

How...

ASRS Employees Deliver Service With PRIDE!

PROFESSIONALISM

We promote, strive for and expect individuals, teams, and divisions to possess professional qualities and skills to lead the organization.

- Displays a friendly, respectful and courteous demeanor even when confronted by adversity
- Has proactive and responsive approach to internal and external customer needs
- Possesses good communication and active listening skills
- Is a trusted contributor (manager, leader, SME, analyst, teammate)
- Takes personal accountability • Has subject matter expertise
- Has critical thinking skills • Has an honest, fair, non-judgmental mind-set
- Is adaptable to beneficial change • Adheres to the ASRS Code of Conduct

RESULTS

We treasure the achievements of individuals, teams, divisions and the agency that energize the organization.

- Meets goals and objectives
- Completes projects
- Produces quality work products
- Satisfies customers
- Attains individual accomplishments
- Manages risks successfully

IMPROVEMENT

We appreciate individuals, teams or divisions who drive the agency forward with new, innovative ideas and solutions.

- Promotes new ideas
- Enhances outcomes and performance
- Solves problems
- Enhances morale
- Improves relationships
- Increases efficiency, effectiveness or reduces costs

DIVERSITY

We recognize that utilizing different talents, strengths and points of view, strengthens the agency and helps propel outcomes greater than the sum of individual contributors.

- Encourages an attitude of openness and a free flow of ideas and opinions
- Treats others with dignity and respect
- Works effectively to accomplish goals with teams comprised of dissimilar individuals
- Recognizes and promotes skills in others attained on and off the job

EXCELLENCE

We celebrate individuals, teams and divisions who exceed expectations and deliver service with a PRIDE that permeates the organization.

- Surpasses member, stakeholder and associate expectations
- Demonstrates a willingness to go the extra mile to engender a positive public image
- Embraces change in a manner that inspires others
- Accepts responsibility and challenges with enthusiasm
- Takes a personal interest in promoting teamwork through effective use of communication (verbal, non-verbal, written and technological techniques)
- Creates a motivated, healthy and productive work environment that celebrates and rewards the accomplishments of others



**ARIZONA STATE
RETIREMENT SYSTEM**



ARIZONA STATE RETIREMENT SYSTEM

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Paul Matson
Director

AGENDA

NOTICE OF COMBINED PUBLIC MEETING AND POSSIBLE EXECUTIVE SESSION OF THE ARIZONA STATE RETIREMENT SYSTEM BOARD

3300 North Central Avenue, 10th Floor Board Room
Phoenix, AZ 85012

October 28, 2016
8:30 a.m.

Pursuant to A.R.S. § 38-431.02(F), notice is hereby given to the Trustees of the Arizona State Retirement System (ASRS) Board and to the general public that the ASRS Board will hold a meeting open to the public on Friday, October 28, 2016, beginning at 8:30 a.m., in the 10th Floor Board Room of the ASRS offices at 3300 N. Central Avenue, Phoenix, Arizona 85012. Trustees of the Board may attend either in person or by telephone conference call.

The Chair may take public comment during any agenda item. If any member of the public wishes to speak to a particular agenda item, they should complete a "Request To Speak" form indicating the item and provide it to the Board Administrator.

Pursuant to A.R.S. § 38-431.03(A)(3), the ASRS Board of Trustees may vote to go into executive session, which will not be open to the public, for the purpose of obtaining legal advice on any item on the Agenda.

This meeting will be teleconferenced to the ASRS Tucson office at 4400 East Broadway Boulevard, Suite 200, Tucson, Arizona 85711. 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
Board Chair
2. Approval of the Minutes of the September 30, 2016 Public Meeting and Executive Session of the ASRS Board (*estimated time 1 minute*) Mr. Kevin McCarthy
3. Presentation Regarding PRIDE Award for Improvement (*estimated time 5 minutes*)
..... Mr. Paul Matson
Director
..... Mr. Anthony Guarino
Deputy Director and Chief Operations Officer
4. Presentation, Discussion, and Appropriate Action Regarding ASRS 2017 Legislative Initiatives and Legislative Update (*estimated time 15 minutes*) Mr. Patrick Klein
Assistant Director, External Affairs Division
..... Mr. Nick Ponder
Government Relations Officer

5. Presentation, Discussion, and Appropriate Action Regarding an Update on the ASRS Workforce Plan (*estimated time 20 minutes*) Mr. Anthony Guarino
..... Ms. Martha Rozen
Chief of Administrative Services
..... Ms. Tracy Darmer
Program Manager, Human Resources
..... Ms. Jana George
Personnel Analyst, Human Resources

6. Presentation, Discussion and Appropriate Action Regarding the 2017 Board Meeting Calendar (*estimated time 5 minutes*) Mr. Paul Matson

7. Presentation, Discussion, and Appropriate Action Regarding the Director's Report as well as Current Events (*estimated time 5 minutes*) Mr. Paul Matson
..... Mr. Anthony Guarino
 - a. 2016 Investments Report
 - b. 2016 Operations Report
 - c. 2016 Budget and Staffing Reports
 - d. 2016 Cash Flow Statement
 - e. 2016 Appeals Report
 - f. 2016 Employers Reporting

8. Presentation and Discussion Regarding Informational Updates from Prior and Upcoming Committee Meetings (*estimated time 15 minutes*)
 - a. Operations and Audit Committee (OAC) Mr. Jeff Tyne, Chair
..... Mr. Anthony Guarino
The next OAC Meeting will be held on December 13, 2016.
 - b. External Affairs Committee (EAC) Dr. Richard Jacob, Chair
..... Mr. Patrick Klein
The next EAC Meeting will be held on November 18, 2016.
 - c. Investment Committee (IC) Mr. Tom Connelly, Chair
..... Mr. Karl Polen
The next IC Meeting will be held on November 28, 2016.

9. Board Requests for Agenda Items (*estimated time 1 minute*) Mr. Kevin McCarthy

10. Call to the Public Mr. Kevin McCarthy

Those wishing to address the ASRS Board are required to complete a Request to Speak form before the meeting indicating their desire to speak. Request to Speak forms are available at the sign-in desk and should be given to the Board Administrator. Trustees of the Board are prohibited by A.R.S. § 38-431.01(H) from discussing or taking legal action on matters raised during an open call to the public unless the matters are properly noticed for discussion and legal action. As a result of public comment, the Board may direct staff to study and/or reschedule the matter for discussion and decision at a later date.

11. The next regular public ASRS Board meeting is scheduled for Friday, December 2, 2016, at 8:30 a.m., at 3300 N. Central Avenue, in the 10th Floor Board room, Phoenix, Arizona.

12. Adjournment of the ASRS Board.

A copy of the agenda background material provided to Board Trustees (with the exception of material relating to possible executive sessions) is available for public inspection at the ASRS offices located at 3300 North Central Avenue, 14th Floor, Phoenix, Arizona and 4400 East Broadway Boulevard, Suite 200, Tucson, Arizona. The agenda is subject to revision up to 24 hours prior to meeting. These materials are also available on the ASRS website (<https://www.azasrs.gov/web/BoardCommittees.do>) approximately 48 hours prior to the meeting.

Persons with disabilities may request a reasonable accommodation such as a sign language interpreter or alternate formats of this document by contacting Tracy Darmer, ADA Coordinator at (602) 240-5378 in Phoenix, at (520) 239-3100, ext. 5378 in Tucson, or 1-800-621-3778, ext. 5378 outside metro Phoenix or Tucson. Requests should be made as early as possible to allow time to arrange the accommodations.

Dated October 21, 2016

ARIZONA STATE RETIREMENT SYSTEM

Signed Copy on File

Melanie A. Alexander
Board Administrator

Signed Copy on File

Paul Matson
Director

Agenda Item #2



ARIZONA STATE RETIREMENT SYSTEM

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*Paul Matson
Director*

MINUTES PUBLIC MEETING ARIZONA STATE RETIREMENT SYSTEM BOARD

Friday, September 30, 2016
8:30 a.m.

The Arizona State Retirement System (ASRS) Board met in the 10th Floor Board Room, 3300 N. Central Avenue, Phoenix, Arizona. Mr. Kevin McCarthy, Chair of the ASRS Board, called the meeting to order at 8:30 a.m.

The meeting was teleconferenced to the ASRS office at 4400 E. Broadway, Tucson, Arizona 85711.

1. Call to Order; Roll Call; Opening Remarks

Present: Mr. Kevin McCarthy, Chair
Professor Dennis Hoffman
Mr. Lorenzo Romero
Dr. Richard Jacob
Mr. Tom Connelly (via teleconference)

Absent: Mr. Jeff Tyne, Vice Chair
Mr. Tom Manos

Two vacant positions.

A quorum was present for the purpose of conducting business.

2. Approval of the Minutes of the August 26, 2016, Public Meeting and Executive Sessions of the ASRS Board

Motion: Prof. Dennis Hoffman moved to approve the Minutes of the August 26, 2016, Public Meeting and Executive Session of the ASRS Board. Dr. Richard Jacob seconded the motion.

By a vote of 5 in favor, 0 opposed, 0 abstentions, 2 excused, and 2 vacancies, the motion was approved.

3. Approval, Modification, or Rejection of Recommended Administrative Law Judge's Decision Regarding Ms. Lorena Tarazon's Appeal Regarding a Long Term Disability Benefit Overpayment

Mr. Rex Nowlan, Assistant Attorney General, Attorney General's Office, was present to provide legal advice to the Board, if requested.

Ms. Mirna Tarazon spoke on behalf of her mother, Mrs. Lorena Tarazon, who is Spanish speaking only, both of whom attended the meeting via teleconference. Ms. Mirna Tarazon requested the Board remove the requirement for Mrs. Lorena Tarazon to repay the overpayment of Long Term Disability (LTD) benefits to the ASRS in the amount of \$10,660.04. Ms. Tarazon explained that her parents' only source of income is from her father's Social Security benefit and they do not have the means to repay the overpayment.

Ms. Jothi Beljan, Assistant Attorney General, reviewed the facts of the case with the Board as documented in her memo presented in the Board book. Ms. Beljan summarized the LTD process with regard to the six-month waiting period and the requirement to pay premiums in order to receive benefits. In addition, Ms. Beljan responded to questions from the Board regarding the collection process for the repayment of the LTD benefit overpayment.

Motion: Prof. Dennis Hoffman moved to accept the Administrative Law Judge Decision. Dr. Richard Jacob seconded the motion.

By a vote of 5 in favor, 0 opposed, 0 abstentions, 2 excused, and 2 vacancies, the motion was approved.

4. Presentation Regarding Government Finance Officers Association (GFOA) Financial Reporting Awards

Mr. Anthony Guarino, Deputy Director and Chief Operations Officer, announced the ASRS has been recognized by the GFOA for the 27th consecutive year as the recipient of the Comprehensive Annual Financial Report (CAFR) award. A Certificate of Achievement is presented by the GFOA to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.

In addition, the ASRS received the GFOA Award for Outstanding Achievement for the 2015 Popular Annual Financial Report (PAFR).

The following staff were recognized for having a substantial part in the ASRS receiving the CAFR and PAFR awards: Nancy Bennett, Erin Higbee, John Maczko, Hong Mayhew, Debbie Motta, Lupita Breland, Kerry White and Michael Copeland.

Mr. Guarino presented the 2015 awards to Ms. Nancy Bennett, Chief Financial Officer and Ms. Erin Higbee, Controller. Ms. Bennett took a moment to commend the staff involved during this pressure filled time, for continuing to maintain a professional demeanor and sense of humor, while producing a quality and accurate book every year.

5. Presentation, Discussion, and Appropriate Action Regarding ASRS Proposed Legislation for the 2017 Legislative Session

Mr. Patrick Klein introduced the topic by stating that during the summer of this year the External Affairs Division received legislative suggestions from ASRS staff, third party administrators, and Trustees concerning federal statutory requirements, plan inefficiencies/inconsistencies/inequities, administrative concerns, and others. Staff first presented the legislative package at the September

14, 2016, External Affairs Committee (EAC) meeting. The EAC moved to recommend to the full Board approval of the legislative initiatives at its September 30, 2016, meeting. Mr. Klein stated an additional legislative item was added that has not been moved through the EAC as it was just recently brought forth. This item has been discussed with the EAC Chairman prior to being brought to the Board today. Mr. Klein turned the discussion over to Mr. Nick Ponder, Government Relations Officer, who reviewed each of the seven ASRS legislative initiatives.

A.R.S. § 38-766.02: Retired members; return to work; employer contribution payments; definitions – The current language creates an opportunity for a loophole if employers choose to lease specific classes of employees. There is nothing in statute identifying “class” of employees; however, historically the ASRS has not charged an ACR in circumstances where a class (i.e. cafeteria workers, janitorial staff, bus drivers) were leased or contracted. It is the position of the ASRS that substitute teachers are teachers. As a result, a substitute teacher is filling the role of a teacher, and thus, a retired substitute teacher is filling a position “ordinarily filled by an employee of an employer” and the employer would owe an ACR. The ASRS would like to propose adding, “...returns to work with an ASRS employer...” and striking, “in a position ordinarily filled by an employee of the employer.”

A.R.S. § 38-738(A) & (B): Adjustment and refund - This was SB1144 from the 2016 Legislative Session. Although this bill passed in all committees, it failed the 3rd read in the House for political reasons. Because there was no ideological opposition to the bill, the ASRS would like to pursue it again this year. The proposed language provides clarity to the Internal Revenue Code with regard to how the ASRS would process not only employer credits, but contributions not withheld and requests for contributions not withheld on forfeited membership from members returning to work for an ASRS employer.

A.R.S. § 38-742(B): Reinstatement – This was SB1038 from the 2016 Legislative Session. Although this bill passed in all committees, it failed to pass the 3rd read in the House for the same reasons as above. The ASRS proposal is to clarify any potential confusion in the ASRS reinstatement statute regarding the purchase of forfeited service. Currently, the statute indicates that a member must repay what was received in a refund, plus interest, in order to receive service credit for that period. However, there is potential for confusion in that under a DRO, an ex-spouse may receive a portion of the member’s benefit that was assigned to the ex-spouse. One could argue that the statute only suggests the member repay what the member had received and not the total amount paid.

A.R.S. § 38-760(B)(3): Optional forms of retirement benefits – The ASRS’ proposal is to incorporate into statute the authority of the ASRS to deny a Partial Lump Sum (PLS) rollover in the event the member has an overpayment or estimated overpayment.

According to the ASRS Tax Attorney, federal law precludes the ASRS from withholding all or a portion of the PLS in order for the ASRS to collect the owed portion of the overpayment. The proposal would deny a PLS rollover distribution to a retiree who has an overpayment or estimated overpayment.

A.R.S. § 38-751: Nonparticipatory employer liability allocation; definitions - The ASRS is currently reviewing the statute to provide proposed language to clarify permutations of a nonparticipatory employer not previously contemplated at the time the statute was drafted. Proposed language will be drafted within the month and reviewed by legislative counsel regarding the following:

- Further define what “no longer participating” means as stated in A. 3.

- Shifting from charging a lump sum liability to an ongoing payment method by calculating the nonparticipating employer's liability and segregating their assets and liability.

A.R.S. § 38-714: Powers and duties of ASRS and board – In the 2016 Legislative Session the ASRS pursued legislation to allow the Board to establish an Appeals Committee for the purpose of hearing appeals. The statute enabling the establishment of an Appeals Committee permits the established committee to hear appeals under Article 2, Title 38, Chapter 5; however, it does not include the LTD statutes in Article 2.1 or transfers in Article 7. The ASRS is proposing to add clarifying language which would provide the Appeals Committee the authority to hear and make determinations on all appeals.

A.R.S. § 38-711(7): Definitions - Mr. Ponder stated the Board's approval of this proposal is contingent upon the Arizona Supreme Court ruling of the ASRS' request for review. If the Arizona Supreme Court grants the request, this legislative item will be held until the court has made a final ruling. If the Arizona Supreme Court denies review and there is sufficient time to push this item through the 2017 Legislative Session, the ASRS is seeking Board authorization to do so. The ASRS intends to clarify the definition of "compensation" for the purpose of calculating an individual's retirement benefits. Also, to clarify that employer remitted contributions toward an alternative retirement account for the purposes of employment negotiations are not to be included in retirement calculations.

Motion: Prof. Dennis Hoffman moved to approve the first six 2017 ASRS legislative initiatives for immediate action, and item seven concurrent with an outcome from the Arizona Supreme Court. Dr. Richard Jacob seconded the motion.

By a vote of 5 in favor, 0 opposed, 0 abstentions, 2 excused, and 2 vacancies, the motion was approved.

6. Presentation, Discussion, and Appropriate Action Regarding the Appointment and Management of the ASRS Appeals Committee

Mr. Paul Matson, Director, provided a brief summary and introduction for this topic. With the recent legislative authority to establish an Appeals Committee to act with the authority of the Board, the Board now has the opportunity to consider taking action to create the Appeals Committee. Mr. Matson stated that the Appeals Committee will not be able to hear LTD appeals at this time but can hear and act on all other appeals.

Motion: Prof. Dennis Hoffman moved to: a) Approve the creation of the ASRS Board Appeals Committee, b) Delegate the responsibilities in A.R.S. § 38-714(E)(1) to the Appeals Committee, and c) Grant ongoing authority to the Board Chair to appoint members to the Appeals Committee, replace members of the Appeals Committee, determine the Officers of the Appeals Committee, and determine the size of the Appeals Committee as outline in the Board Governance Policy Handbook. Mr. Lorenzo Romero seconded the motion.

By a vote of 5 in favor, 0 opposed, 0 abstentions, 2 excused, and 2 vacancies, the motion was approved.

Mr. Kevin McCarthy noted, for the record, he is appointing the following members to a three member Appeals Committee:

- Dr. Richard Jacob as Chairperson
- Mr. Jeff Tyne as Vice-Chairperson

- Mr. Tom Manos as Member

7. Presentation, Discussion, and Appropriate Action Regarding Staff Recommended Updates to the ASRS Board Governance Policy Handbook

Mr. Matson provided the Board a brief summary of the history of the Board Governance Policy Handbook which has been in place since January, 2004. The handbook initially served the purpose of documenting the duties of the Board versus staff, then evolved into a discussion document regarding what is optimal governance and continues to be modified as necessary based on recommendations from the Board and staff. Mr. Matson highlighted the following amendments presented by staff:

- Page 20 – Newly added the Appeals Committee Charter.
 - Mr. Matson recommended a change in the Composition paragraph to change Appeal to Appeals for consistency.
 - Mr. Matson recommended a change in Responsibilities #2, to strike “long term disability participants”. Dr. Richard Jacob also suggested amending the language in the () from plural to singular to read as follows: (A member may be an employee, retiree, inactive member, etc.).
 - Mr. Kevin McCarthy suggested adding language providing the Committee the option to refer an appeal to the entire Board.
- Page 3 – Mr. Matson’s Initial thoughts were to amend the stricken #16 language to read, “Hear non-LTD appeals in accordance with policy established by the Board”.
 - Dr. Jacob suggested, with Board agreement, to amend the language to allow the Board to hear any appeals if necessary.
- Page 15 – Plan design changes has been removed from “h”, “i” and “j”. Plan design changes are typically handled in the External Affairs Committee, not the Operations and Audit Committee.
- Page 2 – Added to the “Board’s Role”, second paragraph, third sentence should now read in part, “...investment managers, the Real Estate and Private Equity Consultants, and other Asset Class Consultants to the...”

Mr. Matson noted that all other changes documented in the Board Governance Policy Handbook were technical in nature and deferred to the Board regarding whether they were prepared to make a motion to accept all changes or consider only the primary changes deemed necessary as discussed.

Motion: Dr. Richard Jacob moved to accept the revisions to the Board Governance Policy Handbook as presented and as altered by consensus during discussion at today’s meeting. Prof. Dennis Hoffman seconded the motion.

By a vote of 5 in favor, 0 opposed, 0 abstentions, 2 excused, and 2 vacancies, the motion was approved.

8. Presentation, Discussion, and Appropriate Action Regarding the Director’s Report as well as Current Events

Mr. Paul Matson stated he had nothing further to add regarding the Director’s Report but would answer any questions the Board may have regarding the report.

Mr. Karl Polen, Chief Investment Officer, responded to the Board’s question regarding an update on the fiscal year-to-date investment returns.

9. Presentation and Discussion with Respect to Informational Updates from Prior and Upcoming Committee Meetings

a. Operations and Audit Committee (OAC)

Mr. Kevin McCarthy announced the next OAC meeting will be held October 11, 2016, at 10:30 a.m. in the 14th floor conference room.

b. External Affairs Committee (EAC)

Dr. Richard Jacob announced the next EAC meeting will be held on October 14, 2016, at 10:30 a.m. in the 14th floor conference room and will focus on the legislative initiatives and the rule making agenda.

c. Investment Committee (IC)

Mr. Tom Connelly announced the next IC meeting will be held on October 24, 2016, at 2:30 p.m. in the 14th floor conference room to discuss house views, portfolio performance, oversight, overview and update of IMD activities and working group reports.

Mr. Anthony Guarino announced an update regarding the upcoming OAC meeting. The next OAC meeting will be held December 13, 2016.

10. Presentation, Discussion, and Appropriate Action Regarding ASU v. ASRS Appeal Litigation and Rulemaking Exemption Legislation

Motion: Dr. Richard Jacob moved to go into executive session for the purpose of discussion and consultation for legal advice with the attorney of the public law. Mr. Lorenzo Romero seconded the motion.

By a vote of 5 in favor, 0 opposed, 0 abstentions, 2 excused, and 2 vacancies, the motion was approved.

Prof. Dennis Hoffman recused himself due to his employment with ASU and did not attend the executive session.

The Board convened to Executive Session at 9:28 a.m.

The Board reconvened to Public Session at 9:53 a.m.

11. Board Requests for Agenda Items

No requests were made.

12. Call to the Public

No one from the public requested to speak at this time.

13. The next regular ASRS Board meeting is scheduled for Friday, October 28, 2016, at 8:30 a.m., at 3300 N. Central Avenue, 10th Floor Board Room, Phoenix, Arizona.

14. Adjournment of the ASRS Board

Motion: Dr. Richard Jacob moved to adjourn the September 30, 2016, Board Meeting at 9:54 a.m. Mr. Lorenzo Romero seconded the motion.

By a vote of 5 in favor, 0 opposed, 0 abstentions, 2 excused, and 2 vacancies, the motion was approved.

ARIZONA STATE RETIREMENT SYSTEM

Melanie A. Alexander
Board Administrator

Paul Matson
Director

DRAFT

**Confidential Executive
Session Minutes were
provided to the Board
and not included in
this book.**

Agenda Item #3



ARIZONA STATE RETIREMENT SYSTEM

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Paul Matson
Director

MEMORANDUM

TO: Mr. Kevin McCarthy, Chair, Arizona State Retirement System (ASRS) Board
FROM: Mr. Paul Matson, Director
DATE: October 17, 2016
RE: **Agenda Item #3:** Presentation Regarding the PRIDE Improvement Award

The ASRS employee recognition program recognizes employees who exemplify various PRIDE characteristics (Professionalism, Results, Improvement, Diversity, Excellence) throughout the year. The third award for 2016 is the PRIDE Improvement award.

The nominees were nominated by their peers because they exemplify the following PRIDE qualities of improvement:

We appreciate individuals, teams or divisions who drive the agency forward with new and innovative ideas and solutions:

- | | |
|--|---|
| <input type="checkbox"/> Promote new ideas | <input type="checkbox"/> Improve relationships |
| <input type="checkbox"/> Solve problems | <input type="checkbox"/> Enhance morale |
| <input type="checkbox"/> Enhance outcomes or performance | <input type="checkbox"/> Increase efficiency, effectiveness or reduce costs |

The nominees for the 2016 PRIDE Improvement Award include:

- Robert Peterson
- Nicie Montanez and Brian Crockett
- Susan Webner and the ASRS HR Team (Tracy Darmer, Jana George, Neal Park)
- The Unusual Suspects Team: Trent Kendall, Srinivasa Attaluri, Divya Kuchal, Parameshwari Vonteddu, Sunitha Surendra

Chosen from the nominees as winners of the 2016 ASRS PRIDE Improvement award are Nicie Montanez and Brian Crockett. We invite the Board to join ASRS staff in recognizing Nicie and Brian as the award recipients of this year's award.

Nominees for the 2016 PRIDE Improvement Award

The Improvement Award is the third of our 2016 bimonthly awards. The following employees were nominated by staff who feel they exemplify the Improvement qualities listed below:

Improvement

We appreciate individuals, teams or divisions who drive the agency forward with new and innovative ideas and solutions:

- Promote new ideas
- Solve problems
- Enhance outcomes or performance
- Improve relationships
- Enhance morale
- Increase efficiency, effectiveness or reduce costs

Robert Peterson

- Enhance outcomes and performance*

Robert Peterson, as an integral part of the LTD transition, was responsible for the review and reconciliation of the first funding file, an interim funding file and the off cycle funding file. With all transitions, in an effort to improve processes, there is an understanding that the beginning may include exceptions. And this beginning was no different. However, Robert Peterson rose to the occasion and was able to handle these exceptions including the need to work on an additional file outside of the normal process. This exception file included 5 times more items for review than on an average funding file. It usually takes approximately 2 days to work on an average file. Robert managed to review and this exception file within 2 days allowing over 300 LTD recipients to receive their payment in a timely manner. Thank you Robert for dedication, hard work and commitment to quality and customer service.

Nicie Montanez and Brian Crockett

- Solve problems

In a continuing effort to protect data and to move away from the use of social security numbers as identification for ASRS members, Nicie Montanez and Brian Crockett worked together to develop a successful methodology to fully replace social security numbers with person identification numbers on all files transferred to the ASRS actuary for not only fiscal year 2016, but for all prior years. In addition to the extensive and time consuming task of replacing numbers on over 550,000 fields per year, the data also needed to be reviewed to ensure accuracy, and that no other data was inadvertently affected. Thank you for improving the integrity of the files, your team work and support.

Susan Webner and the ASRS HR Team (Tracy Darmer, Jana George, Neal Park)

- Promote new ideas*

Susan and the HR team put together a request to Arizona State Library, Archives and Public Records for permission to digitize/maintain electronically, ASRS HR Personnel records. The request was a "new idea" for the agency. The request was approved by

the Arizona State Library, Archives and Public Records and HR Personnel records are being converted as time and schedule and workload permit.

- *Solve problems*
The new idea to digitize/maintain electronically, ASRS HR Personnel records solves the problem of inadvertently misplacing a document insomuch it ensures the documents are filed accurately. As each document is scanned and filed electronically, there is a second person review to ensure the item(s) is (are) filed correctly. This is a fairly simple and efficient action due to the files / records being maintained electronically.
- *Enhance outcomes and performance*
The outcome will result in the elimination of physical file cabinets and “paper files.” The conversion will enhance performance insomuch electronic files allow for easier access to and filing of documentation. All scanned items are verified and checked by a second individual for accurate placement. This is an enhancement to previous methods and approaches to filing of paper documents in physical files.
- *Improve relationships*
Relationships are improved in that when someone from another agency requests a file due to a recruitment or hire of an individual who either is currently an ASRS employee or was formerly, we can more easily provide the personnel file for review and/or ultimate transfer of the individual. This will save time and make for a more expedient transfer or review.
- *Enhance morale*
The project will enhance the morale for the team insomuch it will be easier to access documentation if and when needed. There is also a reduction to the number of pieces of paper that are handled and filing is a much simpler process. And finally, the time it takes to scan and file is reduced. Even when considering the second review ... the process is more efficient and easier to complete.
- *Increase efficiency, effectiveness or reduce costs*
The outcome of this work effort will reduce costs in terms of time/effort to file, to locate documentation, and less printing of paper. In terms of efficiency, less likelihood of a document being “lost” or misfiled inadvertently. The ability for a second person review reduces (eliminates) the likelihood that a document could be misfiled. If it were, this will be corrected quickly upon the second person review.

This request and process, to digitize the ASRS HR personnel files, improved the manner in which the ASRS HR team manages and maintains ASRS HR personnel files. The files are more secure and with the elimination of the file cabinets, there is space that will be freed up, which in turn reduces the overall footprint of the team and could be used for other needs as may be appropriate. The elimination of copies of documents and paper is good for our environment. The digitizing of the files saves time for all of the team; when in need of a document, the files are securely placed on a secure drive where they can be accessed from one’s work station.

The Unusual Suspects Team: Trent Kendall, Srinivasa Attaluri, Divya Kuchal, Parameshwari Vonteddu, Sunitha Surendra

I would like to nominate the Unusual Suspects Team in the Technology Services Division for the PRIDE Improvement Award in order to recognize this outstanding team for all the ways they have improved the myASRS website over the past 18 months. This team is comprised of individuals who embody the PRIDE values in every way. For each of the

projects mentioned below, this team of professionals worked with staff to ensure a superior product was put into production. To do that, they regularly introduced new ideas and helped solve problems so that the finished product would enhance performance and achieve the outcomes that the product owner intended. Here are some of the accomplishments of this team over the past 18 months:

- **Responsive Design**

To implement a responsive design, the team redesigned and reworked nearly all of the pages in the member and employer secure website portals so that each of the pages would be compatible with mobile devices of various sizes. This enhancement has substantially increased the efficiency and effectiveness of the secure site for the thousands of members and employers each month who regularly use tablets or mobile devices to view information or conduct business with the ASRS. Today, nearly 20 percent of our website visits are conducted on a mobile device of some kind.

- **Employer Site Enhancements**

The team also worked with staff to improve a number of administrative aspects of the employer site to simplify and increase the usability of the site for employer administrators and improving some of the internal controls related to these accounts.

