer~~ **Administer** the **Public Employees' Deferred**
29 **Compensation** Program. The Committee must consist of:

30 (a) ~~Three~~ **Two** members who are employed by state agencies
31 whose payrolls are administered by the Division of Human
32 Resource Management of the Department of Administration;

33 (b) **One member who is employed by:**

34 (1) **A state agency whose payroll is administered by the**
35 **Division of Human Resource Management of the Department of**
36 **Administration; or**

37 (2) **A political subdivision that participates in the Program;**

38 (c) One member who is employed by a state agency whose
39 payroll is administered by an entity other than the Division of
40 Human Resource Management of the Department of
41 Administration; and

42 ~~(e)~~ (d) One member who has retired from employment by the
43 State of Nevada or the Nevada System of Higher Education.

44 ➔ Each member of the Committee must be a participant in the
45 Program, have participated in the Program for not less than 2 years



1 and have been nominated for membership by five or more persons
2 who have each participated in the Program for not less than 6
3 months.

4 2. After their initial terms, members of the Committee serve
5 terms of 4 years or until their successors have been appointed and
6 have qualified.

7 3. A vacancy on the Committee occurs when a member dies,
8 resigns or becomes ineligible for membership on the Committee. A
9 person becomes ineligible for membership on the Committee when:

10 (a) The person ceases to be a participant in the Program; or

11 (b) Except as otherwise provided in this paragraph, the person
12 ceases to have the qualifications for membership required by the
13 paragraph of subsection 1 under which the person was appointed. A
14 member of the Committee who ceases to have those qualifications
15 may serve the remainder of the member's term if that period does
16 not exceed 24 months.

17 4. The member appointed pursuant to paragraph ~~(e)~~ (d) of
18 subsection 1 must be compensated \$80 per day from money
19 appropriated from the Program pursuant to NRS 287.365 for
20 attending a meeting of the Committee and for acting at the direction
21 of or on behalf of the Committee.

22 5. For the purposes of this section, "participant in the Program"
23 means a person who is:

24 (a) Deferring compensation pursuant to the Program;

25 (b) Maintaining deferred compensation in the Program; or

26 (c) Receiving payments of deferred compensation pursuant to
27 the Program.

28 **Sec. 44.** NRS 287.330 is hereby amended to read as follows:

29 287.330 1. The Committee shall:

30 (a) At its first meeting each year, designate one of its members
31 to serve as Chair of the Committee for a term of 1 year or until the
32 Chair's successor has been designated.

33 (b) Act in such a manner as to promote the collective best
34 interests of the participants in the Program.

35 2. The Committee may:

36 (a) Create an appropriate account for administration of money
37 and other assets resulting from compensation deferred pursuant to
38 the Program.

39 (b) With the approval of the Governor, delegate to one or more
40 state agencies or institutions of the Nevada System of Higher
41 Education the responsibility for administering the Program for their
42 respective employees, including:

43 (1) Collection of deferred compensation;

44 (2) Transmittal of money collected to depositories within the
45 State designated by the Committee; and



1 (3) Payment of deferred compensation to participating
2 employees.

3 (c) Contract with a private person, corporation, institution or
4 other entity, directly or through a state agency or institution of the
5 Nevada System of Higher Education, for services necessary to the
6 administration of the plan, including, without limitation:

7 (1) Consolidated billing;

8 (2) The keeping of records for each participating employee
9 and the Program;

10 (3) The purchase, control and safeguarding of assets;

11 (4) Programs for communication with employees; and

12 (5) The administration and coordination of the Program.

13 3. The Committee and its individual members are not liable for
14 any decision relating to investments if the Committee has:

15 (a) Obtained the advice of qualified counsel on investments.

16 (b) Established proper objectives and policies relating to
17 investments.

18 (c) Discharged its duties regarding the decision:

19 (1) Solely in the interest of the participants in the Program;
20 and

21 (2) With the care, skill, prudence and diligence that, under
22 the circumstances existing at the time of the decision, a prudent
23 person who is familiar with similar investments would use while
24 acting in a similar capacity in conducting an enterprise of similar
25 character and purpose.

26 ~~(d) Selected at least one plan for the use of the participants in
27 the Program, except that if the Committee has selected the plans
28 from separate and distinct providers.~~

29 ~~—(e)~~ Solicited proposals from qualified providers , *record*
30 *keepers or third-party administrators* of plans at least once every 5
31 years.

32 *(e) Monitored the plan and investments to ensure that fees and*
33 *expenses are reasonable.*

34 *4. The Committee may delegate administrative duties for the*
35 *Program to the Executive Director. The Executive Director and*
36 *the staff of the Program shall act to discharge their duties in the*
37 *collective best interest of the participants of the Program and with*
38 *the care, skill, prudence and diligence that, under the*
39 *circumstances existing at the time of the actions, a prudent person*
40 *who is familiar with similar programs would use while acting in a*
41 *similar capacity in conducting an enterprise of similar character*
42 *and purpose.*

43 **Sec. 45.** (Deleted by amendment.)



1 **Sec. 46.** NRS 287.370 is hereby amended to read as follows:

2 287.370 No appropriated money of the State may be spent in
3 connection with the administration of the Program except as
4 compensation for employees who participated in the administration
5 as part of their regular duties, including without limitation:

6 1. Members ~~{and staff}~~ of the Committee; ~~{and}~~

7 2. *The Executive Director and employees of the Program;*
8 *and*

9 3. Employees of the state agency or the institution of the
10 Nevada System of Higher Education selected to administer the
11 Program.

