



# ARIZONA STATE RETIREMENT SYSTEM

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Paul Matson  
Director

## AGENDA

### NOTICE OF PUBLIC MEETING OF THE ARIZONA STATE RETIREMENT SYSTEM EXTERNAL AFFAIRS COMMITTEE

3300 North Central Avenue, 14<sup>th</sup> Floor Conference Room  
Phoenix, AZ 85012

April 11, 2014  
10:30 A.M. Arizona Time

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the Trustees of the Arizona State Retirement System (ASRS) External Affairs Committee (EAC) and to the general public that the ASRS External Affairs Committee will meet on April 11, 2014, beginning at 10:30 A.M. in the 14<sup>th</sup> Floor Conference Room of the ASRS office, 3300 North Central Avenue, Phoenix, AZ, 85012. Trustees of the Board Committee may attend either in person or by telephone conference call.

This is a regularly scheduled meeting of the EAC; however, due to possible attendance by other ASRS Board Trustees, this meeting may technically become a meeting of the ASRS Board or one of its committees. Actions taken will be consistent with EAC governance procedures, and no business of the Board will be transacted. Actions requiring Board authority will be presented to the full Board for final decision.

The Chair may take public comment during any agenda item. If a member of the public wishes to speak to a particular agenda item, he or she should complete a Request to Speak form indicating the item and provide it to the Committee administrator.

This meeting will be teleconferenced to the ASRS Tucson office at 7660 East Broadway Boulevard, Suite 108, Tucson, Arizona 85710. The conference call to Tucson will be disconnected after 15 minutes if there are no attendees in the Tucson audience.

The Agenda for the meeting is as follows:

1. Call to Order; Roll Call; Opening Remarks .....Mr. Kevin McCarthy  
Chair, External Affairs Committee
  
2. Approval of the Regular and Executive Session Minutes of the March 18, 2014 EAC Meeting  
.....Mr. Kevin McCarthy
  
3. Presentation, Discussion and Appropriate Action Regarding Legislative Initiatives and  
Legislative Update ..... Mr. Patrick M. Klein  
Assistant Director, External Affairs Division  
..... Mr. Nicholas Ponder  
Government Relations Officer



# Agenda Item #2



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*Paul Matson*  
Director

## SUMMARY OF A PUBLIC MEETING OF THE ARIZONA STATE RETIREMENT SYSTEM EXTERNAL AFFAIRS COMMITTEE

HELD ON  
March 18, 2014  
9:30 a.m., Arizona Time

The External Affairs Committee (EAC) of the Arizona State Retirement System (ASRS) met in the 14th Floor Conference Room of the ASRS Office, 3300 North Central Avenue, Phoenix, AZ, 85012. Mr. Kevin McCarthy, Chair, called the meeting to order at 9:35 a.m., Arizona Time.

This meeting was teleconferenced to the ASRS Tucson office at 7660 East Broadway Boulevard, Suite 108, Tucson, Arizona, 85710.

### 1. Call to Order; Roll Call; Opening Remarks

Present: Mr. Kevin McCarthy, Chair - Via Teleconference  
Mr. Brian McNeil, Vice Chair - Via Teleconference  
Dr. Richard Jacob

Absent: Mr. Tom Manos

A quorum was present for the purpose of conducting business.

Mr. Kevin McCarthy, Chair, reordered the agenda because a quorum was not yet present when he called the meeting to order. The approval of the minutes of the February 14, 2014 External Affairs Committee Meeting was moved to agenda item #3.

### 2. Presentation, Discussion, and Appropriate Action Regarding Legislative initiatives and Legislative Update.

Mr. Patrick Klein, Assistant Director of External Affairs, introduced Mr. Nicholas Ponder, Legislative Liaison, who presented the Committee with an update on the following ASRS 2014 Legislation:

- SB 1082 – (Employee Background Checks): This bill allows the ASRS to perform background checks and credit checks on current and prospective employees once the agency establishes a policy on how credit checks would be performed and how the information is relayed to the employee. SB 1082 was referred to the House Government Committee and contains an amendment that includes the same language from HB 2069 which removes political subdivision entities' employees from the ASRS. The particular amendment would have a slight contribution rate impact; therefore, should it pass with the amendment, the ASRS would move to a neutral position on the bill with the comment that the ASRS is for the bill without the amendment. HB 1082 is scheduled to be heard by the Government Committee at 2:00 p.m. on Tuesday, March 18, 2014.

- SB 1085 – the (LTD Plan Design): This bill would take the income replacement ratio rate from individuals on Long Term Disability from 66% down to 60%. SB 1085 was referred to the House Ways and Means Committee and will be a striker bill but won't be addressed in its original form.
- HB 2058 – (Public Pension; Limit on Compensation): This bill implements a cap of \$150,000 on earnings eligible for contributions affecting employees hired on or after the effective date. This would have a fiscal impact on the ASRS at present value of 80 million less in contributions over a 30-year period due to the \$150,000 cap not adjusting for inflation. The ASRS takes a neutral position because this is a benefit change.
- HB 2060 – (Oversight; Rulemaking; Procurement): There is an amendment which indicates the ASRS would not be required to go through the procurement process to obtain investment-related goods or service and investment related legal services. The bill failed.
- SB 1240 – (Tech Correction; Education; Meetings): This bill is a striker that states an employer that is a school district or charter school cannot contract or lease a retired member within 365 days of that member's retirement date. There are not enough votes in the Senate and not enough votes in the House, so Senator Kimberly Yee is not planning to proceed with this bill.

### **3. Approval of the Minutes of the February 14, 2014 EAC Meeting**

Mr. Brian McNeil joined the meeting telephonically at 9:47 a.m. A quorum was present for the purpose of conducting business.

**Motion:** Dr. Richard Jacob moved to approve the minutes of the February 14, 2014, EAC Meeting.

Mr. Brian McNeil seconded the motion.

By a vote of 3 in favor, 0 opposed, 0 abstentions and 1 excused, the motion was approved.

### **4. Presentation, Discussion and Appropriate Action Regarding Salary Spiking Issues**

**Motion:** Dr. Richard Jacob moved to go into Executive Session for the purpose of obtaining legal advice regarding salary spiking issues.

Mr. Brian McNeil seconded the motion.

By a vote of 3 in favor, 0 opposed, 0 abstentions and 1 excused, the motion was approved.

The Board recessed from the public meeting at 9:57 a.m. for the purpose of going into Executive Session.

**Motion:** Dr. Richard Jacob moved to resume Public Session for a presentation, discussion and appropriate action regarding salary spiking.

Mr. Brian McNeil seconded the motion.



**Confidential  
meeting  
materials  
were in this  
packet**

# Agenda Item #3



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Director

## ARIZONA STATE RETIREMENT SYSTEM

### MEMORANDUM

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**TO:** The Arizona State Retirement System (ASRS) External Affairs Committee (EAC)

**FROM:** Mr. Patrick M. Klein, Assistant Director, External Affairs Division  
Mr. Nicholas Ponder, Government Relations Officer

**DATE:** April 4, 2014

**RE:** **Agenda Item #3:** Presentation, Discussion and Appropriate Action Regarding Legislative Initiatives and Legislative Update

#### **Purpose**

To discuss the ASRS 2014 legislative initiatives as well as discuss legislative proposals by other organizations that affect the ASRS.

#### **Recommendation**

Informational only; no action required.

#### **Background**

The 2014 Legislative Session began on January 13, 2014. The link to the most up-to-date bill tracker can be found at any time at: <https://www.azasrs.gov/web/Legislation.do>. Staff will provide a hard copy to Trustees and the public on the day of the Committee meeting.