- **Health Insurance Enrollment**

This year, our retirees will be able to enroll, change, or remove their health insurance coverage online as a result of this team's work, which is a substantial service enhancement for our retirees. In addition, this new application will increase operational performance by reducing the number of applications that require keying and even introducing a 'straight through' process where no staff effort will be required to process some application types.

Agenda Item #4



ARIZONA STATE RETIREMENT SYSTEM

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Paul Matson
Director

TO: Mr. Kevin McCarthy, Chair, Arizona State Retirement System (ASRS) Board

FROM: Mr. Paul Matson, Director
Mr. Patrick Klein, Assistant Director, External Affairs Division
Mr. Nick Ponder, Government Relations Officer

DATE: October 17, 2016

RE: **Agenda Item #4:** Presentation, Discussion and Appropriate Action Regarding ASRS 2017 Legislative Initiatives and Legislative Update

Purpose

To discuss the status of the ASRS 2017 legislative initiatives.

Recommendation

Information item only; no action required.

Background

At its September 30, 2016, meeting the ASRS Board approved the 2017 ASRS Legislative Initiatives that were recommended by the EAC during its September 14, 2016, meeting. The Board approved six initiatives for immediate action and one initiative for action dependent upon a response from the Arizona Supreme Court.

2017 LEGISLATIVE SUGGESTIONS

STATUTE: 38-766.02

PROPOSED BY: Legislative Liaison

PROPOSAL: The ASRS learned that employers were contemplating migrating all their substitute teachers to contractors like ESI and SmartSchools. The employer believes by migrating all substitutes to contract positions that they have moved an “entire class” of employees to leased positions they would not owe an ACR for those individuals.

There is nothing in statute identifying “class” of employees; however, historically the ASRS has not charged an ACR in circumstances where a class (cafeteria workers, janitorial staff, bus drivers) was leased or contracted. It is the position of the ASRS that substitute teachers are teachers. They fundamentally share the same responsibilities as a full-time teacher, are in a classroom, and are educating children. As a result, a substitute teacher is filling the role of a teacher and thus a retired substitute teacher is filling a position “ordinarily filled by an employee of an employer” and the ER would owe an ACR.

LANGUAGE: [38-766.02. Retired members; return to work; employer contribution payments; definitions](#)

A. Notwithstanding section 38-766.01, subsection E, beginning July 1, 2012, an employer shall pay contributions at an alternate contribution rate on behalf of a retired member who returns to work **WITH AN ASRS EMPLOYER** in any capacity ~~in a position ordinarily filled by an employee of the employer~~. This subsection applies to a retired member who has reached a normal retirement age or a retired member who retired under section 38-758 if the retired member's retirement benefit has not been suspended pursuant to section 38-766.

2017 LEGISLATIVE SUGGESTIONS

STATUTE: 38-738(A)&(B)

PROPOSED BY: Assistant Attorney General

HISTORY: Sponsored by Senator Lesko in 2016. Passed Senate Finance committee, Senate 3rd read, and House Government & Higher Education committee without dissent. Failed to pass House 3rd read night of sine die.

PROPOSAL: Part 1: To codify in statute current practice as it relates to employer credits under A.R.S. 38-738. Currently the statute indicates that employers are permitted to take a credit within one year of the overpaid contributions. However, the ASRS allows these credits into perpetuity so long as there are employer monies still on account. Additionally, the statute indicates that the ASRS will charge interest on these credits if the ASRS does not meet the 8% return. However, we do not charge interest in these scenarios.

Part 2: To clarify that members who are inactive, retired, or on long term disability can only purchase CNW service with an after tax check. Currently, the statute just refers to “members” as one group and suggests they can purchase service pursuant to 38-747 which would include rollovers and payroll deduction agreements.

Part3: To clarify in law that a person who has forfeited membership in ASRS but who returns to work for an ASRS employed cannot request a Contributions Not Withheld for any period of employment prior to the member’s most recent date of membership. Currently, it could be interpreted that by returning to active status, the member has CNW rights in A.R.S. 38-738 for employment prior to the member’s most recent ASRS membership date.

LANGUAGE: **38-738. Adjustment and refund**

(Part 1) A. If more than the correct amount of employer or member contributions is paid into ASRS by an employer through a mistake of fact, ASRS shall return those contributions to the employer if the employer requests return of the contributions **THROUGH AN EMPLOYER CREDIT OR** within one year after the date of overpayment **BY CHECK ON REQUEST OF THE EMPLOYER**. ASRS shall not pay an employer earnings attributable to excess contributions. ~~but shall reduce the amount returned to an employer pursuant to this section by the amount of losses attributable to the excess contributions.~~ **IF MORE THAN THE CORRECT AMOUNT OF EMPLOYER OR MEMBER CONTRIBUTIONS IS PAID INTO ASRS BY AN EMPLOYER THROUGH A MISTAKE OF LAW, ASRS SHALL RETURN THOSE CONTRIBUTIONS TO THE EMPLOYER IF THE EMPLOYER REQUESTS RETURN OF THE CONTRIBUTIONS THROUGH AN EMPLOYER CREDIT.**

B. If less than the correct amount of employer or member contributions is paid into ASRS by an employer, the following apply:

(Part 2) 1. The member shall pay an amount that is equal to the amount that would have been paid in member contributions for the period in question. ~~The member’s~~ **FOR ACTIVE MEMBERS**, payments shall be made as provided in section 38-747. **FOR MEMBERS WHO ARE INACTIVE, RETIRED OR ON LONG-TERM DISABILITY, PAYMENTS SHALL BE MADE**

2017 LEGISLATIVE SUGGESTIONS

USING AFTER-TAX INCOME AND A PERSONAL CHECK, CASHIER'S CHECK OR MONEY ORDER. If the member does not make the payment within ninety days ~~of~~ AFTER being notified by ASRS that the employer has paid all amounts due from the employer, the unpaid amount accrues interest until the amount is paid in full. The member is responsible for payment of the unpaid amount and interest. The interest rate is the interest rate assumption that is approved by the board for actuarial equivalency for the period in question to the date payment is received.

(Part 3)

8. A MEMBER WHO PREVIOUSLY RECEIVED A RETURN OF CONTRIBUTIONS PURSUANT TO SECTION 38-740 MAY RECEIVE AN ADJUSTMENT OF EMPLOYER CONTRIBUTIONS OR SERVICE CREDITS PURSUANT TO THIS SECTION ONLY FOR QUALIFYING EMPLOYMENT AND COMPENSATION THAT OCCURRED AFTER THE MEMBER'S MOST RECENT RETURN OF CONTRIBUTIONS PURSUANT TO SECTION 38-742.

2017 LEGISLATIVE SUGGESTIONS

STATUTE: 38-742(B)

PROPOSED BY: Rules Writer

HISTORY: Sponsored by Senator Lesko in 2016. Passed Senate Finance committee, Senate 3rd read, and House Government & Higher Education committee without dissent. Failed to pass House 3rd read night of sine die.

PROPOSAL: To clarify any potential confusion in our reinstatement statute regarding the purchase of forfeited service. Currently the statute indicates a member must repay what was received in a refund, plus interest, in order to receive service credit for that period. However, there is potential for confusion in that under a DRO, an ex-spouse may receive a portion of the member's benefit that was assigned to the ex-spouse. One could argue that the statute only suggests the member repay what the member had received and not the total amount paid, and would receive full service credit once that amount was repaid.

LANGUAGE: **38-742. Reinstatement**

B. Notwithstanding subsection A of this section, the member may redeposit the amount of the contributions ~~the member received~~ **THE ASRS PAID** at the time of the member's separation from service, with interest on that amount to the date of redeposit at the interest rate assumption approved by the board for actuarial equivalency. On satisfaction of this obligation, the member's service credits acquired by the previous employment shall be reinstated. The member is subject to the benefits and duties in effect at the time of the member's most recent reemployment except as provided in section 38-711, paragraph 5, subdivision (a). If a member redeposits less than the amount required under this subsection, ASRS shall proportionately reduce the member's reinstated service credits.

2017 LEGISLATIVE SUGGESTIONS

STATUTE: 38-760(B)(3)

PROPOSED BY: Benefits Accounting

PROPOSAL: Incorporate into statute the authority of the ASRS to deny a PLS rollover in the event the member has an overpayment or estimated overpayment.

According to Chuck Whetstine, federal law precludes the ASRS from withholding all or a portion of the PLS in order for the ASRS to collect the owed portion of the overpayment. The proposal would be to be able to deny a PLS rollover distribution to a retiree who has an overpayment or estimated overpayment.

LANGUAGE: 38-760. [Optional forms of retirement benefits](#)

B. The optional retirement benefits available under this section include the following:

3. Beginning on July 1, 2002, a lump sum payment equal to not more than thirty-six months of the member's retirement benefits based on the actuarial equivalent of the retirement income to which the member would be entitled under normal or early retirement. The member's benefit shall be actuarially reduced to provide for the lump sum payment. The lump sum payment shall be made at the time of retirement. **IF A MEMBER HAS AN OVERPAYMENT PURSUANT TO A.R.S. 38-765 OR A.R.S. 38-797.08 THE ASRS SHALL DENY DISTRIBUTION OF A PARTIAL LUMP SUM ROLLOVER AND OFFER DISTRIBUTION WITH AN AFTER-TAX PAYMENT.** Any benefit increase granted to a member who elects a lump sum payment pursuant to this paragraph is subject to the following conditions:

(a) If the benefit increase is a percentage increase of the member's retirement benefit, the increase shall be based on the actuarially reduced retirement benefit of the member.

(b) If the benefit increase is pursuant to section 38-767, the amount of the member's benefit increase shall be calculated without regard to the lump sum payment pursuant to this paragraph.

2017 LEGISLATIVE SUGGESTIONS

STATUTE: 38-751

PROPOSED BY: Staff

PROPOSAL: Clarify permutations of a nonparticipatory employer not previously contemplated at the time the statute was drafted. Additionally, clarify sections B and C regarding schedules and methods of payment, who will be responsible for calculating the liability, and precisely how the liability will be calculated.

LANGUAGE: Proposed statutory language is currently being drafted and therefore not available at the time of this meeting. Below is the current drafting of A.R.S. § 38-751:

38-751. Nonparticipatory employer liability allocation; definitions

A. ASRS shall allocate a liability to an employer that is no longer participating in ASRS if that nonparticipation is based on any of the following:

1. The character of the employer changes from a public entity to a private entity.
2. An employer, other than this state or a charter school, files for bankruptcy or otherwise dissolves.
3. An employer is no longer participating.
4. For this state, the character of a state agency, board or commission changes from public to private.

B. ASRS shall determine the schedule and method of payment of the allocated liability.

C. The liability allocated to an employer under this section is equal to the sum of the following:

1. The plan employer actuarial accrued liability multiplied by the plan total deficit percentage.
2. The LTD program employer actuarial accrued liability multiplied by the LTD program total deficit percentage.

D. This section does not permit an employer to alter the irrevocable agreement approved by the board under section 38-729.

2017 LEGISLATIVE SUGGESTIONS

STATUTE: 38-714

PROPOSED BY: Assistant Attorney General

PROPOSAL: Add clarifying language regarding the Appeals Committee of the Board which was permitted with the passage of SB1037 in the 2016 Legislative Session.

LANGUAGE: [38-714. Powers and duties of ASRS and board](#)

E. The board may:

1. Determine the rights, benefits or obligations of any person under this article, [ARTICLE 2.1 AND ARTICLE 7](#) and afford any person dissatisfied with a determination a hearing on the determination. The board may delegate the duty and authority to act on the board's behalf to a committee of the board for the purposes of this paragraph and title 41, chapter 6, article 10 relating to any decision made under this paragraph by that committee of the board.
2. Determine the amount, manner and time of payment of any benefits under this article.
3. Recommend amendments to this article and articles 2.1 and 7 of this chapter that are required for efficient and effective administration.
4. Adopt, amend or repeal rules for the administration of the plan, this article and articles 2.1 and 7 of this chapter.

2017 LEGISLATIVE SUGGESTIONS

STATUTE: 38-711(7)

PROPOSED BY: Assistant Attorney General

PROPOSAL: *(Contingent upon an outcome from ASRS petition for review to the Supreme Court)*
Clarify, prospectively, that employer remitted contributions toward an alternative retirement account for the purposes of employment negotiations are not to be included in retirement calculations.

LANGUAGE: 38-711. [Definitions](#)

In this article, unless the context otherwise requires:

7. "Compensation" means the gross amount paid to a member by an employer as salary or wages, ~~including amounts that are subject to deferred compensation or tax shelter agreements,~~ for services rendered to or for an employer, or that would have been paid to the member except for the member's election or a legal requirement that all or part of the gross amount be used for other purposes, but does not include amounts paid in excess of compensation limits established in section 38-746. Compensation includes amounts paid as salary or wages to a member by a second employer if the member meets the requirements prescribed in paragraph 23, subdivision (b) of this section with that second employer.

Compensation, as provided in paragraph 5, subdivision (b) or (c) of this section, does not include:

(a) Lump sum payments, on termination of employment, for accumulated vacation or annual leave, sick leave, compensatory time or any other form of termination pay whether the payments are made in one payment or by installments over a period of time.

(b) Damages, costs, attorney fees, interest or other penalties paid pursuant to a court order or a compromise settlement or agreement to satisfy a grievance or claim even though the amount of the payment is based in whole or in part on previous salary or wage levels, except that, if the court order or compromise settlement or agreement directs salary or wages to be paid for a specific period of time, the payment is compensation for that specific period of time. If the amount directed to be paid is less than the actual salary or wages that would have been paid for the period if service had been performed, the contributions for the period shall be based on the amount of compensation that would have been paid if the service had been performed.

(c) Payment **FOR ANY EMPLOYMENT OR FRINGE BENEFIT INCLUDING BUT NOT LIMITED TO PAYMENTS, at the member's option, in lieu of fringe benefits that are normally paid for or provided by the employer FOR UNUSED VACATION OR SICK LEAVE PRIOR TO TERMINATION OF EMPLOYMENT AND TRAVEL, CAR AND PHONE ALLOWANCES.**

(d) Merit awards pursuant to section 38-613 and performance bonuses paid to assistant attorneys general pursuant to section 41-192.

2017 LEGISLATIVE SUGGESTIONS

(e) Amounts that are paid as salary or wages to a member for which employer contributions have not been paid.

(f) COMPENSATION, AS PROVIDED IN PARAGRAPH 5, SUBDIVISION (C) OF THIS SECTION, FOR A MEMBER WHOSE MEMBERSHIP IN ASRS COMMENCED ON OR AFTER JANUARY 1, 2018 DOES NOT INCLUDE:

(i) EMPLOYER CONTRIBUTIONS TO A QUALIFIED PLAN, TAX SHELTERED ANNUITY, INDIVIDUAL RETIREMENT ACCOUNT, DEFERRED COMPENSATION PLAN OR ANY OTHER SIMILAR TYPE OF ARRANGEMENT PROVIDING FOR THE DEFERRAL OF COMPENSATION, INCLUDING BUT NOT LIMITED TO PLANS, ANNUITIES OR ACCOUNTS DESCRIBED IN SECTION 401(a), 401(k), 403(b), 408, 408A OR 457(b) OF THE UNITED STATES INTERNAL REVENUE CODE, THAT ARE MADE BY THE EMPLOYER FROM ITS OWN FUNDS AND NOT PURSUANT TO A LEGAL REQUIREMENT OR THE ELECTION BY THE MEMBER TO CONTRIBUTE THE MEMBER'S COMPENSATION TO THE PLAN, ACCOUNT, ANNUITY OR ANY OTHER SIMILAR TYPE OF ARRANGEMENT.

(ii) PAYMENTS MADE DIRECTLY OR INDIRECTLY BY THE EMPLOYER TO THE EMPLOYEE FOR WORK PERFORMED FOR A THIRD PARTY ON A CONTRACTED BASIS OR ANY OTHER TYPE OF AGREEMENT UNDER WHICH THE THIRD PARTY PAYS OR REIMBURSES THE EMPLOYER FOR THE WORK PERFORMED BY THE EMPLOYEE FOR THAT THIRD PARTY.

Agenda Item #5



ARIZONA STATE RETIREMENT SYSTEM

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Paul Matson
Director

MEMORANDUM

TO: Mr. Kevin McCarthy, Chair, Arizona State Retirement System (ASRS) Board

FROM: Mr. Anthony Guarino, Deputy Director and Chief Operations Officer
Ms. Martha Rozen, Chief of Administrative Services
Ms. Tracy Darmer, Program Manager, Human Resources
Ms. Jana George, Personnel Analyst, Human Resources

DATE: October 18, 2016

RE: **Agenda Item # 5:** Presentation, Discussion, and Appropriate Action Regarding an Update on the ASRS Workforce Plan

Purpose

At the June 24, 2016 meeting, the Board approved a list of strategic topics of interest for discussion in fiscal year 2017. One identified strategic issue was Workforce Planning, to include the approach the ASRS is using to prepare for future turnover in key positions and the significant outcomes the ASRS expects to receive through the creation/utilization of a workforce plan.

Recommendation

Information item only; no action required.

Background

The Arizona State Retirement System (ASRS) is committed to the creation of a workforce plan which supports the ASRS Strategic Plan. A workforce plan determines the essential human resources needed to accomplish the strategic direction of the agency by ensuring that the right people are in the right place at the right time within the agency. In this way, the ASRS can prepare for the inevitable changes in personnel by concentrating on knowledge transfer and successful transition to key positions via experiential learning and formal training.

The ASRS Workforce Plan emphasizes the following efforts and intended benefits:

- *Retaining current leaders and experts*
- *Preparing future leaders and experts*, which safeguards business continuity and smooth transitions into vacated positions
- *Knowledge transfer* so that institutional knowledge is maintained when seasoned staff leave the agency and key positions are filled
- *Developing staff* in an effort to improve the agency's bench strength and increase employee engagement and loyalty
- *Discovering gaps in internal skills* to ensure recruitment and development strategies can be implemented to fill the pipeline for anticipated future talent needs

Responsibilities

The ASRS Human Resources team will lead the workforce planning effort by partnering with management to identify key positions and competencies, and jointly ensure individual staff development for those positions.

Development activities may include a variety of experiential learning, training, and feedback. For example, staff may be given on-the-job assignments or projects, attend classroom or computer-based training/webinars, job shadow, participate in discussion groups, read articles/books, or receive one-on-one coaching or mentoring. Because feedback is an essential part of staff development, Human Resources may utilize 360-degree feedback to provide staff with a complete view of how they are perceived by leaders, coworkers, direct reports, and internal customers.

Summary

Workforce planning ensures that staff development for key positions will occur. By committing to workforce planning, the ASRS can best protect the continuity of business operations by preparing tomorrow's leaders today.

Attached to this memorandum are:

- Workforce Planning presentation
- ASRS key positions
- Korn Ferry Leadership Architect™ Global Competency Framework, which is being used to identify essential competencies for key positions
- Korn Ferry Leadership Architect™ Competency Definitions

Workforce Planning PowerPoint Presentation

WORKFORCE PLANNING

Presented to:

The Arizona State Retirement System Board

October 28, 2016

Workforce Planning for the Future

2

- Determines the essential human resources needed to drive the strategic success of the agency
- Prepares for the inevitable changes in personnel
- Ensures knowledge transfer and successful transition to key ASRS positions
 - ▣ Experiential learning
 - ▣ Formal training

Benefits

3

- Retaining current leaders and experts
- Preparing future leaders and experts
- Maintaining institutional knowledge when seasoned staff leave the agency and key positions are filled
- Developing staff to improve bench strength and increase employee engagement and loyalty
- Discovering gaps in internal skills so we can fill the recruitment pipeline for future talent needs

ASRS Workforce Planning

4

- Initiated in 2015

- PHASE I: COMPLETED
 - ▣ Identification of key positions (41)
 - ▣ Identification of essential competencies
 - KORN FERRY Leadership Architect™

- PHASE II: IN PROGRESS
 - ▣ Development planning

Phase II: Development Planning

5

- Dovetails with performance appraisal & management process
- Open to all employees
- Development Planning activities
 - ▣ On-the-job assignments / projects
 - ▣ Classroom training
 - ▣ Computer-Based Training (CBTs)
 - ▣ Job shadowing
 - ▣ Articles, books
 - ▣ Discussion groups
 - ▣ One-on-one coaching / mentoring
 - ▣ Webinars

Additional Considerations

6

- Temporary job assignments
- Job rotation
- Cross-functional learning

Ongoing Workforce Planning Activities

7

- Identify the greatest needs for competency development across the organization
- Develop new training classes
- Check progress made on development plans
- Create development plans for new employees

It Makes Good Business Sense

8

In summary, Workforce Planning:

- Protects the continuity of business operations
- Ensures staff development for key positions
- Prepares future leaders for smooth transitions



Questions?

ASRS Key Positions

ASRS KEY POSITIONS

DIRECTOR'S OFFICE	DIRECTOR
	DEPUTY DIRECTOR
	STRATEGIC PLANNING & ANALYSIS MANAGER
	PRIVACY OFFICER
	MSS PROGRAM MANAGER
	PUBLIC RELATIONS MANAGER
INVESTMENT MANAGEMENT	CHIEF INVESTMENT OFFICER
	ASSISTANT CHIEF INVESTMENT OFFICER
	SENIOR PRIVATE MARKETS PORTFOLIO MANAGER
	SENIOR FIXED INCOME PORTFOLIO MANAGER
TECHNOLOGY SERVICES	ASSISTANT DIRECTOR TECHNOLOGY SERVICES
	APPLICATIONS ARCHITECT
	INFORMATION TECHNOLOGY PROGRAM MANAGER
	NETWORK INFORMATION SYSTEMS MANAGER
	INFORMATION SECURITY OFFICER
MEMBER SERVICES	ASSISTANT DIRECTOR MEMBER SERVICES
	MEMBER SERVICES PROGRAM MANAGER
	RETIREMENT ADVISOR SUPERVISOR
	MEMBER ADVOCATE
	BENEFITS PROGRAM ADMINISTRATOR
FINANCIAL SERVICES	ASSISTANT DIRECTOR FINANCIAL SERVICES
	CONTROLLER
	MEMBERSHIP ACCOUNTING MANAGER
	BENEFITS ACCOUNTING MANAGER
	ASSISTANT CONTROLLER
	INVESTMENT ACCOUNTANT
	ACCOUNTING TECHNOLOGY SPECIALIST
	MEMBERSHIP ACCOUNTING SUPERVISOR
	BENEFITS ACCOUNTING SUPERVISOR
	MANAGEMENT ANALYST IV
	MANAGEMENT ANALYST III
	PENSION CALCULATIONS SPECIALIST II
	PENSION CALCULATIONS SPECIALIST I

Agenda Item #5 Workforce Planning
September 30, 2016

ADMINISTRATIVE SERVICES

ASSISTANT DIRECTOR ADMINISTRATIVE SERVICES

HUMAN RESOURCES MANAGER

BUDGET & PROCUREMENT MANAGER

TRAINING MANAGER

TECHNICAL TRAINING ANALYST

EXTERNAL AFFAIRS

LEGISLATIVE LIAISON

RULES WRITER

INTERNAL AUDIT

CHIEF INTERNAL AUDITOR

**Korn Ferry
Leadership Architect
Competencies**

KORN FERRY LEADERSHIP ARCHITECT™ Global Competency Framework

FACTOR I: THOUGHT

A. Understanding the business

- Business insight
- Customer focus
- Financial acumen
- Tech savvy

B. Making complex decisions

- Manages complexity
- Decision quality
- Balances stakeholders

C. Creating the new and different

- Global perspective
- Cultivates innovation
- Strategic mindset

FACTOR II: RESULTS

D. Taking initiative

- Action oriented
- Resourcefulness

E. Managing execution

- Directs work
- Plans and aligns
- Optimizes work processes

F. Focusing on performance

- Ensures accountability
- Drives results

FACTOR III: PEOPLE

G. Building collaborative relationships

- Collaborates
- Manages conflict
- Interpersonal savvy
- Builds networks

H. Optimizing diverse talent

- Attracts top talent
- Develops talent
- Values differences
- Builds effective teams

I. Influencing people

- Communicates effectively
- Drives engagement
- Organizational savvy
- Persuades
- Drives vision and purpose

FACTOR IV: SELF

J. Being authentic

- Courage
- Instills trust

K. Being open

- Demonstrates self-awareness
- Self-development

L. Being flexible and adaptable

- Manages ambiguity
- Nimble learning
- Being resilient
- Situational adaptability

Competency Definitions

KORN FERRY LEADERSHIP ARCHITECT™ Competency Definitions

1 Ensures accountability

Holding self and others accountable to meet commitments.

- Follows through on commitments and makes sure others do the same.
- Acts with a clear sense of ownership.
- Takes personal responsibility for decisions, actions, and failures.
- Establishes clear responsibilities and processes for monitoring work and measuring results.
- Designs feedback loops into work.

2 Action oriented

Taking on new opportunities and tough challenges with a sense of urgency, high energy, and enthusiasm.

- Readily takes action on challenges, without unnecessary planning.
- Identifies and seizes new opportunities.
- Displays a can-do attitude in good and bad times.
- Steps up to handle tough issues.

3 Manages ambiguity

Operating effectively, even when things are not certain or the way forward is not clear.

- Deals comfortably with the uncertainty of change.
- Effectively handles risk.
- Can decide and act without the total picture.
- Is calm and productive, even when things are up in the air.
- Deals constructively with problems that do not have clear solutions or outcomes.

4 Attracts top talent

Attracting and selecting the best talent to meet current and future business needs.

- Attracts and selects diverse and high caliber talent.
- Finds the right talent to meet the group's needs.
- Closes talent gaps with the right balance of internal and external candidates.
- Is a good judge of talent.

5 Business insight

Applying knowledge of business and the marketplace to advance the organization's goals.

- Knows how businesses work and how organizations make money.
- Keeps up with current and possible future policies, practices, and trends in the organization, with the competition, and in the marketplace.
- Uses knowledge of business drivers and how strategies and tactics play out in the market to guide actions.

6 Collaborates

Building partnerships and working collaboratively with others to meet shared objectives.

- Works cooperatively with others across the organization to achieve shared objectives.
- Represents own interests while being fair to others and their areas.
- Partners with others to get work done.
- Credits others for their contributions and accomplishments.
- Gains trust and support of others.

7 Communicates effectively

Developing and delivering multi-mode communications that convey a clear understanding of the unique needs of different audiences.

- Is effective in a variety of communication settings: one-on-one, small and large groups, or among diverse styles and position levels.
- Attentively listens to others.
- Adjusts to fit the audience and the message.
- Provides timely and helpful information to others across the organization.
- Encourages the open expression of diverse ideas and opinions.

8 Manages complexity

Making sense of complex, high quantity, and sometimes contradictory information to effectively solve problems.

- Asks the right questions to accurately analyze situations.
- Acquires data from multiple and diverse sources when solving problems.
- Uncovers root causes to difficult problems.
- Evaluates pros and cons, risks and benefits of different solution options.

9 Manages conflict

Handling conflict situations effectively, with a minimum of noise.

- Steps up to conflicts, seeing them as opportunities.
- Works out tough agreements and settles disputes equitably.
- Facilitates breakthroughs by integrating diverse views and finding common ground or acceptable alternatives.
- Settles difference in productive ways with minimum noise.

10 Courage

Stepping up to address difficult issues, saying what needs to be said.

- Readily tackles tough assignments.
- Faces difficult issues and supports others who do the same.
- Provides direct and actionable feedback.
- Is willing to champion an idea or position despite dissent or political risk.

11 Customer focus

Building strong customer relationships and delivering customer-centric solutions.

- Gains insight into customer needs.
- Identifies opportunities that benefit the customer.
- Builds and delivers solutions that meet customer expectations.
- Establishes and maintains effective customer relationships.

12 Decision quality

Making good and timely decisions that keep the organization moving forward.

- Makes sound decisions, even in the absence of complete information.
- Relies on a mixture of analysis, wisdom, experience, and judgment when making decisions.
- Considers all relevant factors and uses appropriate decision-making criteria and principles.
- Recognizes when a quick 80% solution will suffice.

13 Develops talent

Developing people to meet both their career goals and the organization's goals.

- Places a high priority on developing others.
- Develops others through coaching, feedback, exposure, and stretch assignments.
- Aligns employee career development goals with organizational objectives.
- Encourages people to accept developmental moves.

14 Values differences

Recognizing the value that different perspectives and cultures bring to an organization.

- Seeks to understand different perspectives and cultures.
- Contributes to a work climate where differences are valued and supported.
- Applies others' diverse experiences, styles, backgrounds, and perspectives to get results.
- Is sensitive to cultural norms, expectations, and ways of communicating.

15 Directs work

Providing direction, delegating, and removing obstacles to get work done.

- Provides clear direction and accountabilities.
- Delegates and distributes assignments and decisions appropriately.
- Monitors progress by maintaining dialogue on work and results.
- Provides appropriate guidance and direction based on people's capabilities.
- Intervenes as needed to remove obstacles.

16 Drives engagement

Creating a climate where people are motivated to do their best to help the organization achieve its objectives.

- Structures the work so it aligns with people's goals and motivators.
- Empowers others.
- Makes each person feel his/her contributions are important.
- Invites input and shares ownership and visibility.
- Shows a clear connection between people's motivators and the organizational goals.

17 Financial acumen

Interpreting and applying understanding of key financial indicators to make better business decisions.

- Understands the meaning and implications of key financial indicators.
- Uses financial analysis to generate, evaluate, and act on strategic options and opportunities.
- Integrates quantitative and qualitative information to draw accurate conclusions.