12 **Sec. 47.** NRS 333.335 is hereby amended to read as follows:

13 333.335 1. Each proposal must be evaluated by:

14 (a) The chief of the using agency, or a committee appointed by
15 the chief of the using agency in accordance with the regulations
16 adopted pursuant to NRS 333.135, if the proposal is for a using
17 agency; or

18 (b) The Administrator of the Purchasing Division, or a
19 committee appointed by the Administrator in accordance with the
20 regulations adopted pursuant to NRS 333.135, if the Administrator
21 is responsible for administering the proposal.

22 2. A committee appointed pursuant to subsection 1 must
23 consist of not less than two members. A majority of the members of
24 the committee must be state officers or employees. The committee
25 may include persons who are not state officers or employees and
26 possess expert knowledge or special expertise that the chief of the
27 using agency or the Administrator of the Purchasing Division
28 determines is necessary to evaluate a proposal. The members of the
29 committee are not entitled to compensation for their service on the
30 committee, except that members of the committee who are state
31 officers or employees are entitled to receive their salaries as state
32 officers and employees. No member of the committee may have a
33 financial interest in a proposal. ~~{If the contract is being awarded for
34 the Public Employees' Benefits Program, the Executive Officer of
35 the Program may observe the activities of the committee, but may
36 not vote or otherwise participate in the evaluation.}~~

37 3. In making an award, the chief of the using agency, the
38 Administrator of the Purchasing Division or each member of the
39 committee, if a committee is established, shall consider and assign a
40 score for each of the following factors for determining whether the
41 proposal is in the best interests of the State of Nevada:

42 (a) The experience and financial stability of the person
43 submitting the proposal;

44 (b) Whether the proposal complies with the requirements of the
45 request for proposals as prescribed in NRS 333.311;



- 1 (c) The price of the proposal; and
- 2 (d) Any other factor disclosed in the request for proposals.

3 4. The chief of the using agency, the Administrator of the
4 Purchasing Division or the committee, if a committee is established,
5 shall determine the relative weight of each factor set forth in
6 subsection 3 before a request for proposals is advertised. The weight
7 of each factor must not be disclosed before the date proposals are
8 required to be submitted.

9 5. ~~Except as otherwise provided in this subsection, the~~ *The*
10 chief of the using agency, the Administrator of the Purchasing
11 Division or the committee, if a committee is established, shall award
12 the contract based on the best interests of the State, as determined by
13 the total scores assigned pursuant to subsection 3, and is not
14 required to accept the lowest-priced proposal. ~~If the contract is~~
15 ~~being awarded for the Public Employees' Benefits Program, the~~
16 ~~Administrator of the Purchasing Division or the committee, if a~~
17 ~~committee is established, shall submit recommendations for~~
18 ~~awarding the contract to the Board for the Public Employees'~~
19 ~~Benefits Program, which shall award the contract in accordance~~
20 ~~with NRS 287.04345.]~~

21 6. Except as otherwise provided in NRS 239.0115, each
22 proposal evaluated pursuant to the provisions of this section is
23 confidential and may not be disclosed until the contract is awarded.

24 **Sec. 48.** (Deleted by amendment.)

25 **Sec. 49.** (Deleted by amendment.)

26 **Sec. 50.** (Deleted by amendment.)

27 **Sec. 51.** 1. Notwithstanding the amendatory provisions of
28 this act, a member of the Committee to administer the Public
29 Employees' Deferred Compensation Program appointed pursuant to
30 NRS 287.325 who is serving a term on June 30, 2017, is entitled to
31 serve out the remainder of the term to which he or she is appointed.

32 2. Notwithstanding the amendatory provisions of this act, a
33 member of the Board of the Public Employees' Benefits Program
34 appointed pursuant to NRS 287.041 who is serving a term on
35 June 30, 2017, is entitled to serve out the remainder of the term to
36 which he or she was appointed if he or she would qualify for
37 appointment under any of the membership categories in NRS
38 287.041, as amended by section 15 of this act.

39 3. The terms of the members of the Board of the Public
40 Employees' Benefits Program created by NRS 287.041 who are
41 incumbent on June 30, 2017, and who would not qualify for
42 appointment under any of the categories in subsection 1 of NRS
43 287.041, as amended by section 15 of this act, expire on June 30,
44 2017.



1 4. On or before July 1, 2017, the Governor shall appoint
2 members to the Board of the Public Employees' Benefits Program
3 created by NRS 287.041 to fill any vacancies that occur pursuant to
4 the amendatory provisions of this section and section 15 of this act.

5 **Sec. 52.** (Deleted by amendment.)

6 **Sec. 53.** (Deleted by amendment.)

7 **Sec. 54.** The provisions of subsection 1 of NRS 218D.380 do
8 not apply to any provision of this act which adds or revises a
9 requirement to submit a report to the Legislature.

10 **Sec. 55.** NRS 287.0428 is hereby repealed.

11 **Sec. 56.** This act becomes effective upon passage and approval
12 for the purpose of appointing, pursuant to section 51 of this act,
13 members to the Board of the Public Employees' Benefits Program
14 created by NRS 287.041, as amended by section 15 of this act, and
15 on July 1, 2017, for all other purposes.

TEXT OF REPEALED SECTION

287.0428 Continuing education.

1. Each member of the Board and the Executive Officer shall complete at least 16 hours of continuing education relating to the administration of group benefits for public employees each year.

2. While attending courses of continuing education, a member of the Board who is a public employee and the Executive Officer must be granted administrative leave with pay and are entitled to receive the travel expenses provided for state officers and employees generally.

3. While attending courses of continuing education, a member of the Board who is not a public employee is entitled to receive the per diem allowance and travel expenses provided for state officers and employees generally.