18 Global perspective

Taking a broad view when approaching issues, using a global lens.

- Looks toward the broadest possible view of an issue or challenge.
- Thinks and talks in global terms.
- Understands the position of the organization within a global context.
- Knows the impact of global trends on the organization.

19 Cultivates innovation

Creating new and better ways for the organization to be successful.

- Comes up with useful ideas that are new, better, or unique.
- Introduces new ways of looking at problems.
- Can take a creative idea and put it into practice.
- Encourages diverse thinking to promote and nurture innovation.

20 Interpersonal savvy

Relating openly and comfortably with diverse groups of people.

- Relates comfortably with people across levels, functions, culture, and geography.
- Acts with diplomacy and tact.
- Builds rapport in an open, friendly, and accepting way.
- Builds constructive relationships with people both similar and different to self.
- Picks up on interpersonal and group dynamics.

21 Builds networks

Effectively building formal and informal relationship networks inside and outside the organization.

- Builds strong formal and informal networks.
- Maintains relationships across a variety of functions and locations.
- Draws upon multiple relationships to exchange ideas, resources, and know-how.

22 Nimble learning

Actively learning through experimentation when tackling new problems, using both successes and failures as learning fodder.

- Learns quickly when facing new situations.
- Experiments to find new solutions.
- Takes on the challenge of unfamiliar tasks.
- Extracts lessons learned from failures and mistakes.

23 Organizational savvy

Maneuvering comfortably through complex policy, process, and people-related organizational dynamics.

- Is sensitive to how people and organizations function.
- Anticipates land mines and plans approach accordingly.
- Deals comfortably with organizational politics.
- Knows who has power, respect, and influence.
- Steers through the organizational maze to get things done.

24 Persuades

Using compelling arguments to gain the support and commitment of others.

- Positions views and arguments appropriately to win support.
- Convinces others to take action.
- Negotiates skillfully in tough situations.
- Wins concessions without damaging relationships.
- Responds effectively to the reactions and positions of others.

25 Plans and aligns

Planning and prioritizing work to meet commitments aligned with organizational goals.

- Sets objectives to align with broader organizational goals.
- Breaks down objectives into appropriate initiatives and actions.
- Stages activities with relevant milestones and schedules.
- Anticipates and adjusts effective contingency plans.

26 Being resilient

Rebounding from setbacks and adversity when facing difficult situations.

- Is confident under pressure.
- Handles and manages crises effectively.
- Maintains a positive attitude despite adversity.
- Bounces back from setbacks.
- Grows from hardships and negative experiences.

27 Resourcefulness

Securing and deploying resources effectively and efficiently.

- Marshals resources (people, funding, material, support) to get things done.
- Orchestrates multiple activities simultaneously to accomplish a goal.
- Gets the most out of limited resources.
- Applies knowledge of internal structures, processes, and culture to resourcing efforts.

28 Drives results

Consistently achieving results, even under tough circumstances.

- Has a strong bottom-line orientation.
- Persists in accomplishing objectives despite obstacles and setbacks.
- Has a track record of exceeding goals successfully.
- Pushes self and helps others achieve results.

29 Demonstrates self-awareness

Using a combination of feedback and reflection to gain productive insight into personal strengths and weaknesses.

- Reflects on activities and impact on others.
- Proactively seeks feedback without being defensive.
- Is open to criticism and talking about shortcomings.
- Admits mistakes and gains insight from experiences.
- Knows strengths, weaknesses, opportunities, and limits.

30 Self-development

Actively seeking new ways to grow and be challenged using both formal and informal development channels.

- Shows personal commitment and takes action to continuously improve.
- Accepts assignments that broaden capabilities.
- Learns from new experiences, from others, and from structured learning.
- Makes the most of available development resources.

31 Situational adaptability

Adapting approach and demeanor in real time to match the shifting demands of different situations.

- Picks up on situational cues and adjusts in the moment.
- Readily adapts personal, interpersonal, and leadership behavior.
- Understands that different situations may call for different approaches.
- Can act differently depending on the circumstances.

32 Balances stakeholders

Anticipating and balancing the needs of multiple stakeholders.

- Understands internal and external stakeholder requirements, expectations, and needs.
- Balances the interests of multiple stakeholders.
- Considers cultural and ethical factors in the decision-making process.
- Acts fairly despite conflicting demands of stakeholders.

33 Strategic mindset

Seeing ahead to future possibilities and translating them into breakthrough strategies.

- Anticipates future trends and implications accurately.
- Readily poses future scenarios.
- Articulates credible pictures and visions of possibilities that will create sustainable value.
- Creates competitive and breakthrough strategies that show a clear connection between vision and action.

34 Builds effective teams

Building strong-identity teams that apply their diverse skills and perspectives to achieve common goals.

- Forms teams with appropriate and diverse mix of styles, perspectives, and experience.
- Establishes common objectives and a shared mindset.
- Creates a feeling of belonging and strong team morale.
- Shares wins and rewards team efforts.
- Fosters open dialogue and collaboration among the team.

35 Tech savvy

Anticipating and adopting innovations in business-building digital and technology applications.

- Anticipates the impact of emerging technologies and makes adjustments.
- Scans the environment for new technical skills, knowledge, or capabilities that can benefit business or personal performance.
- Rejects low-impact or fad technologies.
- Readily learns and adopts new technologies.

36 Instills trust

Gaining the confidence and trust of others through honesty, integrity, and authenticity.

- Follows through on commitments.
- Is seen as direct and truthful.
- Keeps confidences.
- Practices what he/she preaches.
- Shows consistency between words and actions.

37 Drives vision and purpose

Painting a compelling picture of the vision and strategy that motivates others to action.

- Talks about future possibilities in a positive way.
- Creates milestones and symbols to rally support behind the vision.
- Articulates the vision in a way everyone can relate to.
- Creates organization-wide energy and optimism for the future.
- Shows personal commitment to the vision.

38 Optimizes work processes

Knowing the most effective and efficient processes to get things done, with a focus on continuous improvement.

- Identifies and creates the processes necessary to get work done.
- Separates and combines activities into efficient workflow.
- Designs processes and procedures that allow managing from a distance.
- Seeks ways to improve processes, from small tweaks to complete reengineering.

Agenda Item #6



ARIZONA STATE RETIREMENT SYSTEM

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TOLL FREE OUTSIDE METRO PHOENIX AND TUCSON 1 (800) 621-3778
WWW.AZASRS.GOV

*Paul Matson
Director*

MEMORANDUM

TO: Mr. Kevin McCarthy, Chair, Arizona State Retirement System (ASRS) Board

FROM: Mr. Paul Matson, Director

DATE: October 18, 2016

RE: **Agenda Item #6:** Presentation, Discussion and Appropriate Action Regarding the 2017 Board Meeting Calendar

Purpose

To obtain Board approval of the 2017 Board meeting schedule.

Recommendation

Staff recommends approval of the proposed 2017 Board meeting schedule (see attachment).

Background

The 2017 Board meeting schedule consists of ten meetings scheduled throughout the calendar year. Meetings are on the last Friday of the month except in November. Due to the Thanksgiving holiday, the final meeting of the year is suggested to be scheduled for the first Friday in December. There are no Board meetings scheduled during the months of July or November.

2017 Calendar

January						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

February						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28				

March						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

April						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30						

May						
S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

June						
S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

July						
S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31					

August						
S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30	31		

September						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30

October						
S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

November						
S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

December						
S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

Agenda Item #7

Director's Report

7a - Investments

7b - Operations

7c - Budget & Staffing

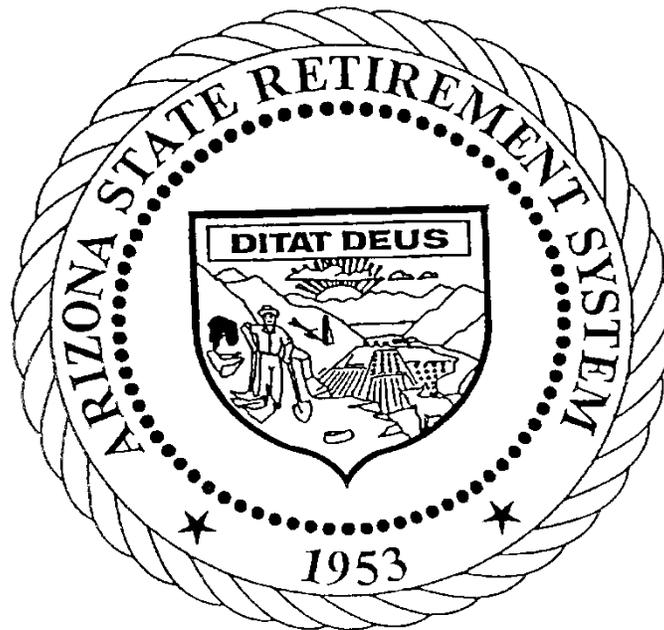
7d - Cash Flow Statement

7e - Appeals

7f - Employers Reporting

Agenda Item #7a

Director's Report Investments

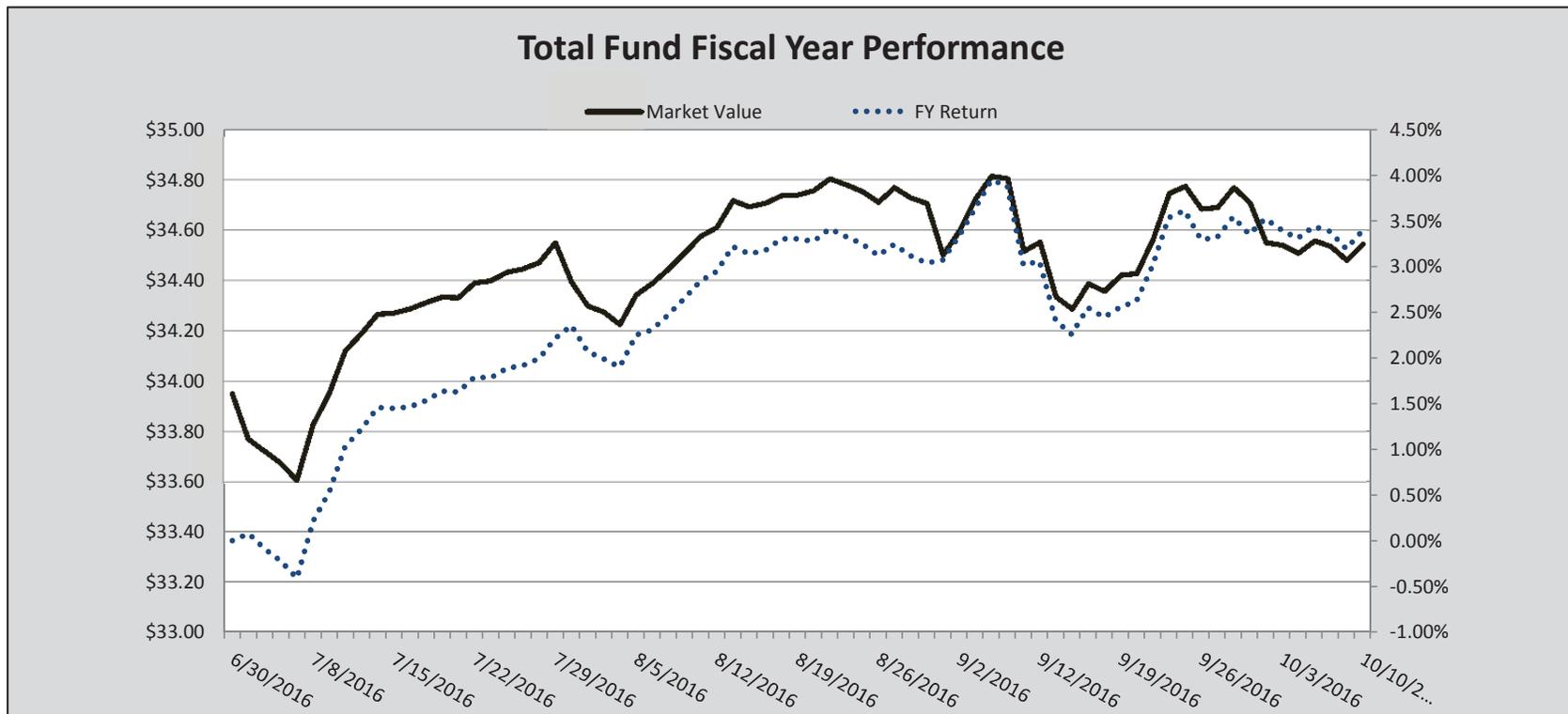


Investment Report

Arizona State Retirement System

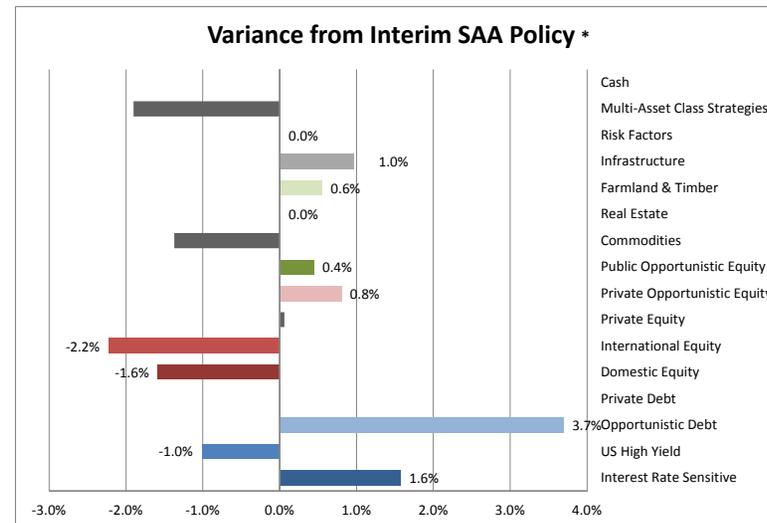
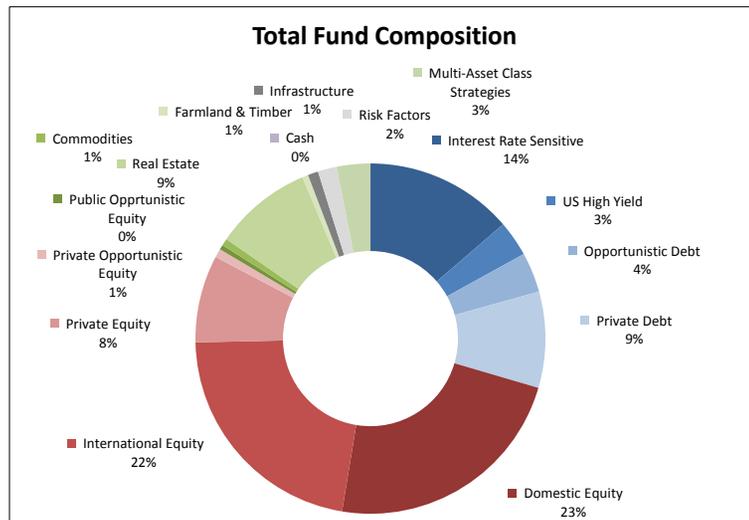
October 28, 2016

Fiscal Year Performance



Total Fund Positioning

Total Fund Positioning October 10, 2016



All Private Markets asset classes' market values are reported on a quarter-lag basis and adjusted to include the current quarter's cash flow.

Asset Allocation

Total Fund		ASRS Market Value Report						Monday, October 10, 2016	
Account Manager	Account Manager Style	Fixed Income		Equity		Inflation Linked	Multi-Asset	Market Value	%
		Active	Passive	Active	Passive				
Master Cash	Operating Cash (non-assetized)		3,367,304					3,367,304	0.01%
	Cash Total							\$3,367,304	0.01%
	Treasuries (Long Duration) Total							\$0	0.00%
								Long Treasuries (Range: 0% - 10%)	0.00%
ASRS: Phoenix	Enhanced Passive F2		1,911,429,808					1,911,429,808	5.53%
Blackrock: San Francisco	Passive (US Debt Index)		2,487,815,953					2,487,815,953	7.20%
Assetized Cash	US Treasuries		333,363,083					333,363,083	0.96%
	Core Fixed Income Total							\$4,732,608,843	13.69%
	Interest Rate Sensitive							\$4,732,608,843	13.69%
								Interest Rate Sensitive Policy	11.00%
Columbia: Minneapolis	Active	748,817,773						748,817,773	2.17%
JP Morgan: Indianapolis	Active	387,935,623						387,935,623	1.12%
	High Yield Fixed Income Total							\$1,136,753,404	3.29%
								High Yield Policy	4.00%
	Opportunistic Debt	1,274,248,079						\$1,274,248,079	3.69%
								Opportunistic Debt Policy	0.00%
	Private Debt Total	3,065,958,019						\$3,065,958,019	8.87%
								Private Debt (Range: 8% - 12%)	10.00%
	Fixed Income Total							\$10,209,568,345	29.54%
								Total Fixed Income (Range: 18% - 35%)	25.00%
LSV: Chicago	Active (Value)			590,862,730				590,862,730	1.71%
ASRS: Phoenix	Passive E2			4,625,835,042				4,625,835,042	13.38%
ASRS: Phoenix	Enhanced Passive E7			438,497,531				438,497,531	1.27%
ASRS: Phoenix	Enhanced Passive E8			547,336,674				547,336,674	1.58%
	Large Cap Equity Total							\$6,202,618,843	17.95%
								U.S. Equity Large Cap Policy	20.00%
Wellington: Boston	Active (Core)			204,456,495				204,456,495	0.59%
ASRS: Phoenix	Passive E3 (Growth)			319,842,048				319,842,048	0.93%
ASRS: Phoenix	Passive E4 (Value)			314,309,147				314,309,147	0.91%
	Mid Cap Equity Total							\$838,607,690	2.43%
								U.S. Equity Mid Cap Policy	3.00%
TimesSquare: New York	Active (Growth)			335,652,984				335,652,984	0.97%
DFA: Santa Monica	Active (Value)			251,222,977				251,222,977	0.73%
ASRS: Phoenix	Passive E6			342,929,829				342,929,829	0.99%
	Small Cap Equity Total							\$929,805,789	2.69%
								U.S. Equity Small Cap Policy	3.00%
	U.S. Equity Total							\$7,971,032,323	23.06%
								U.S. Equity (Range: 16% - 36%)	26.00%
Brandes: San Diego	Active (EAFE)			570,742,986				570,742,986	1.65%
American Century	Active (EAFE)			547,665,873				547,665,873	1.58%
Trinity Street	Active (EAFE)			320,534,736				320,534,736	0.93%
Thompson Siegel Walmsley	Active (EAFE)			304,025,337				304,025,337	0.88%
Blackrock: San Francisco	Passive (EAFE)			4,089,805,020				4,089,805,020	11.83%
	Large Cap Developed Non-US Equity Total							\$5,833,303,571	16.88%
								Large Cap Developed Policy	17.00%
AQR: Greenwich	Active (EAFE SC)			100,891,897				100,891,897	0.29%
DFA: Santa Monica	Active (EAFE SC)			109,006,911				109,006,911	0.32%
Franklin Templeton: San Mateo	Active (EAFE SC)			101,690,056				101,690,056	0.29%
Blackrock: San Francisco	Passive (EAFE SC)			131,208,366				131,208,366	0.38%
	Small Cap Developed Non-US Equity Total							\$442,799,691	1.28%
								Small Cap Developed Policy	2.00%
William Blair: Chicago	Active (EM)			393,877,865				393,877,865	1.14%
Eaton Vance: Boston	Active (EM)			294,229,593				294,229,593	0.85%
LSV: Chicago	Active (EM)			129,843,610				129,843,610	0.38%
Blackrock: San Francisco	Passive (EM)			352,643,101				352,643,101	1.02%
Total Equity Transition	ASRS Transition			177,901,210				177,901,210	0.51%
	Emerging Markets Equity Total							\$1,348,495,380	3.90%
								Emerging Markets Policy	5.00%

Investment Report

ASRS: Phoenix	Risk Factor Portfolio							599,841,824	1.74%
	Public Equity Total							\$16,195,472,789	46.86%

As

ASRS: Phoenix	Enhanced Passive E8			547,336,674					547,336,674	1.58%
	Large Cap Equity Total								\$6,202,618,843	17.95%
									U.S. Equity Large Cap Policy	20.00%
Wellington: Boston	Active (Core)			204,456,495					204,456,495	0.59%
ASRS: Phoenix	Passive E3 (Growth)				319,842,048				319,842,048	0.93%
ASRS: Phoenix	Passive E4 (Value)				314,309,147				314,309,147	0.91%
	Mid Cap Equity Total								\$838,607,690	2.43%
									U.S. Equity Mid Cap Policy	3.00%
TimesSquare: New York	Active (Growth)			335,652,984					335,652,984	0.97%
DFA: Santa Monica	Active (Value)			251,222,977					251,222,977	0.73%
ASRS: Phoenix	Passive E6				342,929,829				342,929,829	0.99%
	Small Cap Equity Total								\$929,805,789	2.69%
									U.S. Equity Small Cap Policy	3.00%
	U.S. Equity Total								\$7,971,032,323	23.06%
									U.S. Equity (Range: 16% - 36%)	26.00%
Brandes: San Diego	Active (EAFE)			570,742,986					570,742,986	1.65%
American Century	Active (EAFE)			547,665,873					547,665,873	1.58%
Trinity Street	Active (EAFE)			320,534,736					320,534,736	0.93%
Thompson Siegel Walmsley	Active (EAFE)			304,025,337					304,025,337	0.88%
Blackrock: San Francisco	Passive (EAFE)				4,089,805,020				4,089,805,020	11.83%
	Large Cap Developed Non-US Equity Total								\$5,833,303,571	16.88%
									Large Cap Developed Policy	17.00%
AQR: Greenwich	Active (EAFE SC)			100,891,897					100,891,897	0.29%
DFA: Santa Monica	Active (EAFE SC)			109,006,911					109,006,911	0.32%
Franklin Templeton: San Mateo	Active (EAFE SC)			101,690,056					101,690,056	0.29%
Blackrock: San Francisco	Passive (EAFE SC)				131,208,366				131,208,366	0.38%
	Small Cap Developed Non-US Equity Total								\$442,799,691	1.28%
									Small Cap Developed Policy	2.00%
William Blair: Chicago	Active (EM)			393,877,865					393,877,865	1.14%
Eaton Vance: Boston	Active (EM)			294,229,593					294,229,593	0.85%
LSV: Chicago	Active (EM)			129,843,610					129,843,610	0.38%
Blackrock: San Francisco	Passive (EM)				352,643,101				352,643,101	1.02%
Total Equity Transition	ASRS Transition				177,901,210				177,901,210	0.51%
	Emerging Markets Equity Total								\$1,348,495,380	3.90%
									Emerging Markets Policy	5.00%
	Non-US Equity Total								\$7,624,598,642	22.06%
									Non-US Equity (Range: 14% - 34%)	24.00%
ASRS: Phoenix	Risk Factor Portfolio				599,841,824				599,841,824	1.74%
	Public Equity Total								\$16,195,472,789	46.86%
	Private Equity Total			2,786,395,889					\$2,786,395,889	8.06%
									Private Equity (Range: 6% - 10%)	8.00%
	Private Opportunistic Equity			276,798,605					\$276,798,605	0.80%
									Private Opportunistic Equity Policy:	0.00%
	Public Opportunistic Equity			151,094,713					\$151,094,713	0.44%
									Public Opportunistic Equity Policy:	0.00%
	Equity Total								\$19,409,761,996	56.16%
									Total Equity (Range: 48% - 65%)	58.00%
Gresham: New York								226,059,882	226,059,882	0.65%
	Commodities Total								\$226,059,882	0.65%
									Commodities (Range: 0% - 4%)	2.00%
	Real Estate Total						3,119,562,244		\$3,119,562,244	9.03%
									Real Estate (Range: 8% - 12%)	10.00%
	Infrastructure Total						331,287,085		\$331,287,085	0.96%
									Infrastructure (Range: 0% - 3%)	0.00%
	Farmland & Timber Total						188,959,819		\$188,959,819	0.55%
									Farmland & Timber (Range: 0% - 3%)	0.00%
	Inflation Linked Total								\$3,865,869,029	11.19%
									Inflation Linked (Range: 10% - 16%)	12.00%
Bridgewater								1,071,831,158	1,071,831,158	3.10%
	Multi-Asset Class Strategies								1,071,831,158	3.10%
									Multi-Asset Class (Range: 0% - 12%)	5.00%
	TOTAL Amounts	\$5,476,959,501	\$4,735,976,147	\$7,469,186,976	\$11,940,575,020	\$3,865,869,029	\$1,071,831,158		\$34,560,397,832	100.00%
	TOTAL Percent	15.85%	13.70%	21.61%	34.55%	11.19%	3.10%			

Asset Allocation (Continued)

Asset Class	Actual Portfolio	SAAP		Interim SAA		Actual - Interim SAA		Policy Band check Actual - Adj Policy
		Target	Range	Adj Policy	Range	% diff	\$ diff	
Tactical Cash	0.00%	0%	(0-3%)	0.00%	(0-3%)	0.00%	0	
Cash	0.01%	0%		0.00%		0.01%	3,367,304	
Total Cash	0.01%	0%	(0-3%)	0.00%	(0-3%)	0.01%	\$3,367,303.87	
Interest Rate Sensitive	13.69%	11%		12.12%		1.57%	543,961,859	
High Yield	3.29%	4%		4.30%		-1.01%	-\$349,684,313	
Opportunistic Debt	3.69%	0%		0.00%		3.69%	\$1,274,248,079	
Private Debt	8.87%	10%	(8-12%)	8.87%	(7-11%)	0.00%	\$0	
Total Fixed Income	29.54%	25%	(18-35%)	25.29%	(18-35%)	4.25%	\$1,468,525,625	OK
Large Cap	17.95%	20%		18.87%		-0.92%	-\$318,824,577	
Mid Cap	2.43%	3%		2.77%		-0.35%	-\$120,224,808	
Small Cap	2.69%	3%		3.00%		-0.31%	-\$107,006,145	
US Equity	23.06%	26%	(16-36%)	24.64%	(15-35%)	-1.58%	-\$546,055,530	OK
Developed Large Cap	16.88%	17%		17.28%		-0.40%	-\$139,542,547	
Developed Small Cap	1.28%	2%		2.00%		-0.72%	-\$248,408,265	
Emerging Markets	3.90%	5%		5.00%		-1.10%	-\$379,524,511	
Non-US Equity	22.06%	24%	(14-34%)	24.28%	(14-34%)	-2.22%	-\$767,475,324	OK
Total Equity Transition	0.00%	0%		0.00%		0.00%	\$0	
Risk Factors	1.74%	0%		1.74%		0.00%	\$0	
Total Public Equity	46.86%			1.74%		0.00%	\$0	
Private Equity	8.06%	8%		8.00%	(6-10%)	0.06%	\$21,564,062	OK
Private Opportunistic Equity	0.80%	0%		0.00%		0.80%	\$276,798,605	
Public Opportunistic Equity	0.44%	0%		0.00%		0.44%	\$151,094,713	
Total Equity	56.16%	58%	(48-65%)	58.66%	(48-65%)	-2.50%	-\$864,073,473	OK
Commodities	0.65%	2%	(0-4%)	2.02%	(0-4%)	-1.37%	-\$471,877,626	OK
Real Estate	9.03%	10%	(8-12%)	9.03%	(7-11%)	0.00%	\$0	OK
Infrastructure	0.96%	0%	(0-3%)	0.00%	(0-3%)	0.96%	\$331,287,085	OK
Farmland & Timber	0.55%	0%	(0-3%)	0.00%	(0-3%)	0.55%	\$188,959,819	OK
Opportunistic I/L	0.00%	0%		0.00%		0.00%	\$0	
Total Inflation Linked	11.19%	12%	(10-14%)	11.05%		0.14%	\$48,369,278	OK
Multi-Asset Strategies	3.10%	5%	(0-12%)	5.00%	(0-12%)	-1.90%	-\$656,188,733	OK
Total	100.00%	100.00%		100.00%		0.00%	\$0	

Internally Managed Portfolios:	
\$8,500,180,079	25%

*Interim SAA includes a proration of unfunded Private Equity, Private Debt, and Real Estate
**Private Equity is prorated to domestic equity; Real Estate is prorated to equity, commodities, and fixed income; Private Debt is prorated to Interest Rate Sensitive and High Yield

Opportunistic definitions:

An investment in a category that is not included in the ASRS Asset Allocation policy and represents an investment opportunity that is tactical in nature.
Opportunistic investments have a 0% target (0%-10% range), regardless of asset class.

Total Opportunistic		
Opportunistic Debt	\$1,274,248,079	3.7%
Private Opportunistic Equity	\$276,798,605	0.8%
Public Opportunistic Equity	\$151,094,713	0.4%
Opportunistic IL	\$0	0.0%
	\$1,702,141,397	4.9%

Public Equity Performance

Public Equity Performance

Investment Management Division

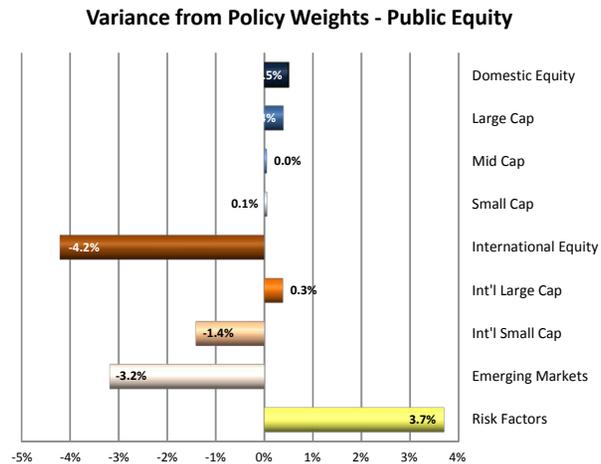
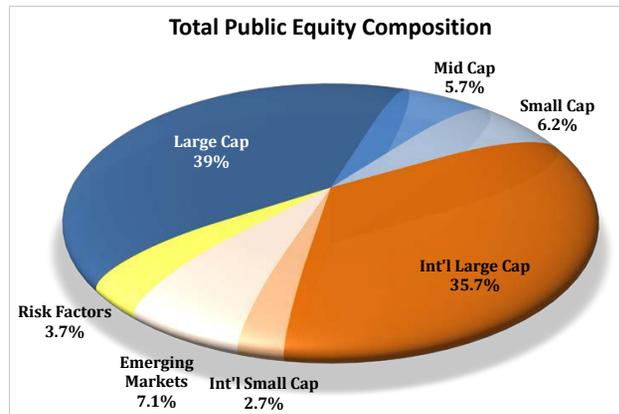
Performance through August 31, 2016

Contents

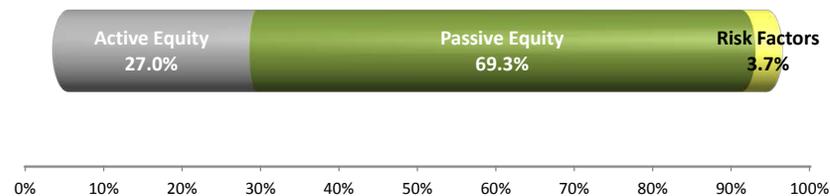
Total Public Equity Snapshot	2
Total Public Equity Performance	3
Public Equity Trailing Return Performance	4
Public Equity Decomposition of Excess Return	5
Domestic Equity Performance	7
Domestic Equity Trailing Returns	8
Domestic Equity Decomposition of Excess Return	9
International Equity Performance	10
International Equity Trailing Returns	11
International Equity Decomposition of Excess Return	12

Public Equity Performance (Continued)

Total Public Equity Snapshot



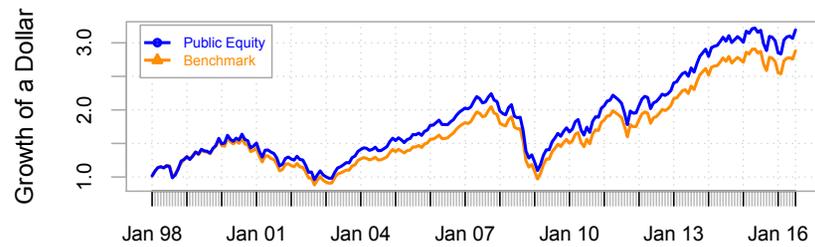
Active/Passive Composition



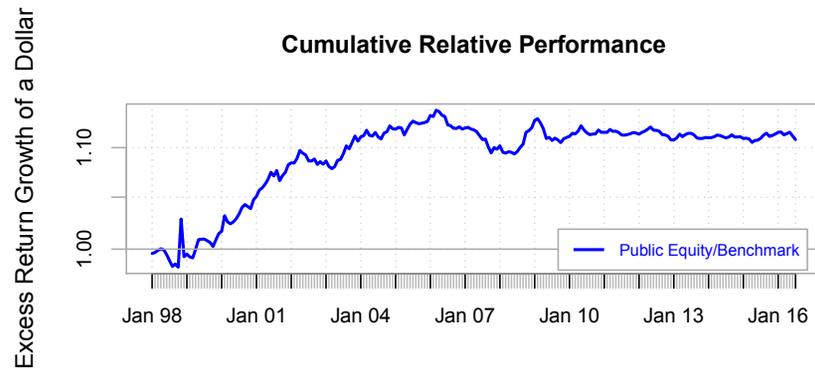
Public Equity Performance (Continued)

Total Public Equity Performance

Cumulative Performance

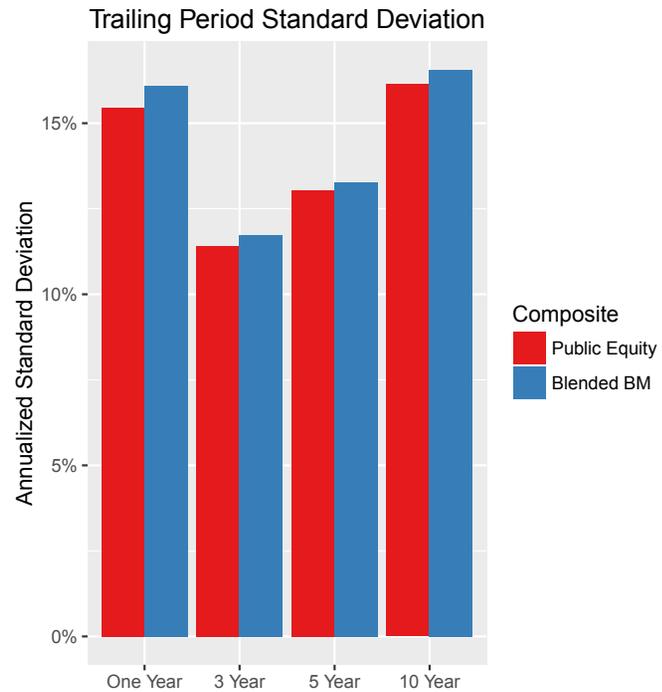
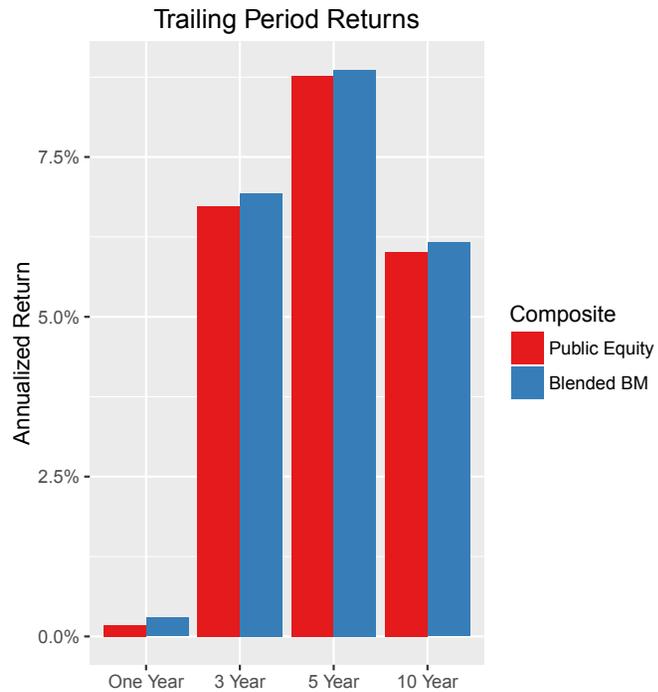


Cumulative Relative Performance



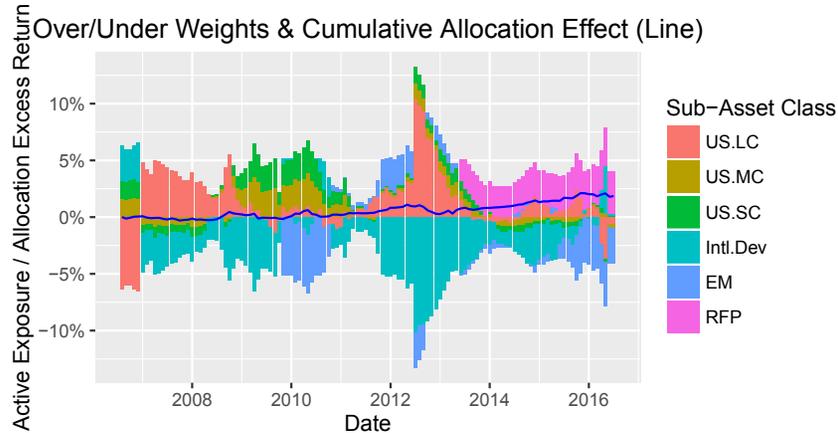
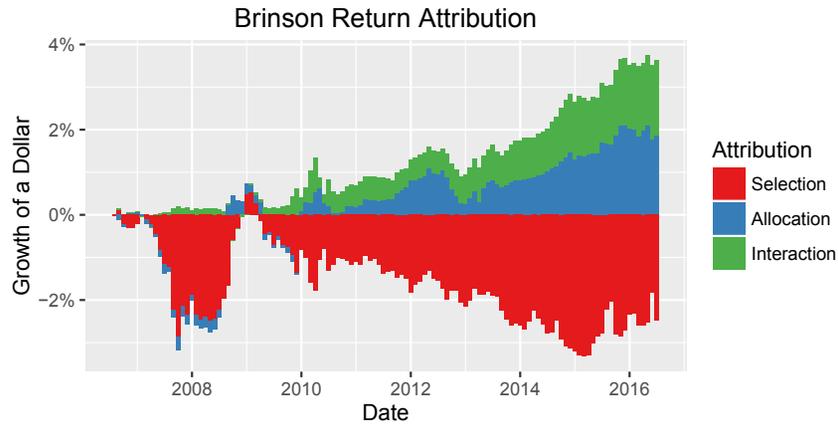
Public Equity Performance (Continued)

Public Equity Trailing Return Performance

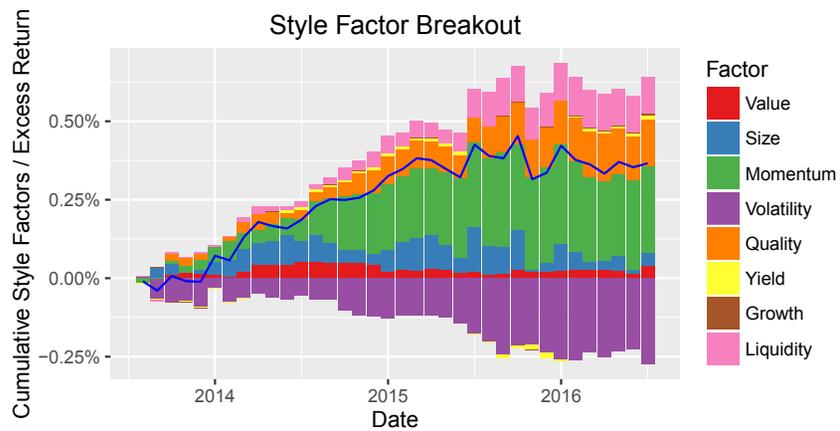
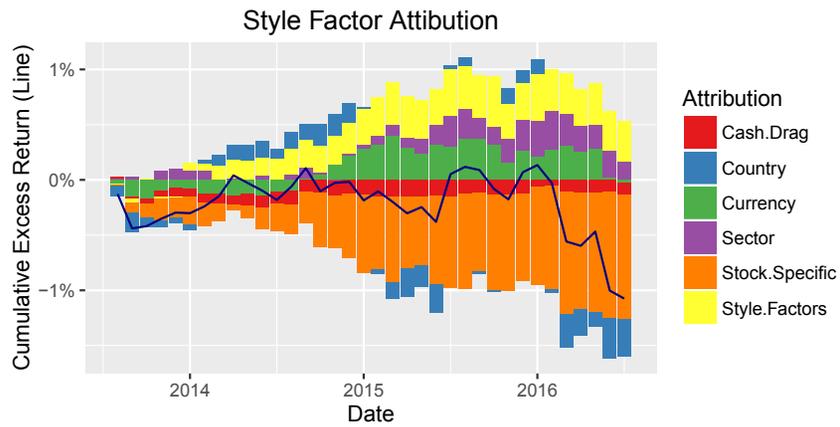


Public Equity Performance (Continued)

Public Equity Decomposition of Excess Return



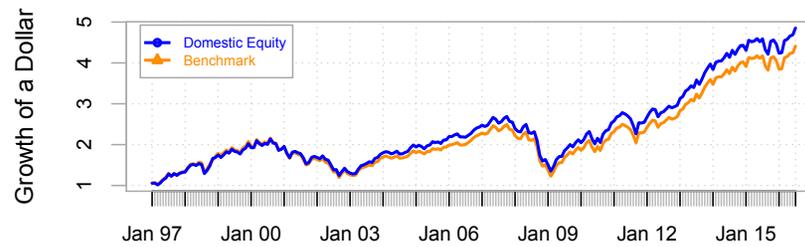
Public Equity Performance (Continued)



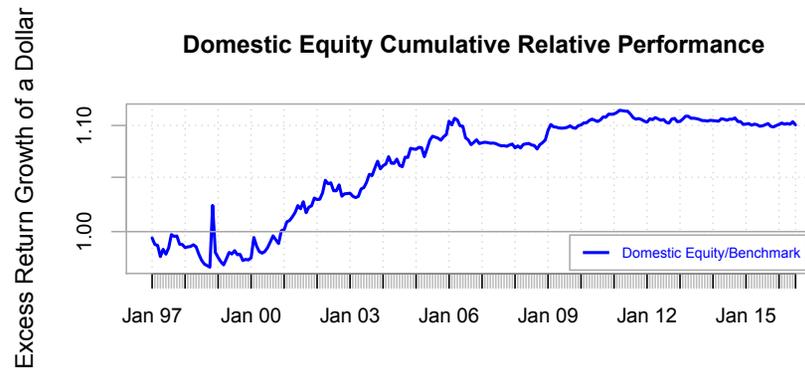
Public Equity Performance (Continued)

Domestic Equity Performance

Domestic Equity Cumulative Performance

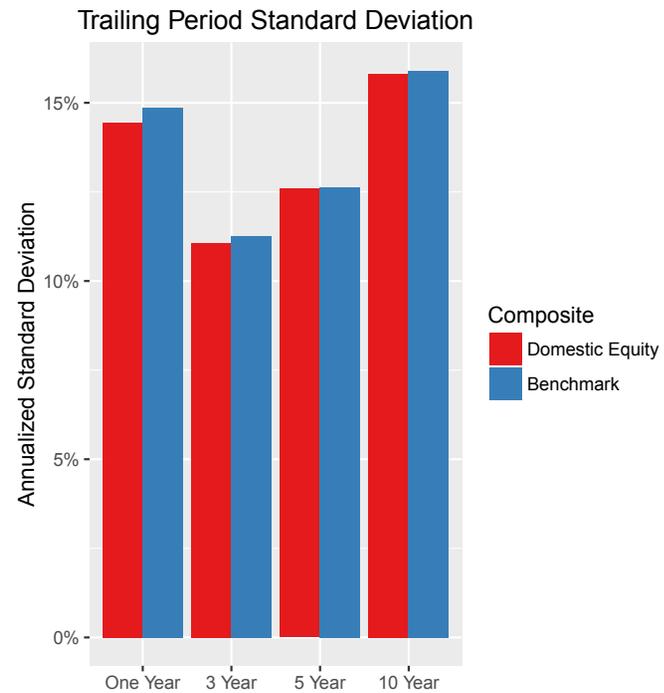
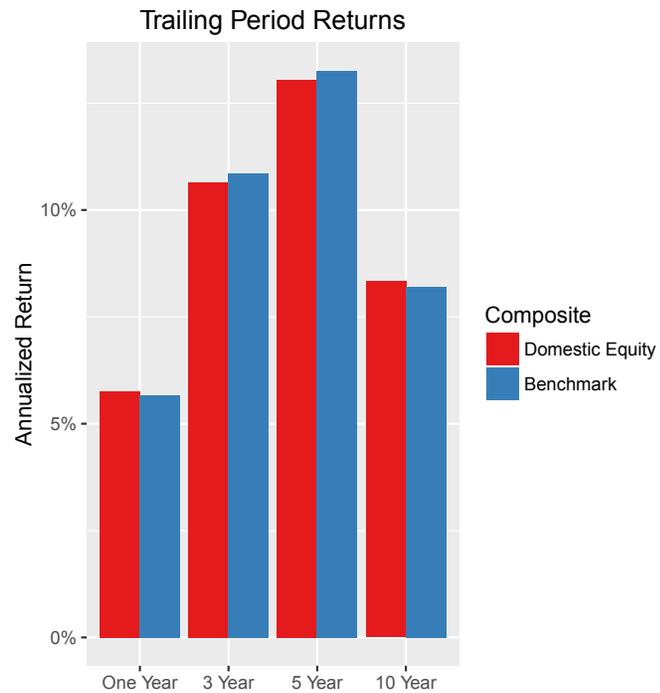


Domestic Equity Cumulative Relative Performance



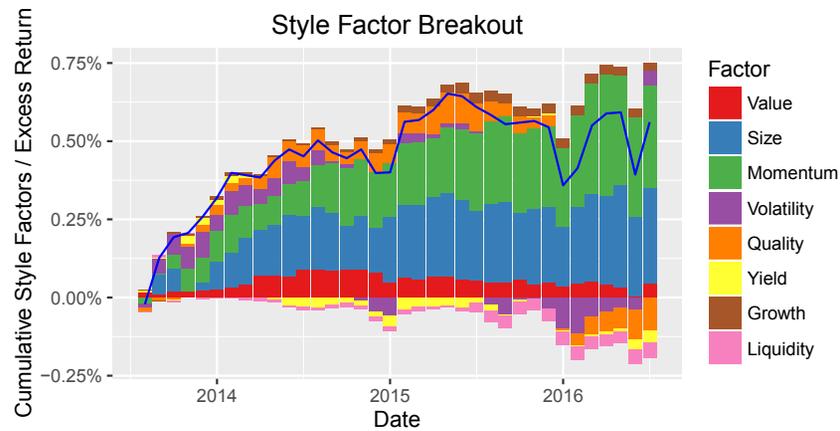
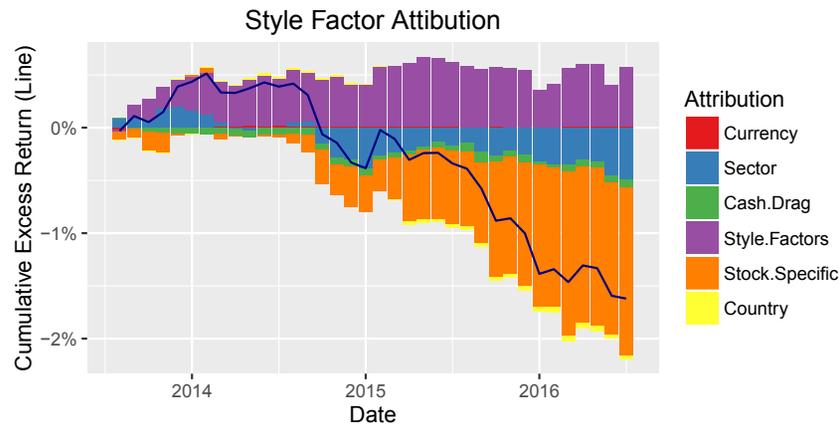
Public Equity Performance (Continued)

Domestic Equity Trailing Returns



Public Equity Performance (Continued)

Domestic Equity Decomposition of Excess Return



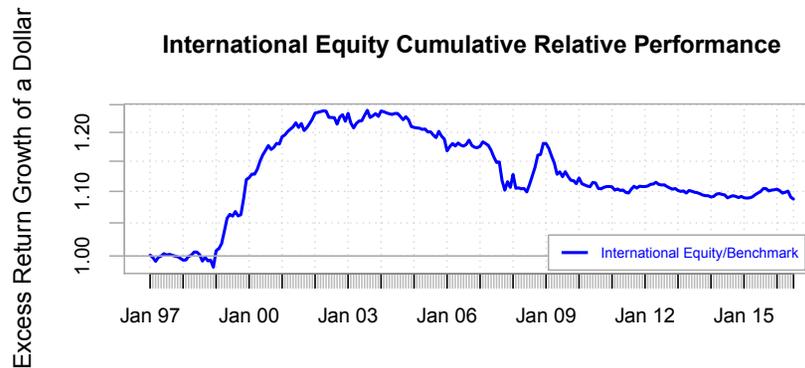
Public Equity Performance (Continued)

International Equity Performance

International Equity Cumulative Performance

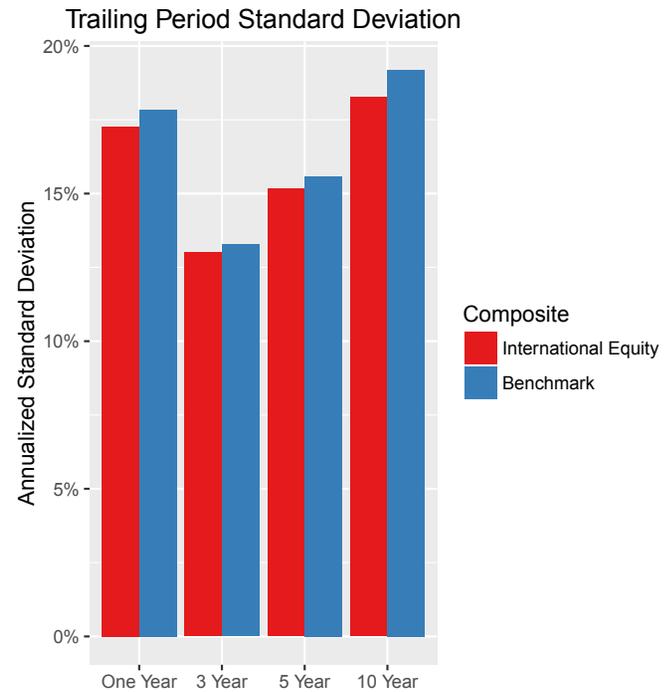
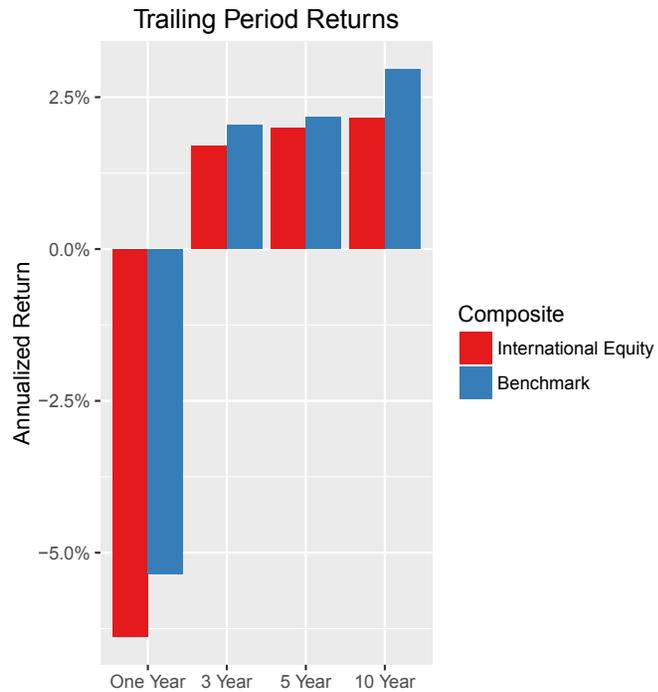


International Equity Cumulative Relative Performance



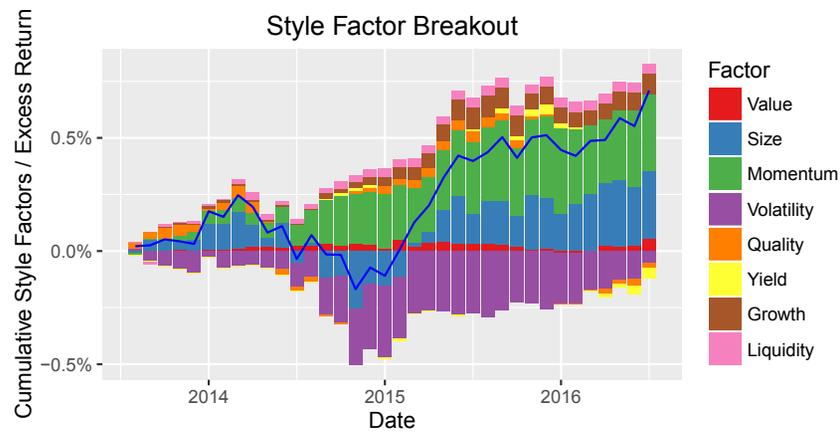
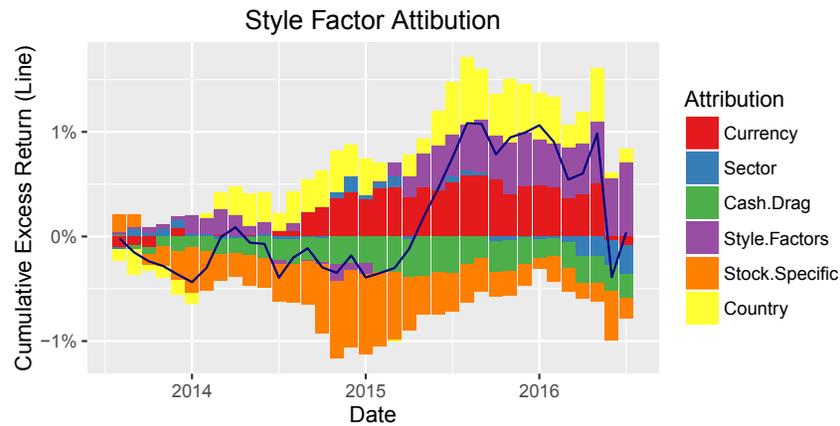
Public Equity Performance (Continued)

International Equity Trailing Returns



Public Equity Performance (Continued)

International Equity Decomposition of Excess Return



Total Public Equity Returns as of August 31, 2016

Arizona State Retirement System

Total Domestic and International Equity Performance Summary

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total Domestic and International Equity	16,289,691,875	47.41	0.26	3.24	5.67	4.42	7.25	7.69	10.41	5.79	6.43	Jan-98
ASRS Custom Total Equity Benchmark			<u>0.42</u>	<u>4.12</u>	<u>6.38</u>	<u>4.94</u>	<u>7.87</u>	<u>7.90</u>	<u>10.53</u>	<u>5.94</u>	<u>5.85</u>	Jan-98
Over/Under			-0.16	-0.88	-0.71	-0.52	-0.62	-0.21	-0.12	-0.15	0.58	
Equity Risk Factor Portfolio	600,627,637	1.75	-0.26	3.78	6.87	3.12	11.39	12.59	--	--	11.77	Jun-13
ASRS Custom Total Equity Benchmark			<u>0.42</u>	<u>4.12</u>	<u>6.38</u>	<u>4.94</u>	<u>7.87</u>	<u>7.90</u>	<u>10.53</u>	<u>5.94</u>	<u>7.30</u>	Jun-13
Over/Under			-0.68	-0.34	0.49	-1.82	3.52	4.69			4.47	
Total Domestic and Int'l Equity ex-Equity Risk Factor Portfolio	15,689,064,238	45.66	0.28	3.22	5.63	4.48	7.12	7.58	10.36	5.78	6.42	Jan-98
ASRS Custom Total Equity Benchmark			<u>0.42</u>	<u>4.12</u>	<u>6.38</u>	<u>4.94</u>	<u>7.87</u>	<u>7.90</u>	<u>10.53</u>	<u>5.94</u>	<u>5.85</u>	Jan-98
Over/Under			-0.14	-0.90	-0.75	-0.46	-0.75	-0.32	-0.17	-0.16	0.57	

1. Total Domestic and International Equity market value includes \$2,009,050 remaining in terminated manager and transition accounts.

2. Performance of ASRS Total Domestic and International Equity includes the performance of the ASRS Domestic Equity and ASRS International Equity asset classes and the Equity Risk Factor Portfolio with an inception date of 6/1/2013. NEPC began calculating Total Domestic and International Equity performance in January 2009.

Monthly performance data from January 1998 - December 2008 was provided by State Street.

Note: Performance is based on net of fee performance data.

Composition of ASRS Custom Total Equity Benchmark can be found in the appendix.

Domestic Equity Returns as of August 31, 2016

Arizona State Retirement System

Domestic and Large Cap Equity Performance Summary

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total Domestic Equity	8,321,475,105	24.22	0.13	4.33	8.88	3.75	12.41	11.84	14.56	8.11	11.15	Jul-75
ASRS Custom Domestic Equity Benchmark			0.32	4.58	9.02	4.25	12.63	12.09	14.75	7.99	11.24	Jul-75
Over/Under			-0.19	-0.25	-0.14	-0.50	-0.22	-0.25	-0.19	0.12	-0.09	
Total Large Cap Equity	6,308,299,530	18.36	-0.03	4.19	8.41	3.39	13.28	12.33	14.51	7.54	7.96	Jul-02
S&P 500			0.14	4.10	7.82	3.83	12.55	12.30	14.69	7.51	7.89	Jul-02
Over/Under			-0.17	0.09	0.59	-0.44	0.73	0.03	-0.18	0.03	0.07	
Active Large Cap Equity												
LSV	586,569,641	1.71	0.86	3.83	6.45	4.98	7.33	9.54	14.91	7.04	10.35	Jan-03
S&P/Citigroup 500 Value			0.59	4.24	9.77	3.32	13.17	10.37	14.17	5.85	8.67	Jan-03
Over/Under			0.27	-0.41	-3.32	1.66	-5.84	-0.83	0.74	1.19	1.68	
Enhanced/Passive Large Cap Equity												
Internally Managed E2	4,641,650,312	13.51	0.15	4.11	7.80	3.84	12.57	12.30	14.67	7.53	7.63	Apr-97
S&P 500			0.14	4.10	7.82	3.83	12.55	12.30	14.69	7.51	7.56	Apr-97
Over/Under			0.01	0.01	-0.02	0.01	0.02	0.00	-0.02	0.02	0.07	
Internally Managed E7	518,351,270	1.51	-0.49	5.27	13.07	2.12	21.71	13.15	--	--	13.85	Aug-12
MSCI USA High Dividend Yield Index			-0.49	5.26	13.16	2.11	21.83	13.28	15.11	8.69	13.88	Aug-12
Over/Under			0.00	0.01	-0.09	0.01	-0.12	-0.13	--	--	-0.03	
Internally Managed E8	561,728,306	1.63	-1.94	4.04	11.04	-0.49	17.39	14.73	--	--	14.37	Aug-12
MSCI USA Minimum Volatility Index			-1.95	4.05	11.23	-0.50	17.57	14.71	15.49	9.00	14.11	Aug-12
Over/Under			0.01	-0.01	-0.19	0.01	-0.18	0.02	--	--	0.26	

1. Total Domestic Equity includes \$30,978 in terminated manager and transition accounts

2. In mid-December, 2005 the S&P/Citigroup style indices replaced the S&P/Barra style indices. Returns are a blend of S&P/Barra indices prior to mid-December 2005 and S&P/Citigroup indices going forward.

Note: Performance is reported net of fees.

Composition of ASRS Custom Domestic Equity Benchmark can be found in the appendix.

Domestic Equity Returns as of August 31, 2016

Arizona State Retirement System

Mid Cap Equity Performance Summary

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total Mid Cap Equity	931,095,677	2.71	0.32	4.30	11.15	4.37	10.30	11.12	14.06	9.23	10.02	Jul-02
S&P 400 MidCap			0.50	5.25	13.12	4.81	12.33	11.45	14.07	9.26	10.08	Jul-02
Over/Under			-0.18	-0.95	-1.97	-0.44	-2.03	-0.33	-0.01	-0.03	-0.06	
Active Mid Cap Equity												
Wellington	289,509,847	0.84	-0.13	1.77	6.14	3.25	5.35	11.06	14.67	9.73	10.80	Jul-02
S&P 400 MidCap			0.50	5.25	13.12	4.81	12.33	11.45	14.07	9.26	10.08	Jul-02
Over/Under			-0.63	-3.48	-6.98	-1.56	-6.98	-0.39	0.60	0.47	0.72	
Passive Mid Cap Equity												
Internally Managed E3	326,338,700	0.95	0.63	5.67	11.34	5.18	11.34	11.86	13.63	10.73	8.66	Dec-00
S&P/Citigroup 400 Growth			0.62	5.53	11.10	5.16	11.25	11.81	13.47	10.16	8.16	Dec-00
Over/Under			0.01	0.14	0.24	0.02	0.09	0.05	0.16	0.57	0.50	
Internally Managed E4	315,247,130	0.92	0.42	5.11	15.30	4.58	13.37	10.89	14.50	8.58	10.06	Jul-02
S&P/Citigroup 400 Value			0.39	5.00	15.22	4.49	13.31	10.95	14.61	8.31	9.89	Jul-02
Over/Under			0.03	0.11	0.08	0.09	0.06	-0.06	-0.11	0.27	0.17	

1. In mid-December, 2005 the S&P/Citigroup style indices replaced the S&P/Barra style indices. Returns are a blend of S&P/Barra indices prior to mid-December 2005 and S&P/Citigroup indices going forward.

Note: Performance is reported net of fees.

Domestic Equity Returns as of August 31, 2016

Arizona State Retirement System

Small Cap Equity Performance Summary

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total Small Cap Equity	1,007,233,007	2.93	0.99	5.32	9.21	5.53	7.60	8.93	14.27	8.66	10.06	Jul-02
ASRS Custom Small Cap Equity Blended Benchmark			<u>1.36</u>	<u>7.16</u>	<u>13.15</u>	<u>6.52</u>	<u>13.26</u>	<u>11.02</u>	<u>15.18</u>	<u>8.83</u>	<u>9.92</u>	<u>Jul-02</u>
Over/Under			-0.37	-1.84	-3.94	-0.99	-5.66	-2.09	-0.91	-0.17	0.14	
Active Small Cap Equity												
TimesSquare	376,049,617	1.09	0.77	4.71	5.51	4.86	3.83	8.48	14.79	10.68	11.10	Apr-05
Times Square Blended Benchmark			<u>1.06</u>	<u>7.18</u>	<u>5.96</u>	<u>7.67</u>	<u>3.55</u>	<u>9.17</u>	<u>13.24</u>	<u>8.83</u>	<u>9.07</u>	<u>Apr-05</u>
Over/Under			-0.29	-2.47	-0.45	-2.81	0.28	-0.69	1.55	1.85	2.03	
Active Small Cap Equity												
DFA - US Small Cap	288,315,630	0.84	0.81	3.89	9.94	5.20	6.44	7.53	13.45	7.25	11.21	Sep-98
DFA Blended Benchmark			<u>1.13</u>	<u>7.18</u>	<u>15.66</u>	<u>6.35</u>	<u>15.36</u>	<u>10.64</u>	<u>15.25</u>	<u>7.84</u>	<u>10.75</u>	<u>Sep-98</u>
Over/Under			-0.32	-3.29	-5.72	-1.15	-8.92	-3.11	-1.80	-0.59	0.46	
Passive Small Cap Equity												
Internally Managed E6	342,867,760	1.00	1.38	7.22	12.81	6.56	12.93	10.99	15.13	--	8.23	Feb-07
S&P 600 SmallCap			<u>1.36</u>	<u>7.16</u>	<u>13.15</u>	<u>6.52</u>	<u>13.26</u>	<u>11.02</u>	<u>15.18</u>	<u>8.73</u>	<u>7.94</u>	<u>Feb-07</u>
Over/Under			0.02	0.06	-0.34	0.04	-0.33	-0.03	-0.05		0.29	

Note: Performance is reported net of fees.

Composition of ASRS Custom Small Cap Equity Blended Benchmark, Times Square Blended Benchmark and DFA Blended Benchmark can be found in the appendix.

Domestic Equity Returns as of August 31, 2016

Arizona State Retirement System

Public Opportunistic Equity Performance Summary

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total Public Opportunistic Equity	74,815,915	0.22	--	--	--	--	--	--	--	--	--	Sep-16
ASRS Custom Domestic Equity Benchmark Over/Under			--	--	--	--	--	--	--	--	--	Sep-16
Tortoise Capital Advisors	74,815,915	0.22	--	--	--	--	--	--	--	--	--	Sep-16
Alerian MLP Index Over/Under			--	--	--	--	--	--	--	--	--	Sep-16

1. Tortoise Capital Advisors was funded in late August 2016. Inception date for performance reporting purposes is September 1, 2016.

Note: Performance is reported net of fees.

Composition of ASRS Custom Domestic Equity Benchmark can be found in the appendix.

International Equity Returns as of August 31, 2016

Arizona State Retirement System

International Developed Markets Equity Performance Summary

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total International Equity	7,366,140,757	21.44	0.45	2.32	2.04	5.31	1.18	2.30	3.89	1.89	5.74	Apr-87
ASRS Custom Int'l Equity Benchmark			0.52	3.62	3.53	5.70	2.84	2.65	4.21	2.72	5.48	Apr-87
Over/Under			-0.07	-1.30	-1.49	-0.39	-1.66	-0.35	-0.32	-0.83	0.26	
Total International Developed Markets Equity	6,221,819,303	18.11	0.21	1.12	0.58	5.10	0.03	2.91	5.46	2.85	6.08	Apr-87
ASRS Custom Int'l Developed Markets Equity Benchmark			0.00	1.43	0.68	5.18	0.49	3.06	5.63	3.46	5.74	Apr-87
Over/Under			0.21	-0.31	-0.10	-0.08	-0.46	-0.15	-0.17	-0.61	0.34	
Active Large Cap International Equity												
Brandes	563,286,631	1.64	1.62	0.39	0.23	4.77	-2.40	3.79	6.05	2.03	8.16	Oct-98
Brandes Custom Benchmark			0.07	1.61	0.49	5.14	-0.12	2.49	5.21	3.05	5.48	Oct-98
Over/Under			1.55	-1.22	-0.26	-0.37	-2.28	1.30	0.84	-1.02	2.68	
American Century	538,969,462	1.57	-1.54	-2.14	-4.33	2.81	-3.81	--	--	--	-3.83	Jul-14
MSCI EAFE			0.07	1.61	0.49	5.14	-0.12	2.49	5.21	2.05	-4.52	Jul-14
Over/Under			-1.61	-3.75	-4.82	-2.33	-3.69	--	--	--	0.69	
Trinity Street	323,773,748	0.94	2.15	-0.60	0.08	7.66	-0.83	--	--	--	-3.87	Jul-14
MSCI EAFE			0.07	1.61	0.49	5.14	-0.12	2.49	5.21	2.05	-4.52	Jul-14
Over/Under			2.08	-2.21	-0.41	2.52	-0.71	--	--	--	0.65	
TS&W International	301,254,242	0.88	1.22	1.85	0.97	7.12	0.91	--	--	--	-2.73	Jul-14
MSCI EAFE			0.07	1.61	0.49	5.14	-0.12	2.49	5.21	2.05	-4.52	Jul-14
Over/Under			1.15	0.24	0.48	1.98	1.03	--	--	--	1.79	

1. Total International Equity market value includes \$529,697 in terminated manager and transition accounts.

2. Total International Developed Markets Equity market value includes \$191,502 in terminated manager accounts.

3. American Century, Trinity Street and TS&W were funded in mid-June 2014. Inception date for performance reporting purposes is July 1, 2014.

Note: Performance is reported net of fees.

Composition of ASRS Custom Int'l Equity Benchmark, ASRS Custom Int'l Developed Markets Equity Benchmark, and Brandes Custom Benchmark can be found in the appendix.

International Equity Returns as of August 31, 2016

Arizona State Retirement System

International Developed Markets Equity Performance Summary

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Passive Large Cap International Equity												
BlackRock EAFE Equity Index	4,058,033,026	11.81	0.06	1.65	0.81	5.14	0.24	2.76	5.30	--	6.89	Jul-09
MSCI EAFE			0.07	1.61	0.49	5.14	-0.12	2.49	5.21	2.05	6.85	Jul-09
Over/Under			-0.01	0.04	0.32	0.00	0.36	0.27	0.09		0.04	
Active Small Cap International Equity												
DFA - International Small Cap	106,239,925	0.31	0.17	1.30	3.61	7.96	2.46	4.48	6.46	3.25	4.85	Sep-05
MSCI EAFE Small Cap			-0.59	-0.07	2.15	5.50	5.41	7.10	8.19	4.39	5.70	Sep-05
Over/Under			0.76	1.37	1.46	2.46	-2.95	-2.62	-1.73	-1.14	-0.85	
Franklin Templeton	102,305,920	0.30	1.72	-6.76	-5.11	4.18	-8.06	0.06	6.92	--	4.83	Apr-11
MSCI EAFE Small Cap			-0.59	-0.07	2.15	5.50	5.41	7.10	8.19	4.39	5.85	Apr-11
Over/Under			2.31	-6.69	-7.26	-1.32	-13.47	-7.04	-1.27		-1.02	
AQR Capital	98,932,221	0.29	-1.57	-0.59	-0.32	4.61	3.22	8.05	--	--	8.21	Jun-13
MSCI EAFE Small Cap			-0.59	-0.07	2.15	5.50	5.41	7.10	8.19	4.39	7.25	Jun-13
Over/Under			-0.98	-0.52	-2.47	-0.89	-2.19	0.95			0.96	
Passive Small Cap International Equity												
BlackRock EAFE Small Cap Equity Index	128,830,172	0.37	-0.65	0.04	2.47	5.53	5.72	7.26	8.15	--	10.16	Jun-10
MSCI EAFE Small Cap			-0.59	-0.07	2.15	5.50	5.41	7.10	8.19	4.39	10.20	Jun-10
Over/Under			-0.06	0.11	0.32	0.03	0.31	0.16	-0.04		-0.04	

Note: Performance is reported net of fees.

International Equity Returns as of August 31, 2016

Arizona State Retirement System

International Emerging Markets Equity Performance Summary

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total International Emerging Markets Equity	1,143,985,716	3.33	1.77	10.53	13.60	6.47	9.97	1.21	0.08	--	-0.53	Oct-10
<i>MSCI Emerging Markets</i>			<u>2.49</u>	<u>11.94</u>	<u>14.55</u>	<u>7.64</u>	<u>11.83</u>	<u>1.14</u>	<u>-0.27</u>	<u>4.13</u>	<u>-0.50</u>	<u>Oct-10</u>
Over/Under			-0.72	-1.41	-0.95	-1.17	-1.86	0.07	0.35		-0.03	
Active Emerging Markets Equity												
Eaton Vance	290,027,453	0.84	0.06	8.15	14.46	4.55	8.21	-0.05	-0.60	--	-0.82	Dec-10
<i>MSCI Emerging Markets</i>			<u>2.49</u>	<u>11.94</u>	<u>14.55</u>	<u>7.64</u>	<u>11.83</u>	<u>1.14</u>	<u>-0.27</u>	<u>4.13</u>	<u>-0.54</u>	<u>Dec-10</u>
Over/Under			-2.43	-3.79	-0.09	-3.09	-3.62	-1.19	-0.33		-0.28	
LSV Emerging Market	126,783,452	0.37	3.01	15.43	17.24	10.04	12.06	0.88	-0.23	--	-0.39	Dec-10
<i>MSCI Emerging Markets</i>			<u>2.49</u>	<u>11.94</u>	<u>14.55</u>	<u>7.64</u>	<u>11.83</u>	<u>1.14</u>	<u>-0.27</u>	<u>4.13</u>	<u>-0.54</u>	<u>Dec-10</u>
Over/Under			0.52	3.49	2.69	2.40	0.23	-0.26	0.04		0.15	
William Blair	384,857,037	1.12	2.11	9.67	11.25	5.85	9.29	3.54	2.53	--	0.96	Nov-10
<i>MSCI Emerging Markets</i>			<u>2.49</u>	<u>11.94</u>	<u>14.55</u>	<u>7.64</u>	<u>11.83</u>	<u>1.14</u>	<u>-0.27</u>	<u>4.13</u>	<u>-0.99</u>	<u>Nov-10</u>
Over/Under			-0.38	-2.27	-3.30	-1.79	-2.54	2.40	2.80		1.95	
Passive Emerging Markets Equity												
BlackRock Emerging Markets Equity Index	342,317,773	1.00	2.40	11.86	14.26	7.55	11.49	0.91	-0.63	--	-0.87	Oct-10
<i>MSCI Emerging Markets</i>			<u>2.49</u>	<u>11.94</u>	<u>14.55</u>	<u>7.64</u>	<u>11.83</u>	<u>1.14</u>	<u>-0.27</u>	<u>4.13</u>	<u>-0.50</u>	<u>Oct-10</u>
Over/Under			-0.09	-0.08	-0.29	-0.09	-0.34	-0.23	-0.36		-0.37	

Note: Performance is reported net of fees.

Fixed Income Returns as of August 31, 2016

Arizona State Retirement System

Fixed Income and Interest Rate Sensitive Fixed Income Performance Summary

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total Public Markets Fixed Income	5,549,208,394	16.15	0.24	3.21	7.77	1.37	7.22	4.56	3.51	5.19	8.26	Jul-75
ASRS Custom Public Markets Fixed Income Benchmark			<u>0.48</u>	<u>3.27</u>	<u>8.13</u>	<u>1.68</u>	<u>6.87</u>	<u>3.74</u>	<u>2.97</u>	<u>4.72</u>	--	Jul-75
Over/Under			-0.24	-0.06	-0.36	-0.31	0.35	0.82	0.54	0.47		
Total Interest Rate Sensitive Fixed Income	4,424,042,436	12.88	-0.22	2.83	6.88	0.61	7.06	4.80	3.60	5.17	8.26	Jul-75
Barclays Aggregate			<u>-0.11</u>	<u>2.32</u>	<u>5.86</u>	<u>0.52</u>	<u>5.97</u>	<u>4.37</u>	<u>3.24</u>	<u>4.89</u>	--	Jul-75
Over/Under			-0.11	0.51	1.02	0.09	1.09	0.43	0.36	0.28		
Treasuries (Long Duration)												
BlackRock Long Gov't Bond Index	563,632,380	1.64	-0.86	7.57	16.67	1.35	16.91	--	--	--	16.91	Sep-15
Barclays U.S. Treasury Long TR USD			<u>-0.95</u>	<u>7.49</u>	<u>16.59</u>	<u>1.27</u>	<u>16.75</u>	<u>11.90</u>	<u>7.83</u>	<u>8.41</u>	<u>16.75</u>	Sep-15
Over/Under			0.09	0.08	0.08	0.08	0.16				0.16	
Core Fixed Income												
BlackRock US Debt Index	1,938,599,170	5.64	-0.12	2.31	5.95	0.52	6.08	--	--	--	4.24	May-14
Barclays Aggregate			<u>-0.11</u>	<u>2.32</u>	<u>5.86</u>	<u>0.52</u>	<u>5.97</u>	<u>4.37</u>	<u>3.24</u>	<u>4.89</u>	<u>4.10</u>	May-14
Over/Under			-0.01	-0.01	0.09	0.00	0.11				0.14	
Internally Managed F2	1,921,810,885	5.59	-0.14	2.30	5.80	0.49	6.01	4.55	3.50	5.15	5.48	Oct-00
Barclays Aggregate			<u>-0.11</u>	<u>2.32</u>	<u>5.86</u>	<u>0.52</u>	<u>5.97</u>	<u>4.37</u>	<u>3.24</u>	<u>4.89</u>	<u>5.32</u>	Oct-00
Over/Under			-0.03	-0.02	-0.06	-0.03	0.04	0.18	0.26	0.26	0.16	

1. Total Public Markets Fixed Income market value includes \$8 remaining in terminated manager accounts.
 2. BlackRock Long Gov't Bond Index was funded in mid-August 2015. Inception date for performance reporting purposes is September 1, 2015.
 3. BlackRock US Debt Index was funded in mid-April 2014. Inception date for performance reporting purposes is May 1, 2014.
- Note: Performance is reported net of fees.
Composition of ASRS Custom Public Markets Fixed Income Benchmark can be found in the appendix.

Fixed Income Returns as of August 31, 2016

Arizona State Retirement System

Total High Yield Fixed Income Performance Summary

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total High Yield Fixed Income	1,125,165,958	3.27	2.08	4.95	11.44	4.45	7.88	6.00	7.59	-	8.37	Oct-09
<i>Barclays High Yield</i>			<i>2.09</i>	<i>5.82</i>	<i>14.35</i>	<i>4.85</i>	<i>9.07</i>	<i>5.40</i>	<i>7.48</i>	<i>7.79</i>	<i>8.76</i>	<i>Oct-09</i>
Over/Under			-0.01	-0.87	-2.91	-0.40	-1.19	0.60	0.11		-0.39	
Active High Yield Fixed Income												
Columbia Management	742,130,738	2.16	2.00	4.60	10.49	4.21	8.12	6.32	7.94	-	8.74	Oct-09
<i>Barclays High Yield</i>			<i>2.09</i>	<i>5.82</i>	<i>14.35</i>	<i>4.85</i>	<i>9.07</i>	<i>5.40</i>	<i>7.48</i>	<i>7.79</i>	<i>8.76</i>	<i>Oct-09</i>
Over/Under			-0.09	-1.22	-3.86	-0.64	-0.95	0.92	0.46		-0.02	
JP Morgan High Yield	383,035,212	1.11	2.24	5.63	13.34	4.91	7.45	5.47	--	--	5.51	Jul-13
<i>Barclays High Yield</i>			<i>2.09</i>	<i>5.82</i>	<i>14.35</i>	<i>4.85</i>	<i>9.07</i>	<i>5.40</i>	<i>7.48</i>	<i>7.79</i>	<i>5.53</i>	<i>Jul-13</i>
Over/Under			0.15	-0.19	-1.01	0.06	-1.62	0.07			-0.02	

1. Total High Yield Fixed Income includes \$7 in terminated manager and transition accounts.
 Note: Performance is reported net of fees.

Fixed Income and Commodity Returns as of August 31, 2016

Arizona State Retirement System

Inflation-Linked Assets Performance Summary

	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total Inflation-Linked Assets	216,612,606	0.63	-1.23	-3.50	4.22	-6.49	-11.09	-14.79	-12.20	--	-6.34	Feb-10
<i>ASRS Custom Inflation-Linked Benchmark</i>			<i>-1.76</i>	<i>-2.93</i>	<i>5.57</i>	<i>-6.78</i>	<i>-8.76</i>	<i>-13.98</i>	<i>-12.75</i>	<i>-2.81</i>	<i>-7.09</i>	<i>Feb-10</i>
Over/Under			0.53	-0.57	-1.35	0.29	-2.33	-0.81	0.55		0.75	
Total Commodities	216,612,606	0.63	-1.23	-3.50	4.22	-6.49	-11.09	-14.79	-12.17	--	-6.63	Sep-10
<i>Bloomberg Commodity Index</i>			<i>-1.76</i>	<i>-2.93</i>	<i>5.57</i>	<i>-6.78</i>	<i>-8.76</i>	<i>-13.98</i>	<i>-12.75</i>	<i>-6.20</i>	<i>-7.26</i>	<i>Sep-10</i>
Over/Under			0.53	-0.57	-1.35	0.29	-2.33	-0.81	0.58		0.63	
Gresham	216,612,606	0.63	-1.23	-3.50	4.22	-6.49	-11.09	-14.79	-12.04	--	-6.06	Sep-10
<i>Bloomberg Commodity Index</i>			<i>-1.76</i>	<i>-2.93</i>	<i>5.57</i>	<i>-6.78</i>	<i>-8.76</i>	<i>-13.98</i>	<i>-12.75</i>	<i>-6.20</i>	<i>-7.26</i>	<i>Sep-10</i>
Over/Under			0.53	-0.57	-1.35	0.29	-2.33	-0.81	0.71		1.20	

Note: Performance is reported net of fees.
 Composition of ASRS Custom Inflation-Linked Benchmark can be found in the appendix.

Multi-Asset Class Returns as of August 31, 2016

Arizona State Retirement System

Multi-Asset Class Strategies Performance Summary

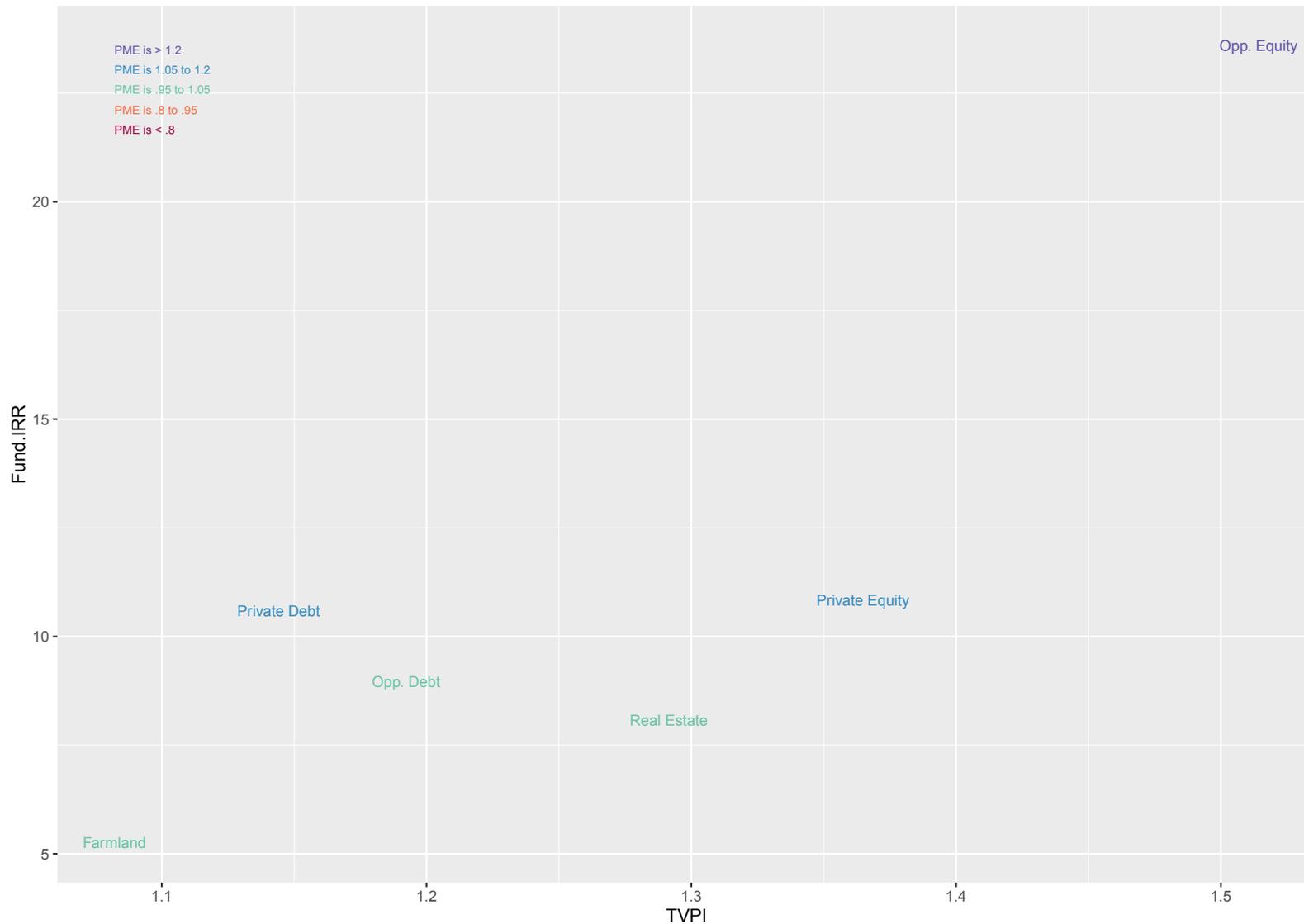
	Market Value (\$)	% of Portfolio	1 Mo (%)	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	Return (%)	Since
Total Multi-Asset Class Strategies	1,028,497,144	2.99	0.35	-1.83	-7.21	-11.66	1.48	4.81	5.67	6.16	Jan-04
<i>Multi-Asset Class Strategies Custom Benchmark</i>			<i>0.02</i>	<i>0.06</i>	<i>0.14</i>	<i>-0.95</i>	<i>4.45</i>	<i>6.54</i>	<i>5.16</i>	<i>5.70</i>	<i>Jan-04</i>
Over/Under			0.33	-1.89	-7.35	-10.71	-2.97	-1.73	0.51	0.46	
Bridgewater	1,028,497,144	2.99	0.35	-1.83	-7.21	-10.63	2.62	6.01	6.91	7.27	Jan-04
<i>ASRS Bridgewater Custom Benchmark</i>			<i>0.02</i>	<i>0.06</i>	<i>0.14</i>	<i>0.16</i>	<i>5.01</i>	<i>6.88</i>	<i>5.33</i>	<i>5.83</i>	<i>Jan-04</i>
Over/Under			0.33	-1.89	-7.35	-10.79	-2.39	-0.87	1.58	1.44	

Note: Performance is reported net of fees.

Composition of Multi-Asset Class Strategies Custom Benchmark and ASRS Bridgewater Custom Benchmark can be found in the appendix.

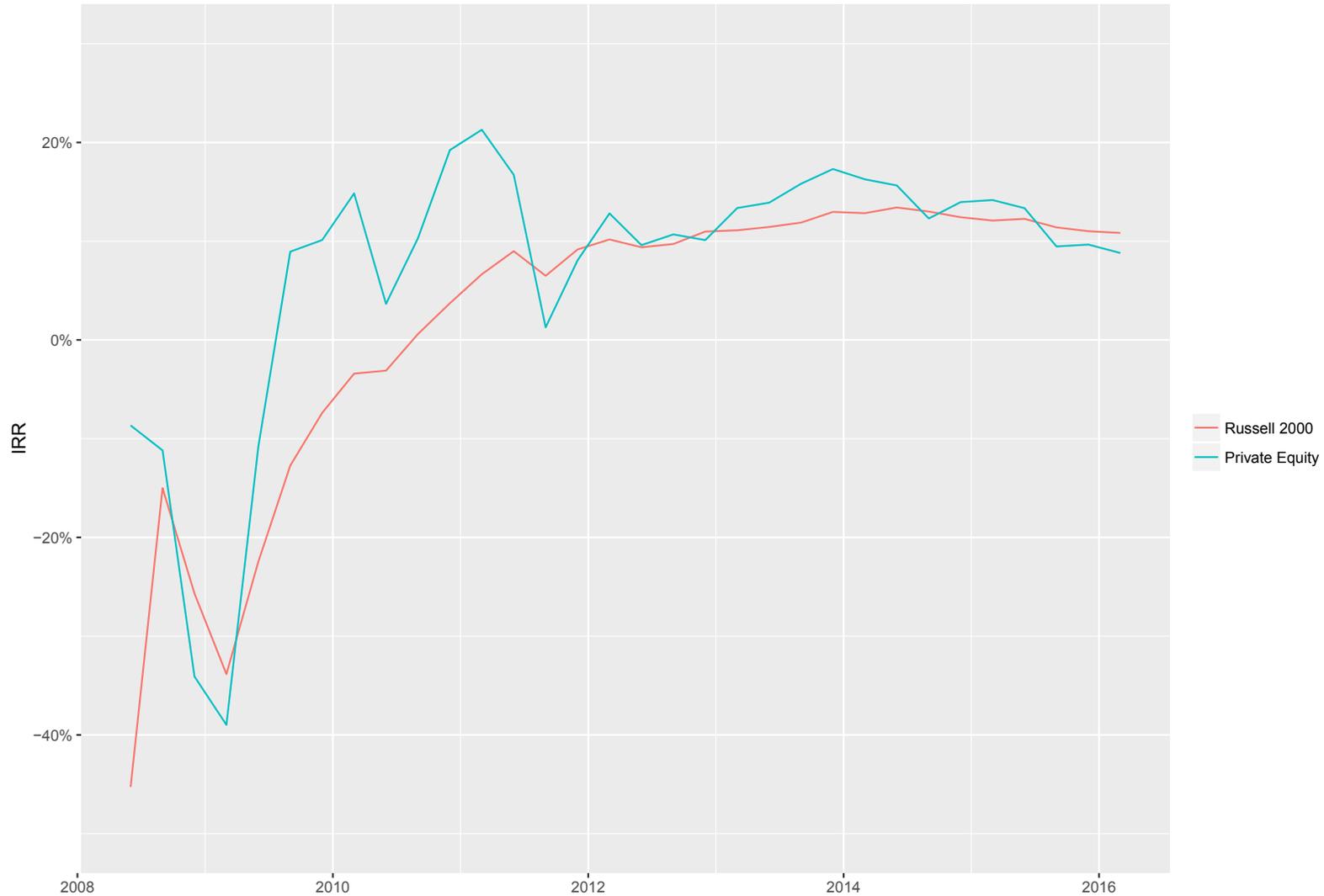
Private Markets Summary

Private Markets Summary



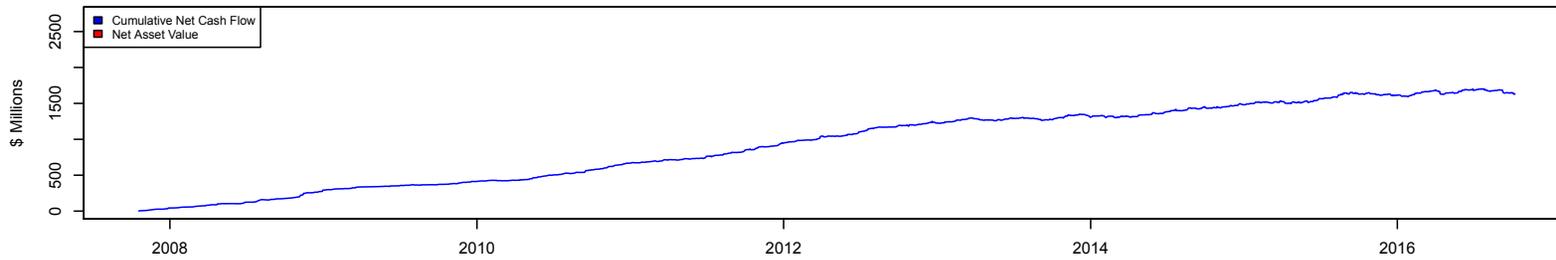
Private Equity Performance

Private Equity IRRs compared to Russell 2000
Inception through indicated date

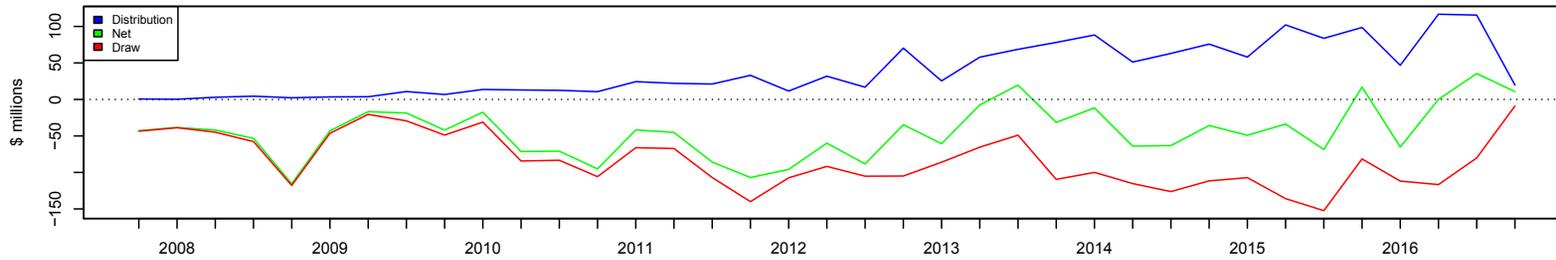


Private Equity Performance (Continued)

Private Equity Cumulative Net Capital Contributed Compared to Value

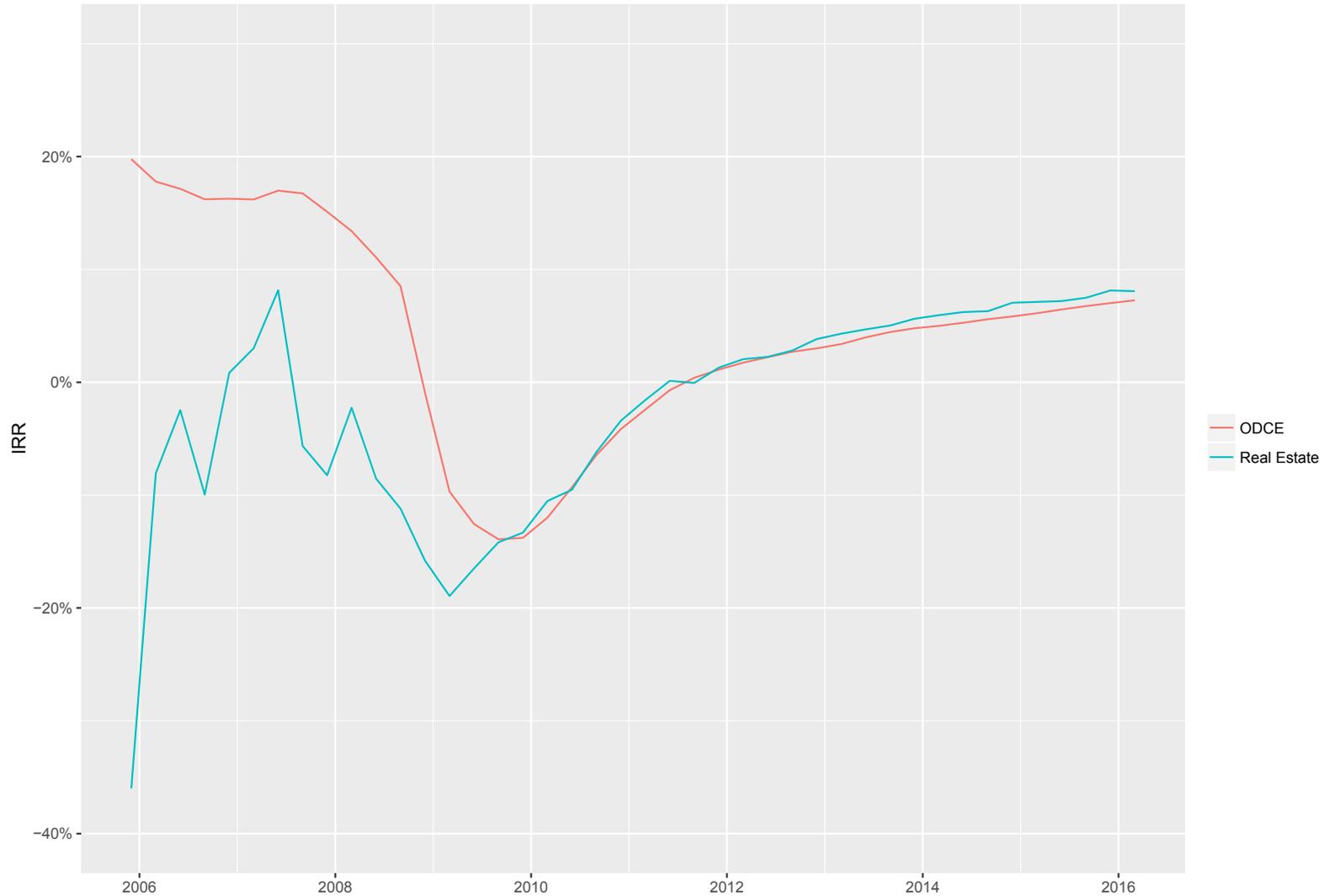


Private Equity Quarterly Draws and Distributions



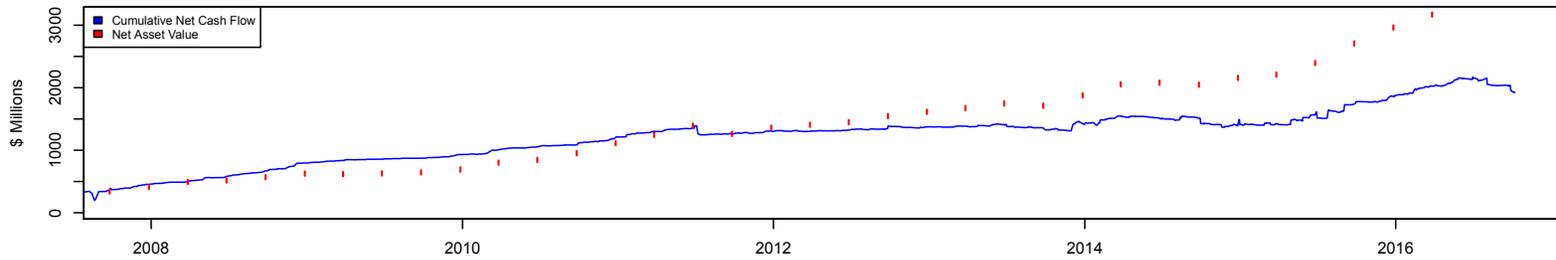
Real Estate Performance

Real Estate IRRs compared to ODCE
Inception through indicated date

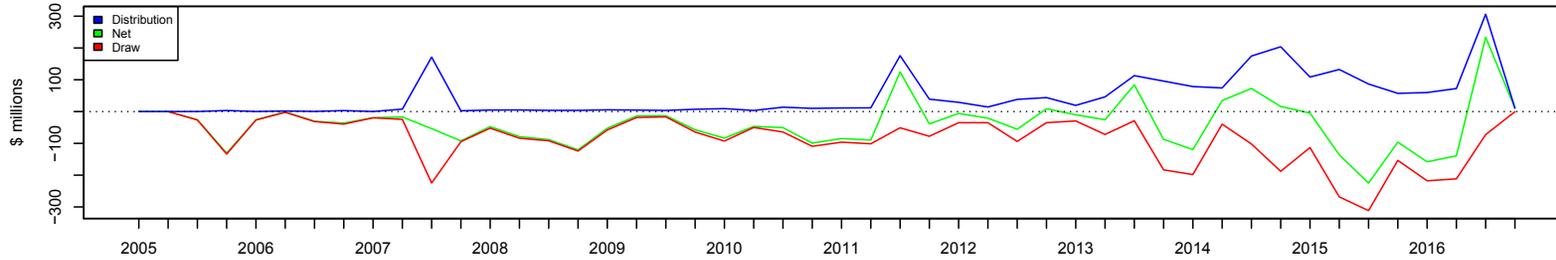


Real Estate Performance (Continued)

Real Estate Cumulative Net Capital Contributed
Compared to Value

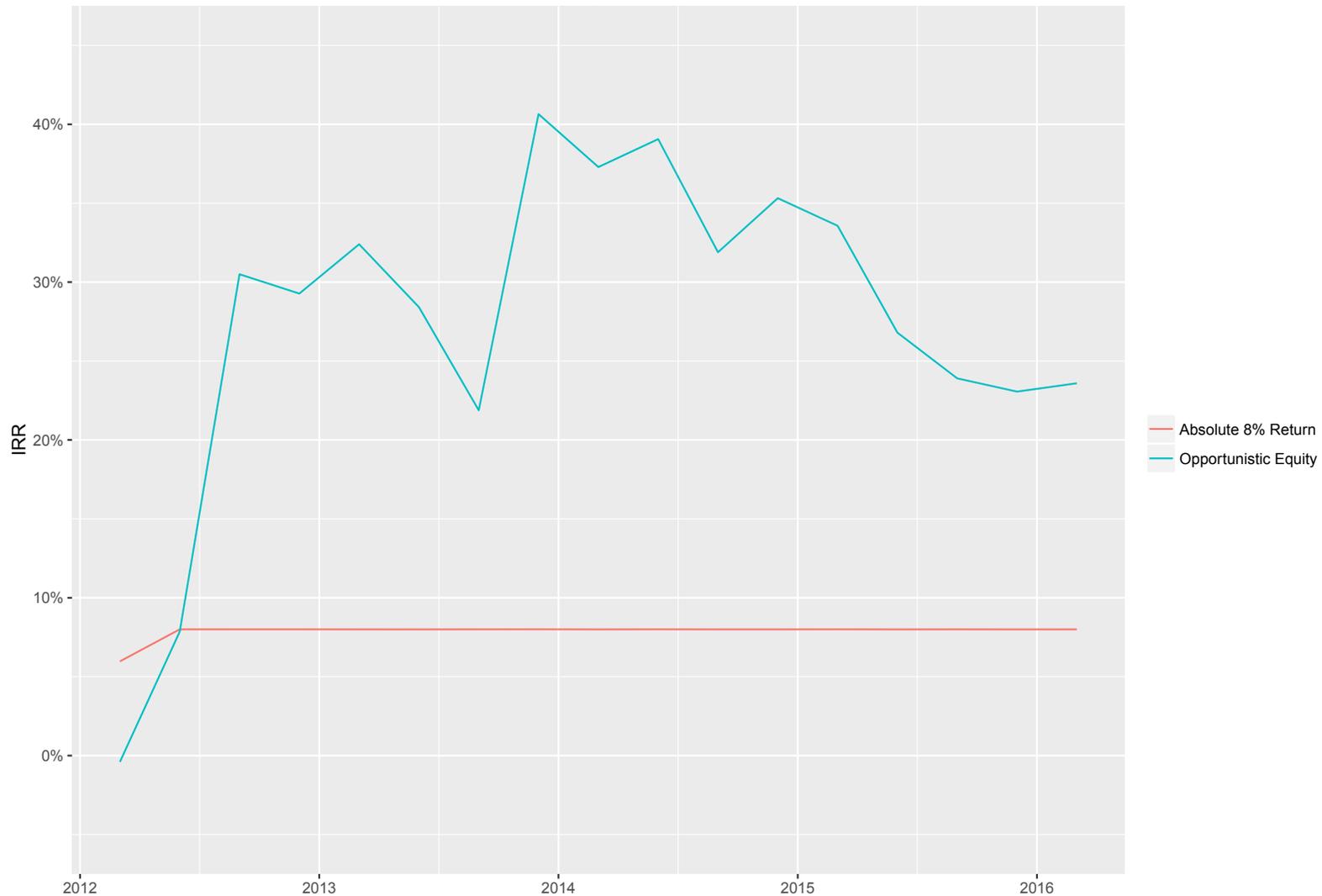


Real Estate
Quarterly Draws and Distributions



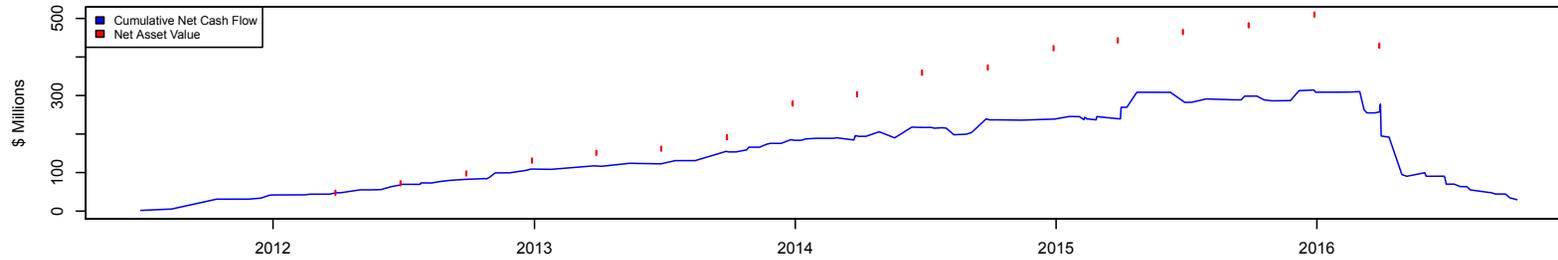
Opportunistic Equity Performance

Opportunistic Equity IRRs compared to Absolute 8%
Inception through indicated date

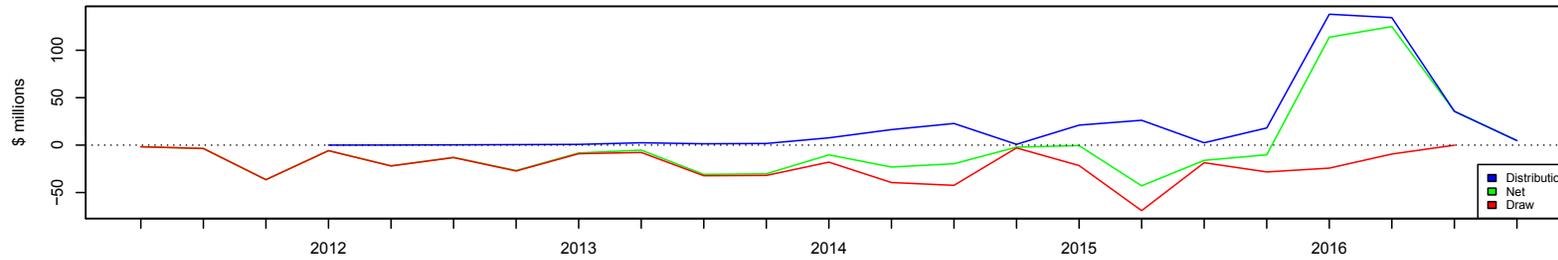


Opportunistic Equity Performance (Continued)

Opportunistic Equity Cum. Net Capital Contributed
 Compared to Value

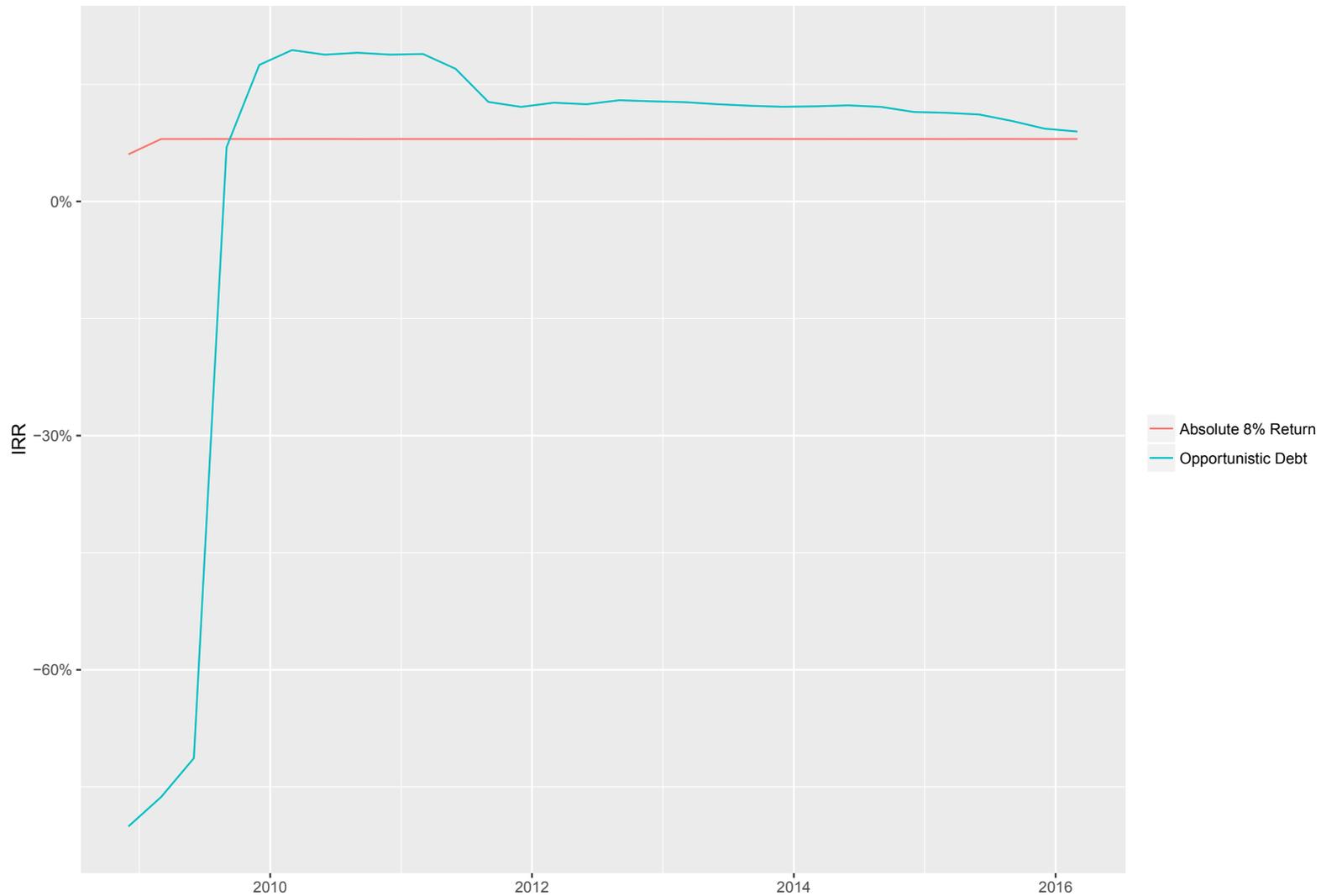


Opportunistic Equity
 Quarterly Draws and Distributions



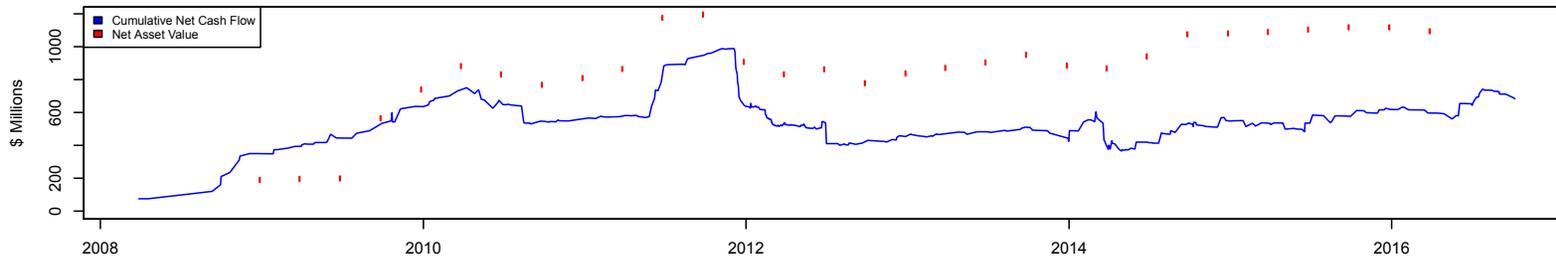
Opportunistic Debt Performance

Opportunistic Debt IRRs
compared to Absolute 8%

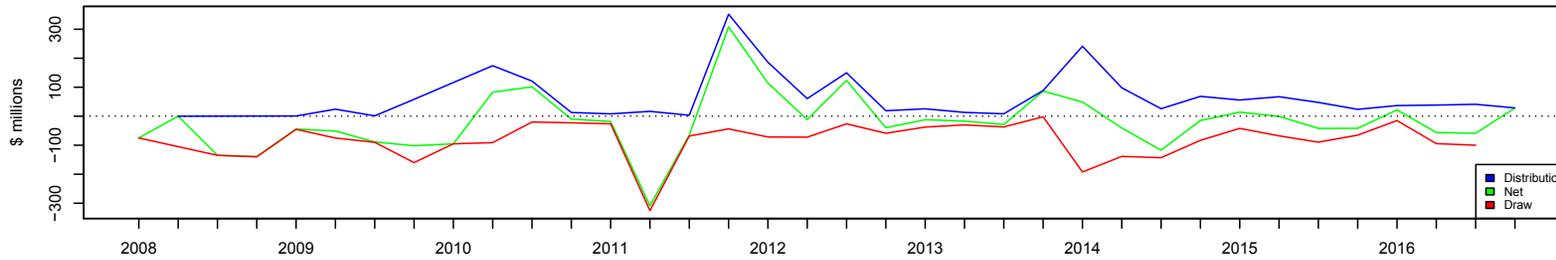


Opportunistic Debt Performance (Continued)

Opp. Debt Cum. Net Capital Contributed
 Compared to Value

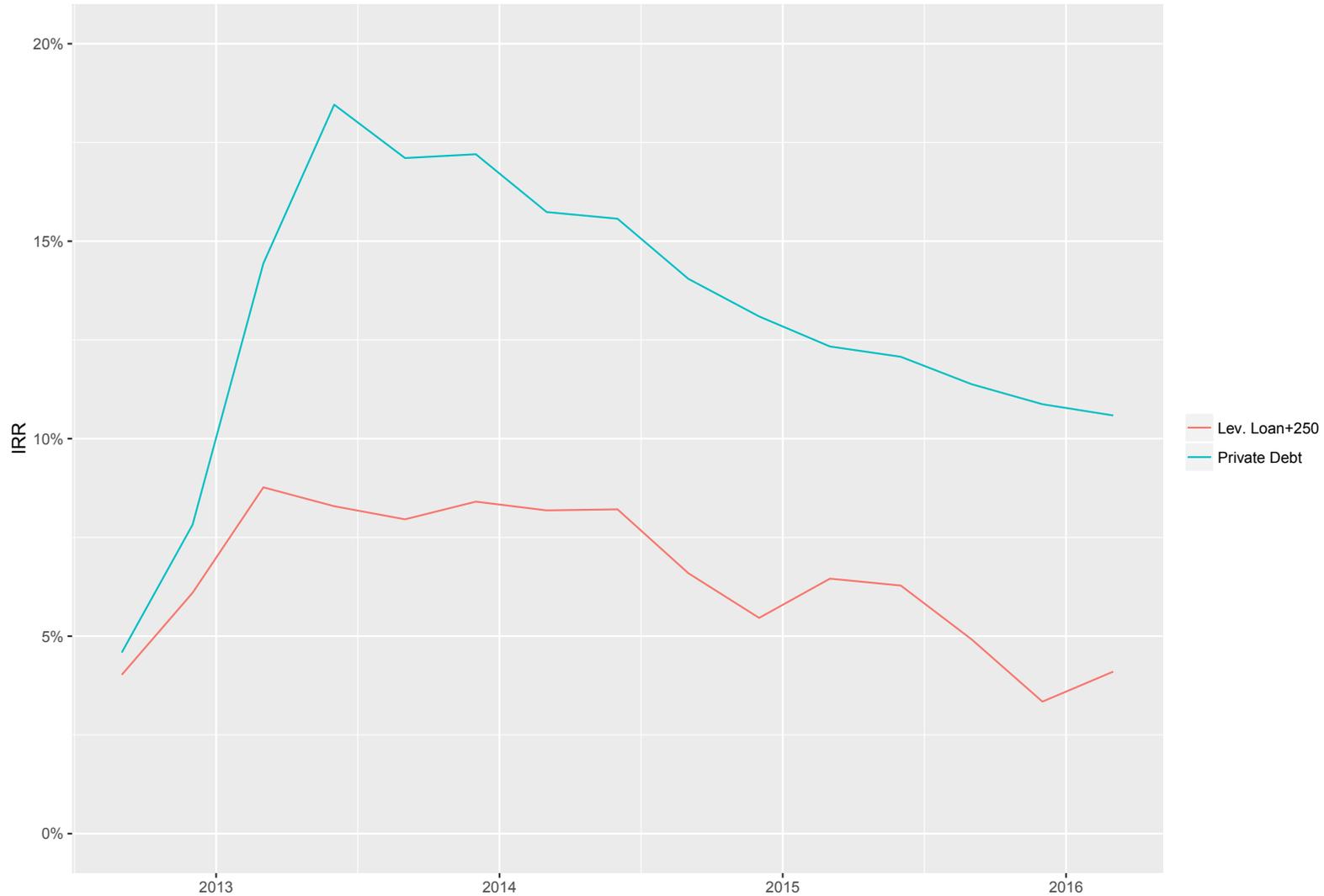


Opportunistic Debt
 Quarterly Draws and Distributions



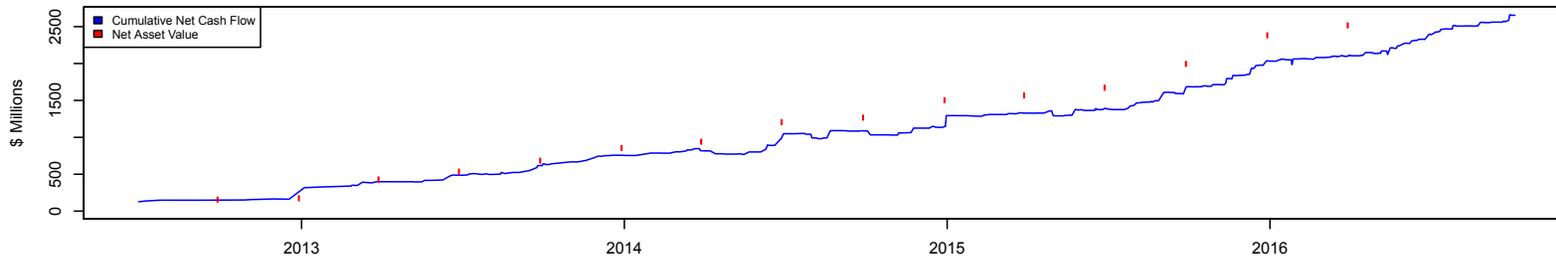
Private Debt Performance

Private Debt IRRs
compared to Lev Loan+250

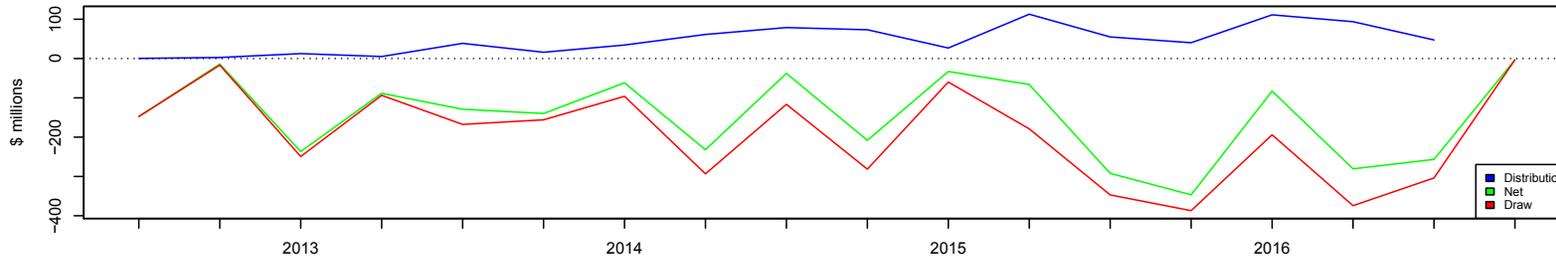


Private Debt Performance (Continued)

Private Debt Cumulative Net Capital Contributed
 Compared to Value

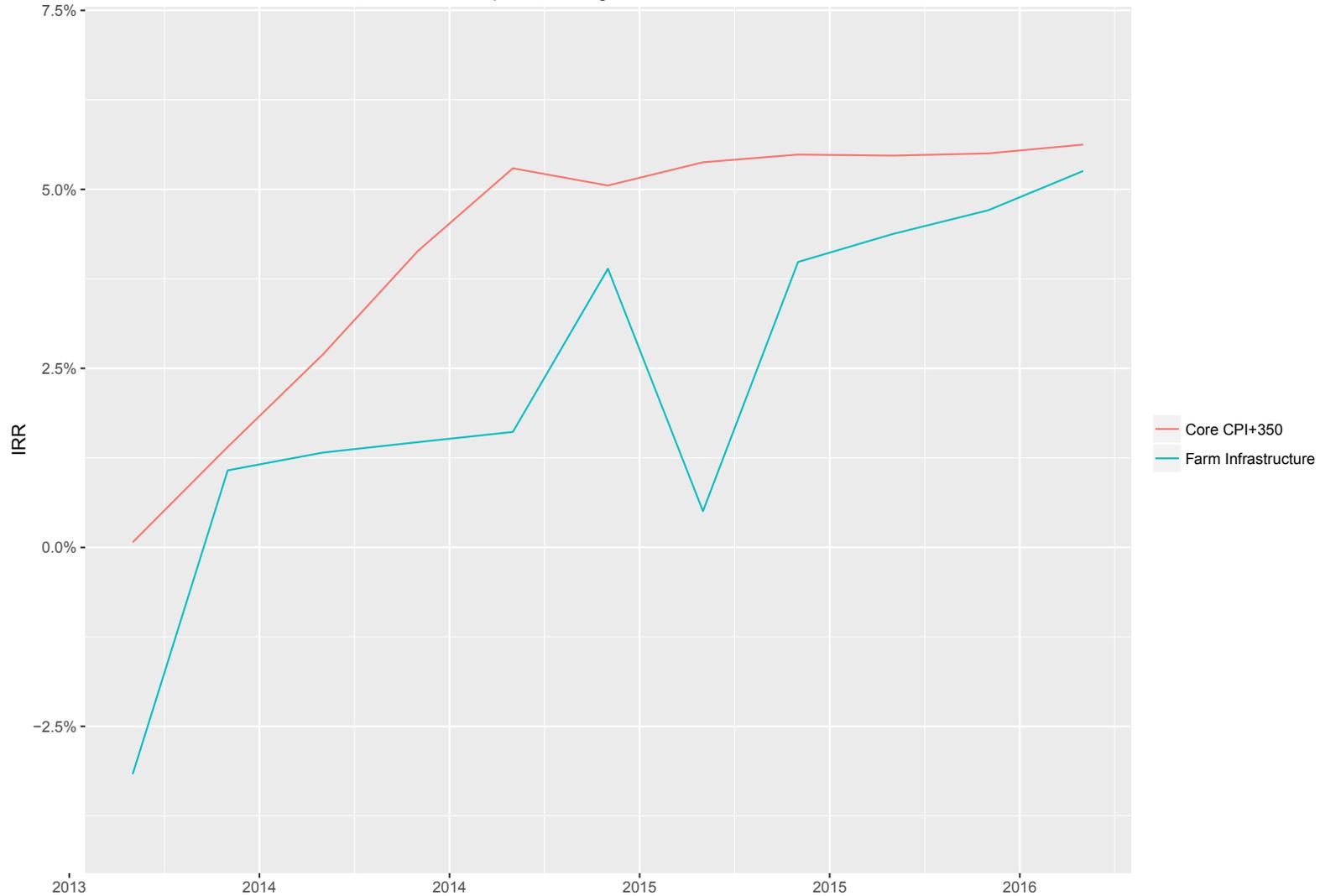


Private Debt
 Quarterly Draws and Distributions



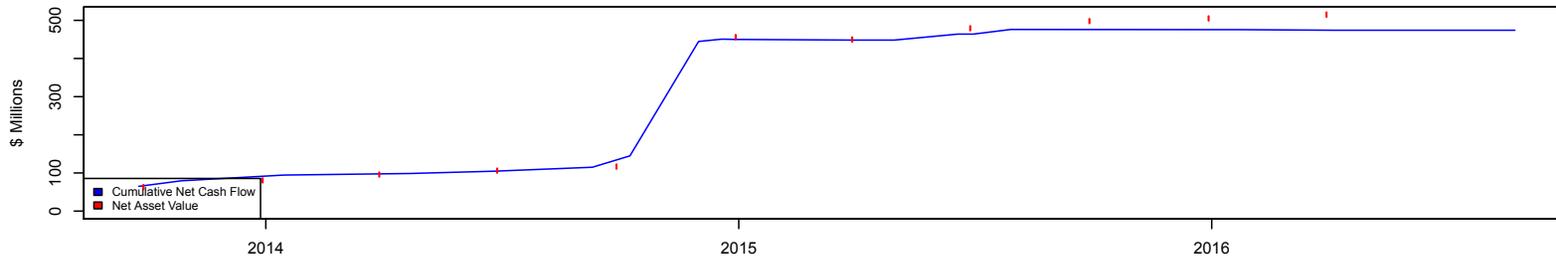
Farmland and Infrastructure Performance

Farmland and Infrastructure IRRs compared to CPI+350
Inception through indicated date

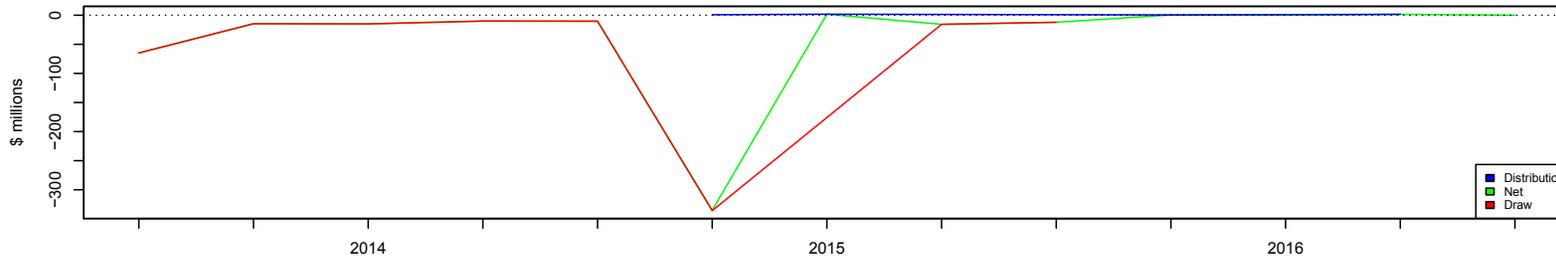


Farmland and Infrastructure Performance (Continued)

Farm Infra Cum. Net Capital Contributed
 Compared to Value



Farm Infra
 Quarterly Draws and Distributions



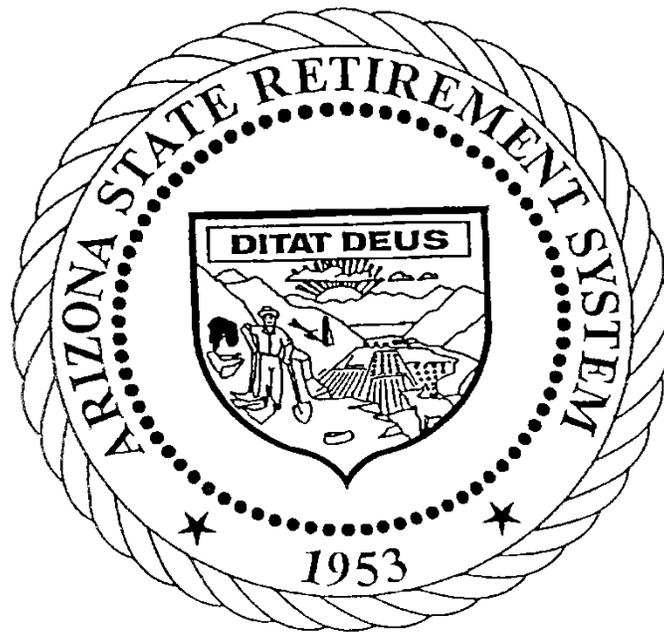
Private Markets Returns

Returns as of March 31, 2016

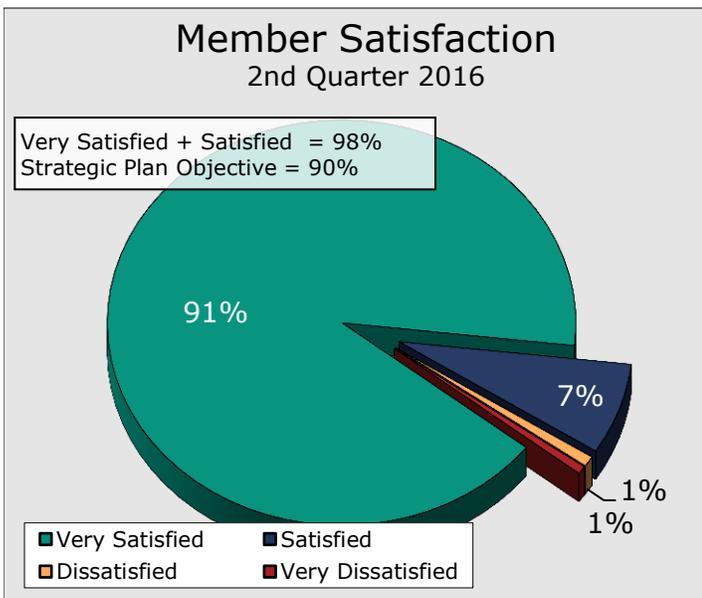
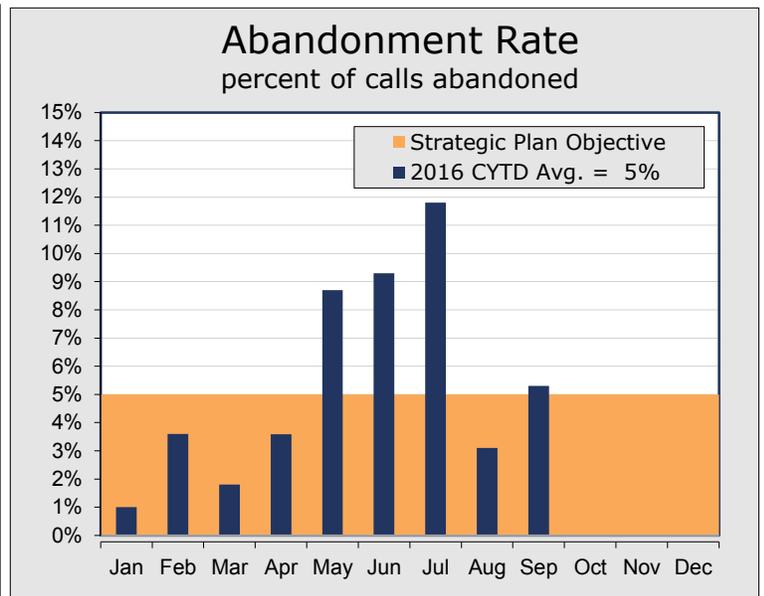
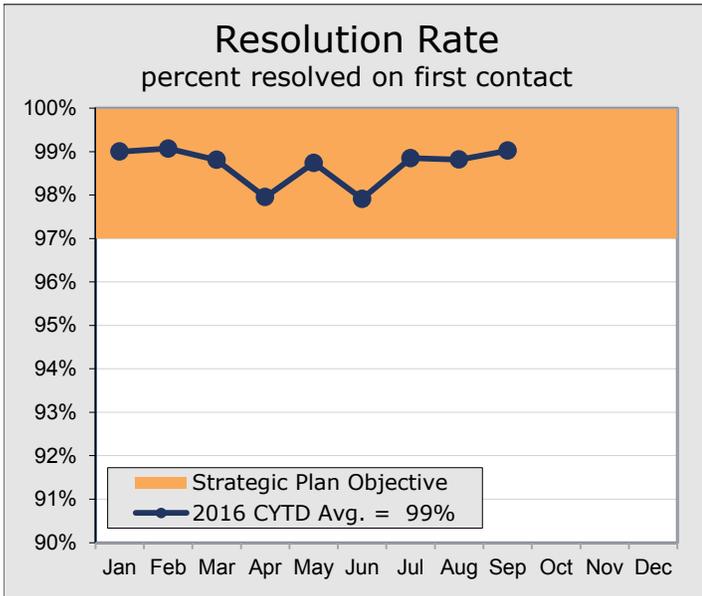
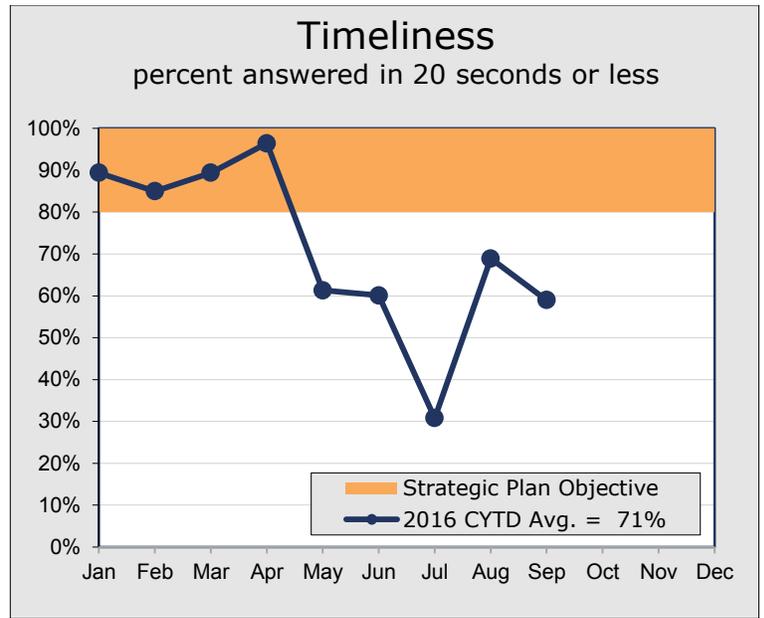
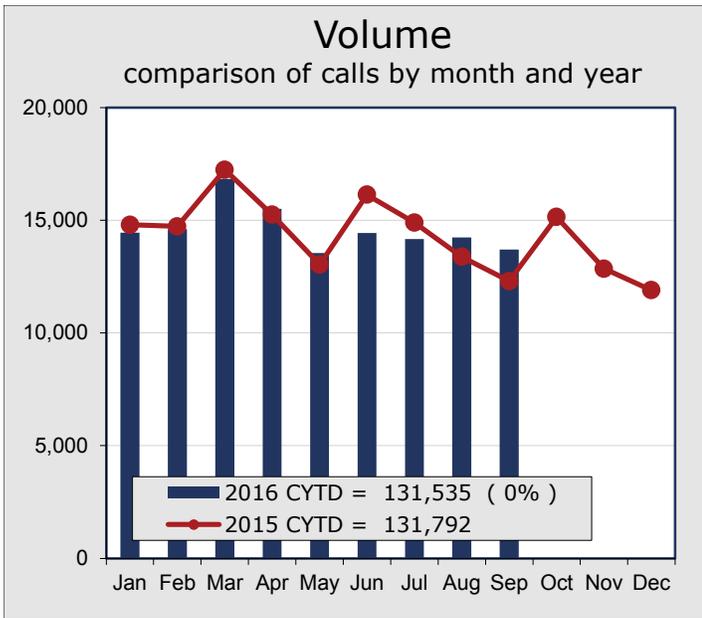
	Benchmark	Portfolio Return	Benchmark Return	Excess Return
Private Equity	Russell 2000	10.65	8.78	1.87
Private Real Estate	ODCE Net	8.07	7.26	0.81
Private Opportunistic Equity	Absolute Eight	23.59	8.00	15.59
Opportunistic Fixed Income	Absolute Eight	8.96	8.00	0.96
Private Debt	Lev Loan+250	10.59	4.10	6.49
Farmland	Core CPI+350	5.26	5.63	-0.37

Agenda Item #7b

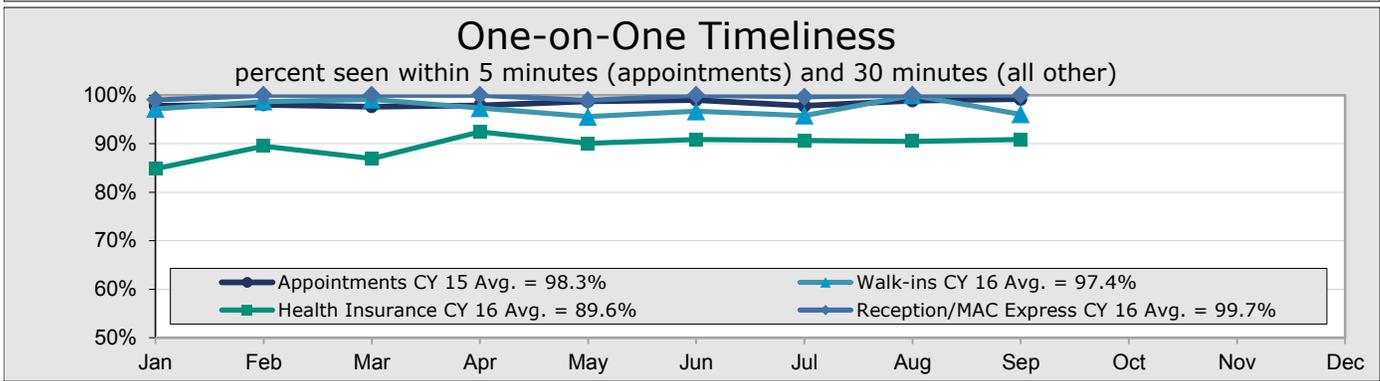
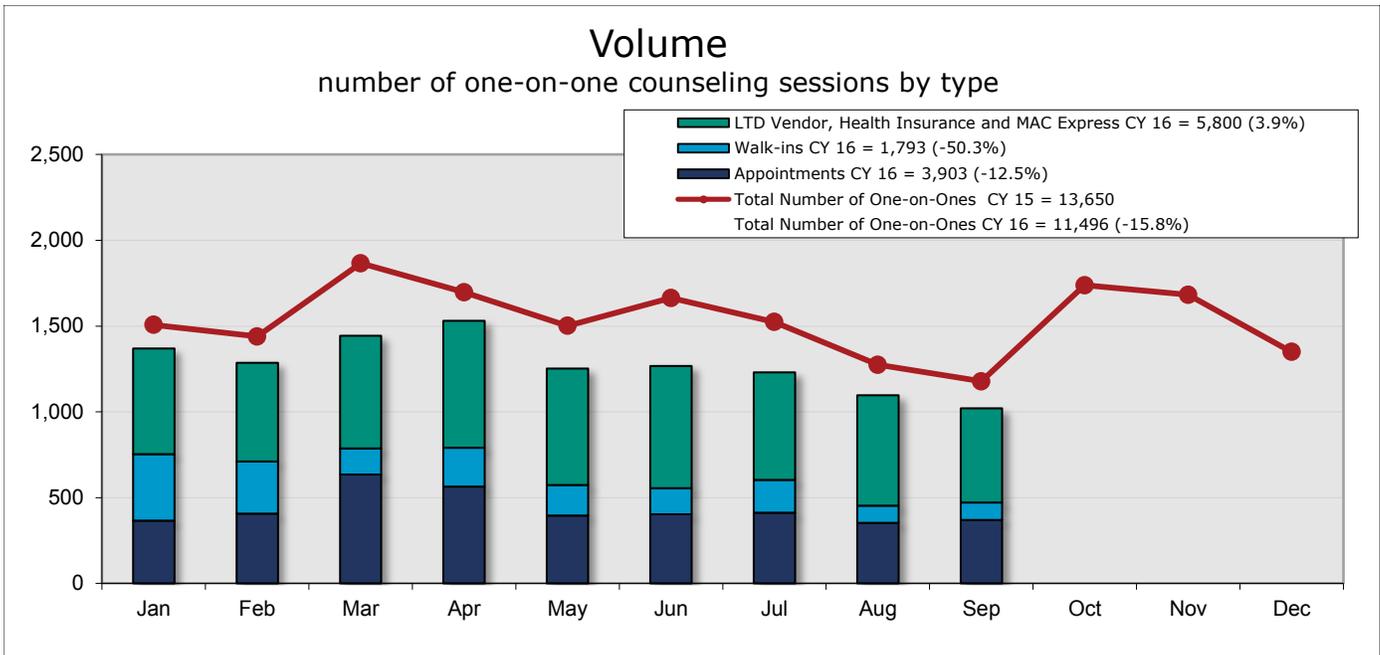
Director's Report Operations



Member Advisory Center: Phone

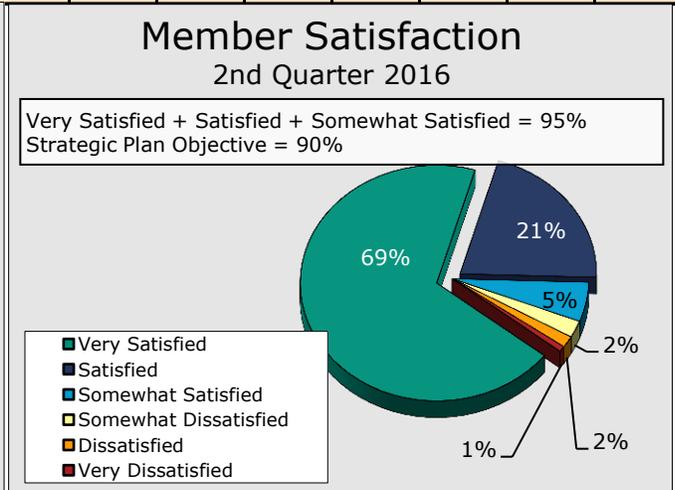
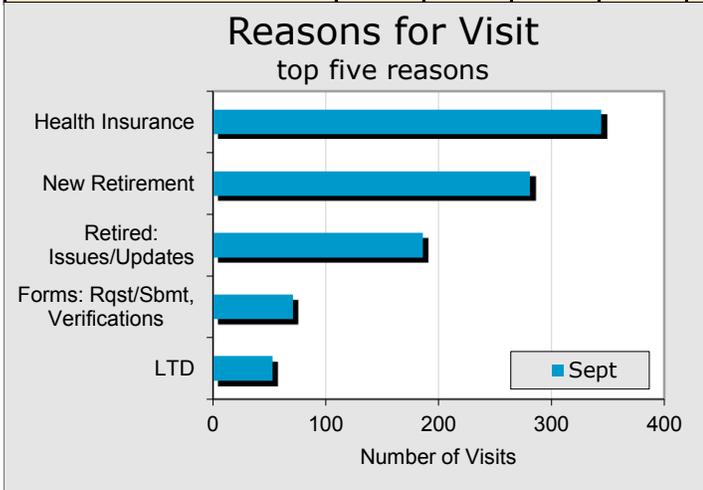


Member Advisory Center: One-on-One

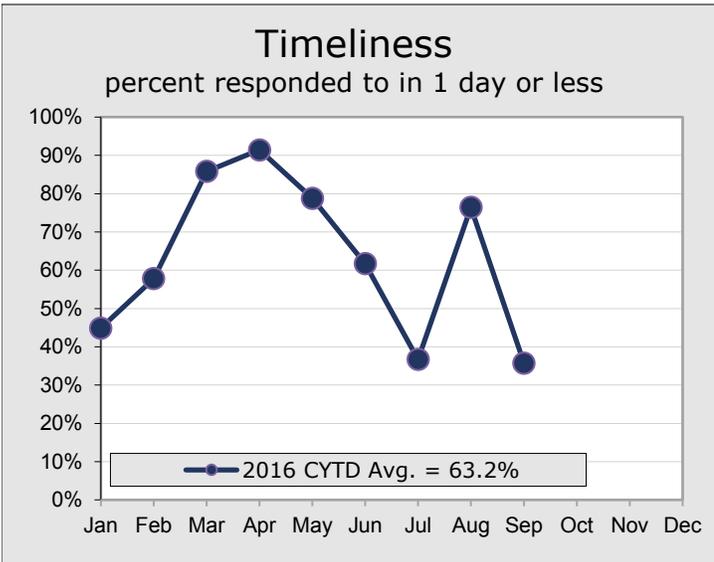
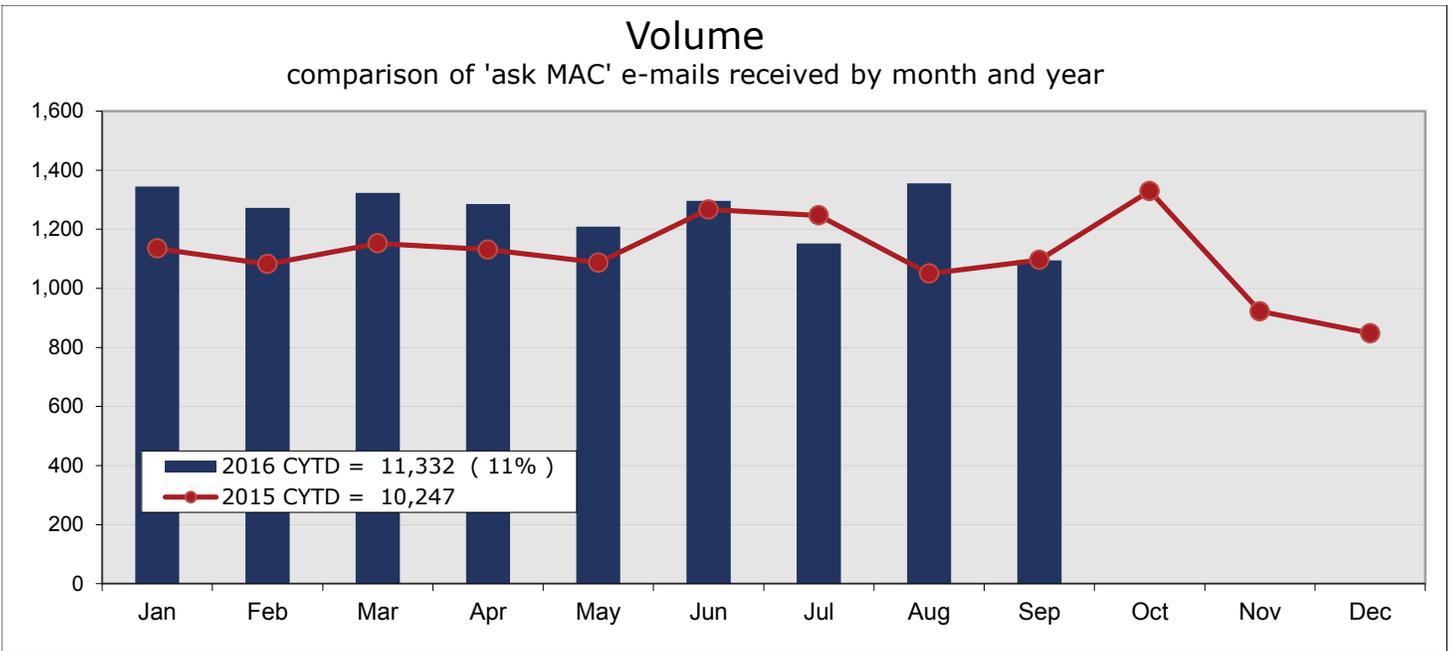


Timeliness (average wait time in minutes)

	Jan	Feb	Mar	April	May	June	July	Aug	Sept	Oct	Nov	Dec
Appointments	1	0	1	1	0	1	1	0	1			
Walk-Ins	7	4	3	5	5	6	6	4	4			
Reception/MAC Express	0	0	0	0	1	0	0	0	0			
Health Insurance	8	5	7	6	7	5	5	5	5			
LTD Vendor	n/a	n/a	n/a	0	0	0	0	0	0			

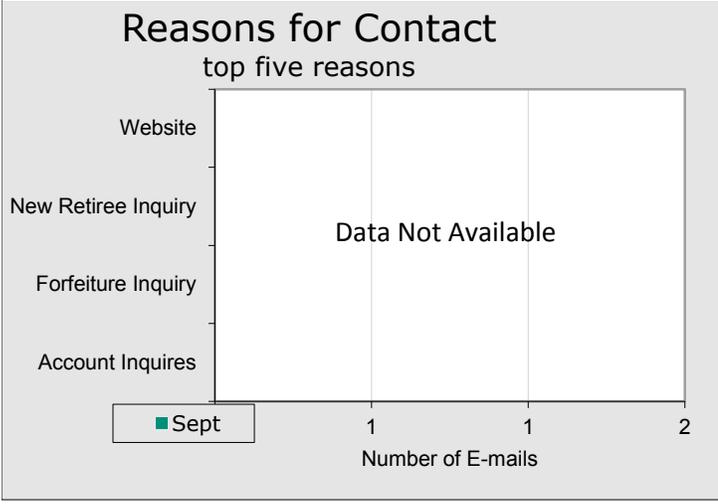
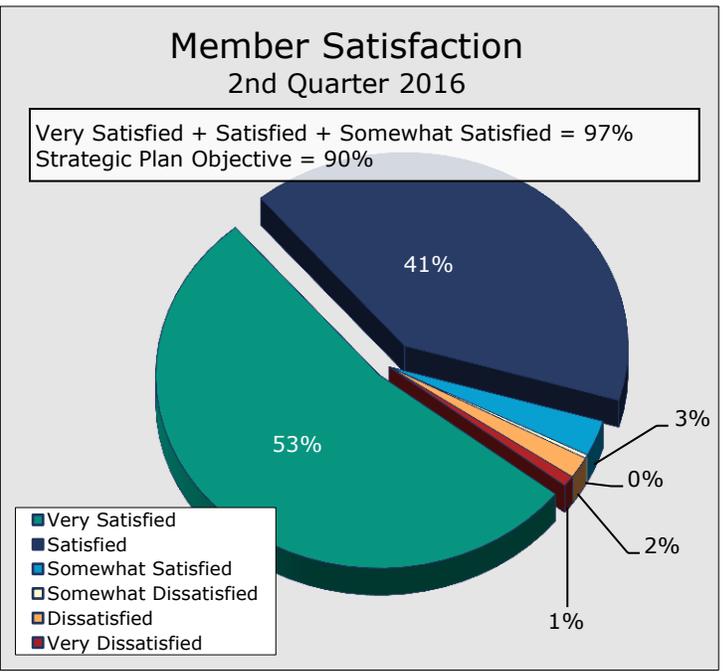


Member Advisory Center: E-Mail



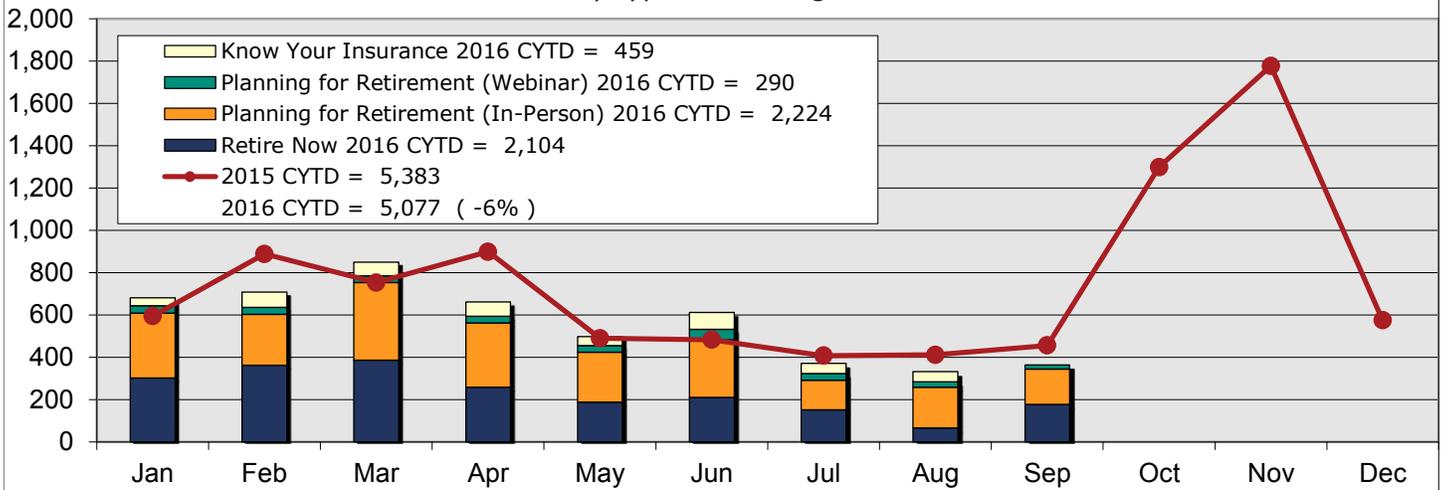
E-mail Timeliness (average response in hours)

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Average	1.6	1.4	0.5	0.5	0.8	0.9	1.4	0.7	1.2			



Outreach Education and Benefit Estimates

Total Meeting Attendees by type of meeting

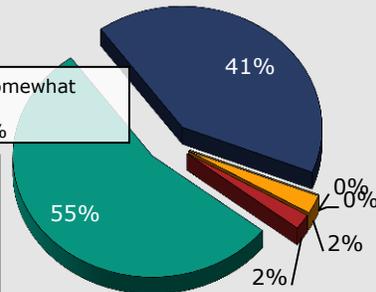


Member Satisfaction

Route 3 Meetings 2nd Quarter 2016

Very Satisfied + Satisfied + Somewhat Satisfied = 96%
Strategic Plan Objective = 90%

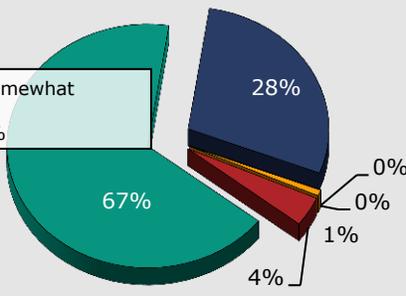
- Very Satisfied
- Satisfied
- Somewhat Satisfied
- Somewhat Dissatisfied
- Dissatisfied
- Very Dissatisfied



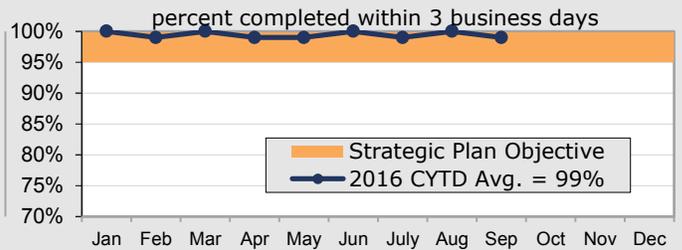
Route 4 Meetings 2nd Quarter 2016

Very Satisfied + Satisfied + Somewhat Satisfied = 95%
Strategic Plan Objective = 90%

- Very Satisfied
- Satisfied
- Somewhat Satisfied
- Somewhat Dissatisfied
- Dissatisfied
- Very Dissatisfied



Benefit Estimate Timeliness



Benefit Estimate Timeliness (average TAT in days)

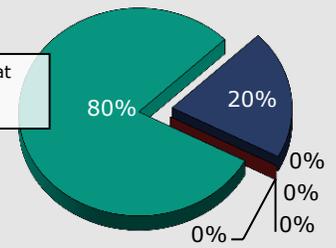
Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Average TAT (days)	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0

Benefit Estimates

2nd Quarter 2016

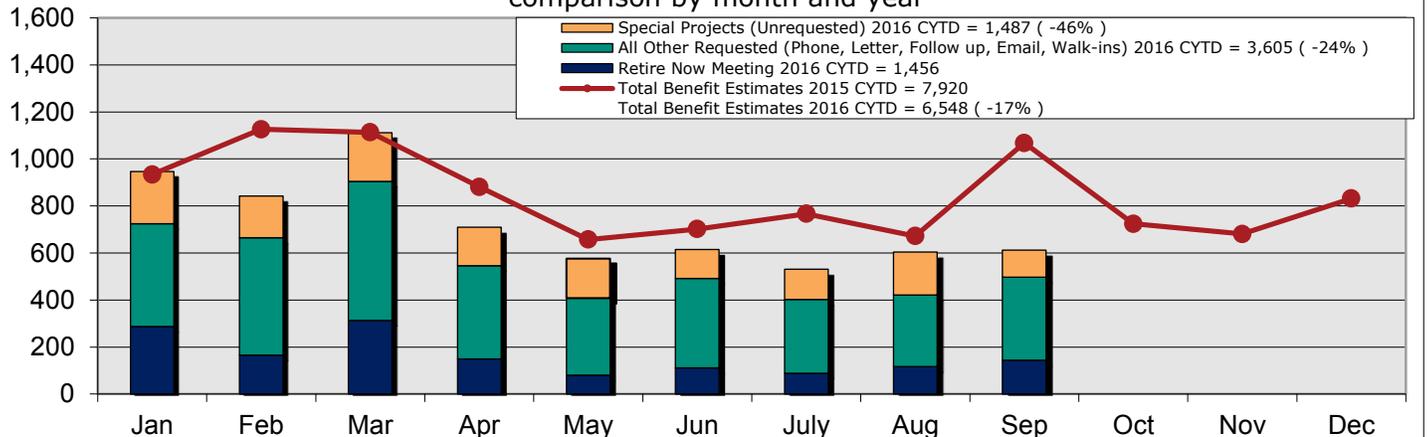
Very Satisfied + Satisfied + Somewhat Satisfied = 100%
Strategic Plan Objective = 90%

- Very Satisfied
- Satisfied
- Somewhat Satisfied
- Somewhat Dissatisfied
- Dissatisfied
- Very Dissatisfied



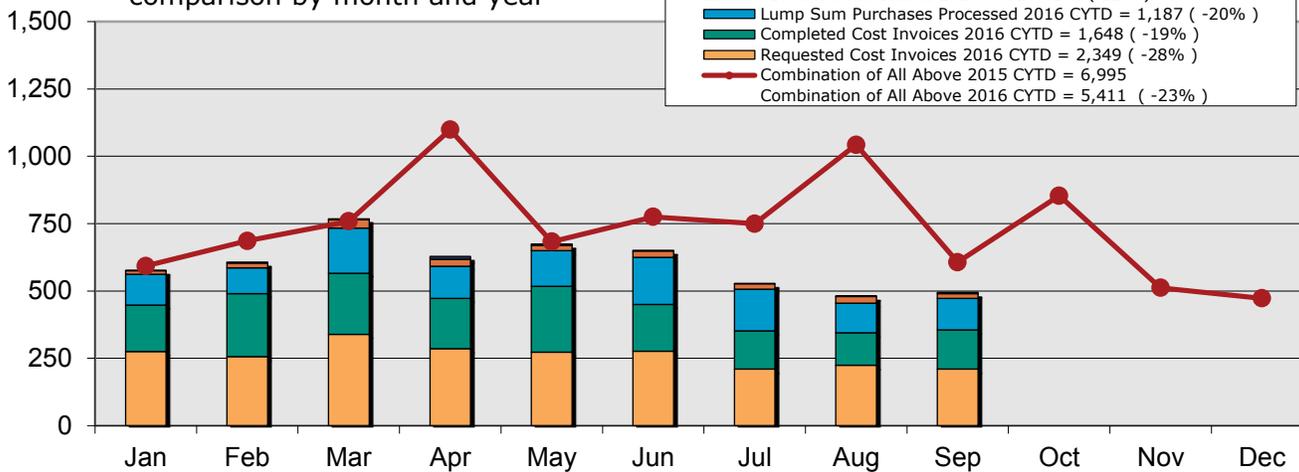
Benefit Estimate Volume

comparison by month and year



Service Purchase

Total Volume comparison by month and year

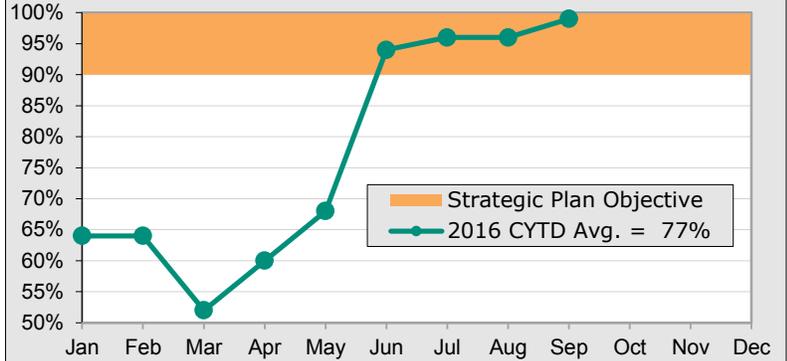


Requests Pending
 as of
 September 30,
 2016
Cost Invoices Pending
 494
Payments Pending
 15

Lump Sum Timeliness percent within 5 business days



Cost Invoices Timeliness percent within 10 business days



Timeliness (average turnaround time in business days)

2	3	2	2	2	2	2	3	2			
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec

Timeliness (average turnaround time in business days)

11	21	60	11	9	4	5	4	3			
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec

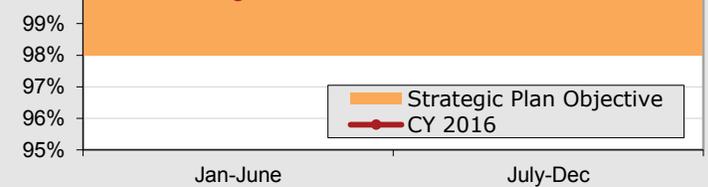
Payroll Deduction Agreement Timeliness percent within 5 business days



Timeliness (average turnaround time in business days)

1	2	1	3	1	1	1	8	2			
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec

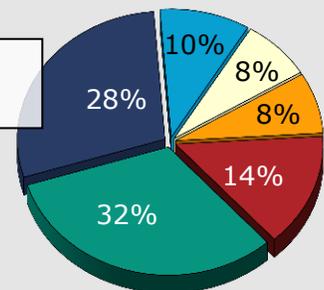
Cost Invoice Quality Rating CY 2016



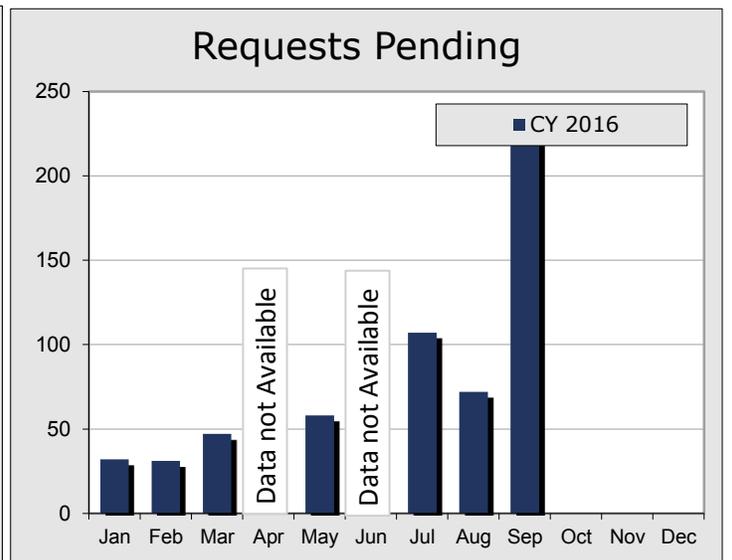
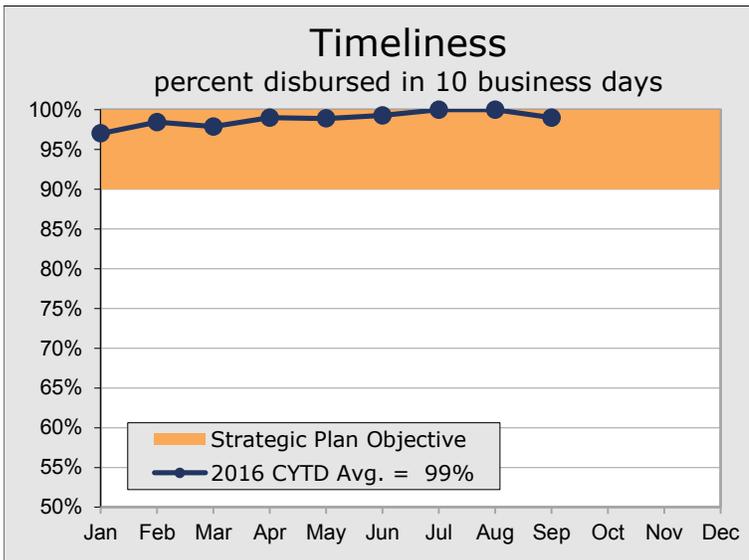
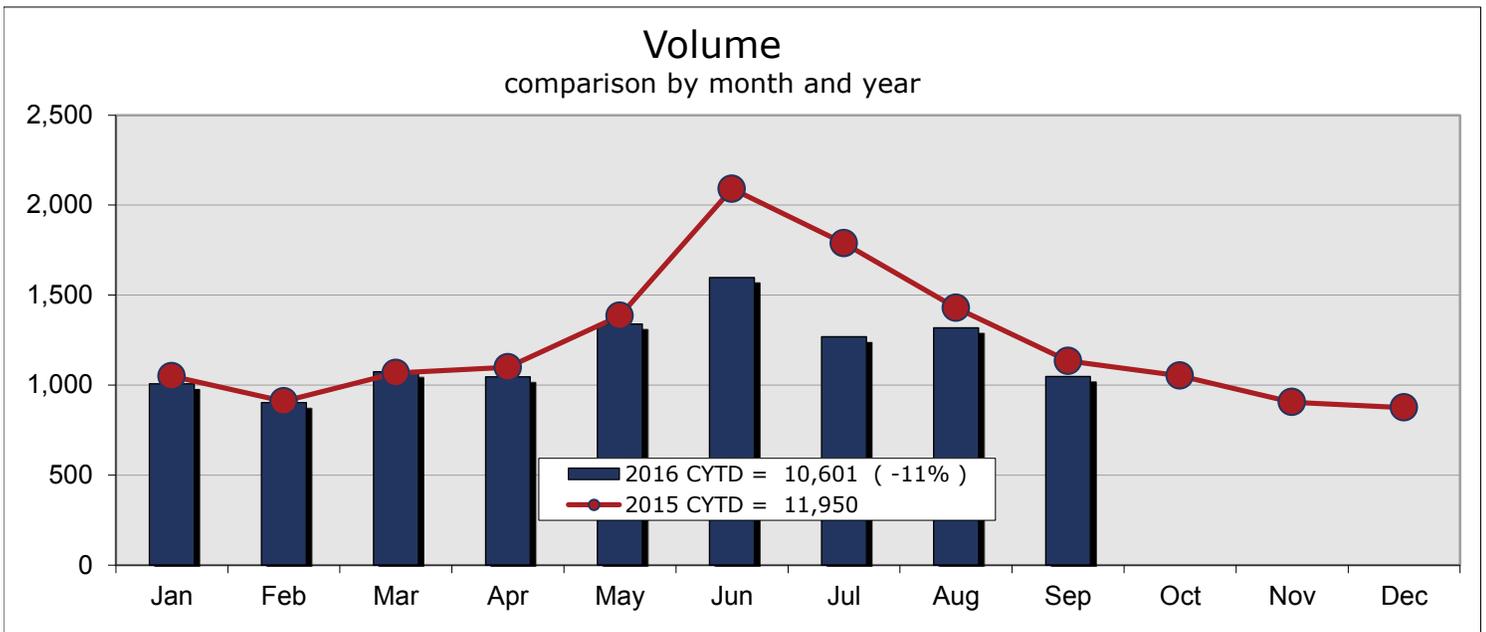
Member Satisfaction 2nd Quarter 2016

Very Satisfied + Satisfied + Somewhat Satisfied = 70%
 Strategic Plan Objective = 90%

- Very Satisfied
- Satisfied
- Somewhat Satisfied
- Somewhat Dissatisfied
- Dissatisfied
- Very Dissatisfied

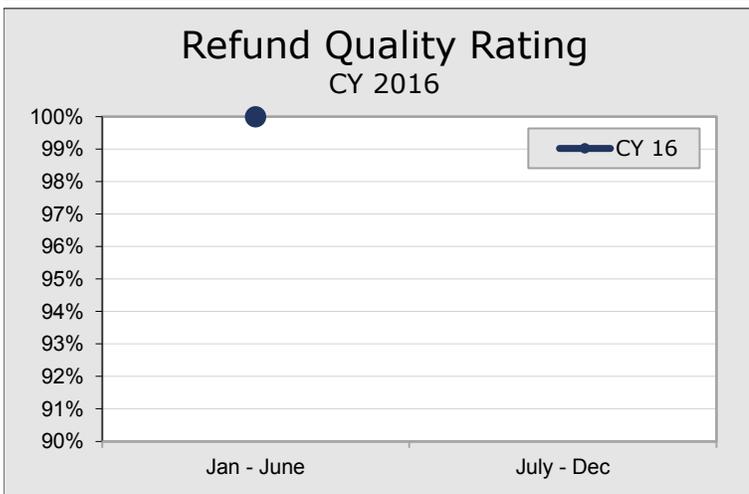
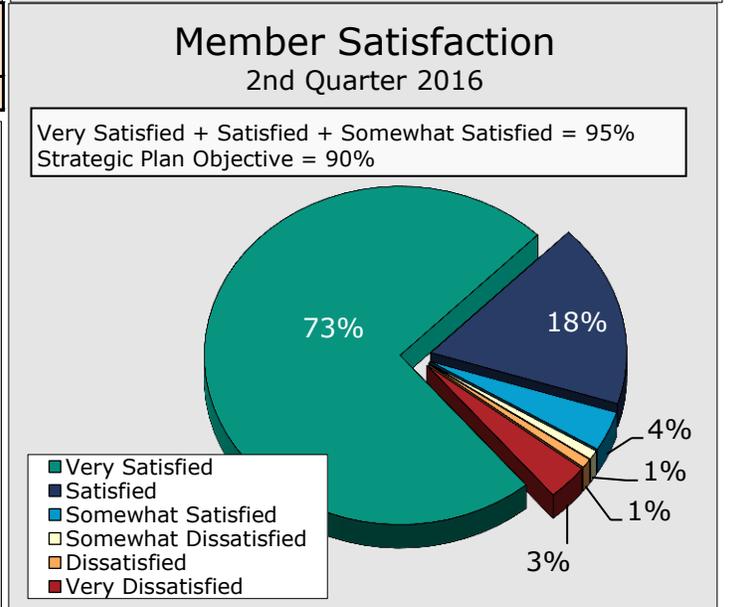


Refunds



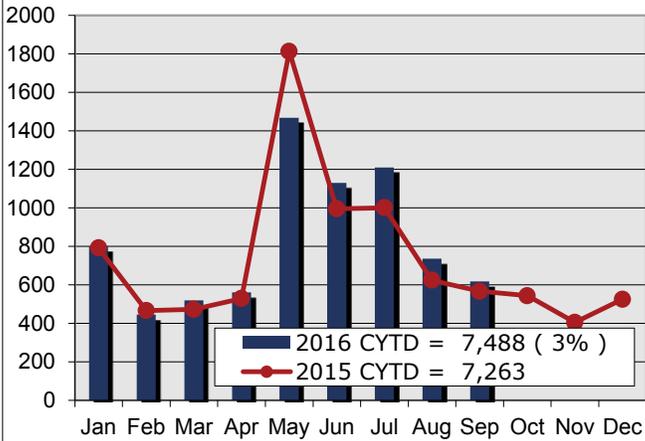
Timeliness (average turnaround time in business days)

Month	Turnaround Time
Jan	2
Feb	2
Mar	2
Apr	2
May	1
Jun	2
Jul	1
Aug	1
Sep	1
Oct	0
Nov	0
Dec	0

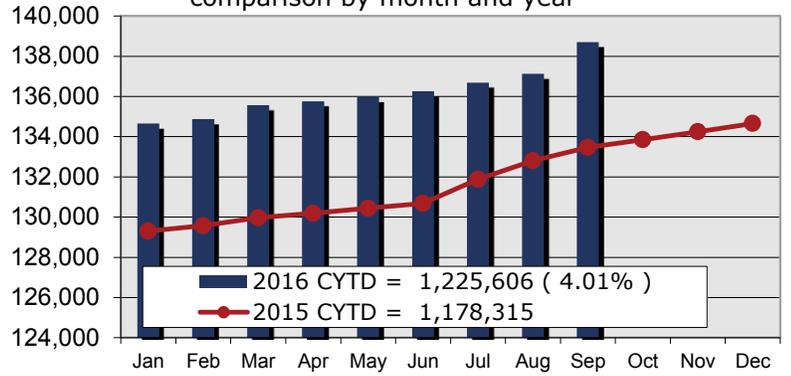


New Retirees

First Payment Volume comparison by month and year



Pension Volume comparison by month and year



Pension Payment (percent disbursed by 1st of the month)

100%	100%	100%	100%	100.0%	100%	100%	100%	100%			
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec

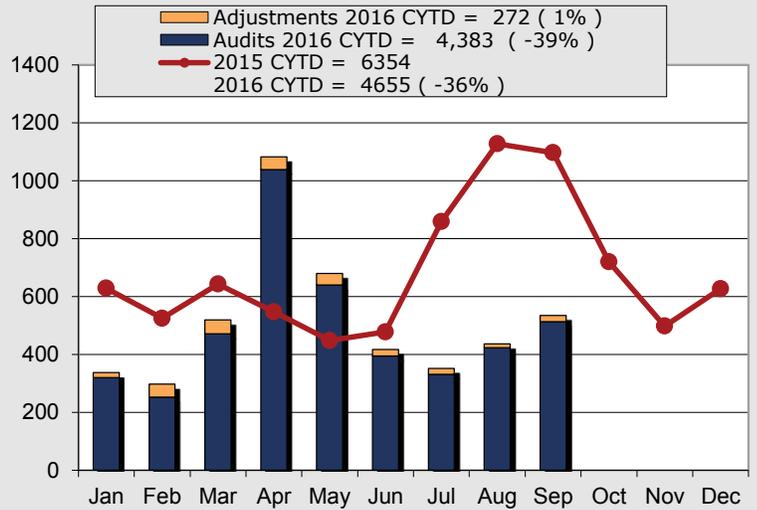
First Payment Timeliness percent disbursed in 10 business days



First Payment Timeliness (average turnaround time in days)

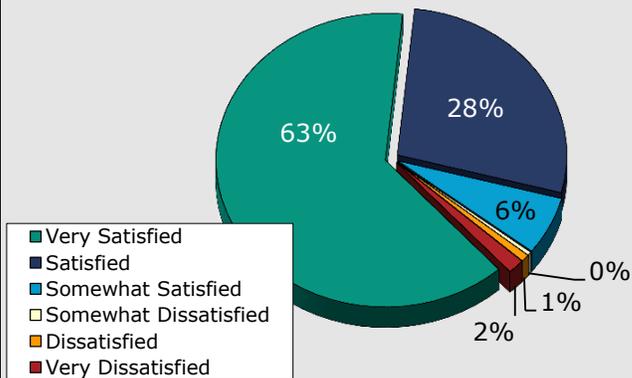
5	9	14	12	7	8	10	12	11			
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec

Audits & Adjustments comparison by month and year

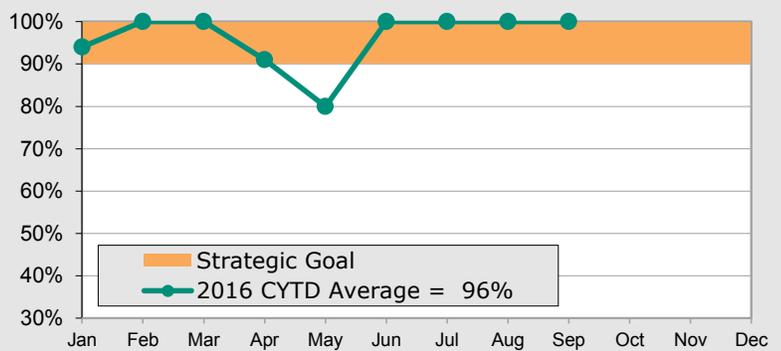


Member Satisfaction 2nd Quarter 2016

Very Satisfied + Satisfied + Somewhat Satisfied = 97%
Strategic Plan Objective = 90%



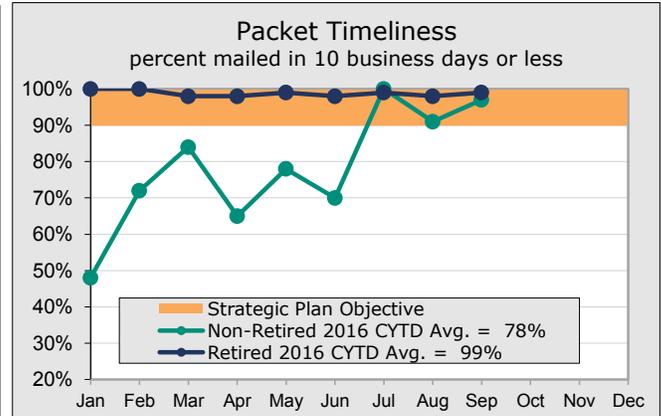
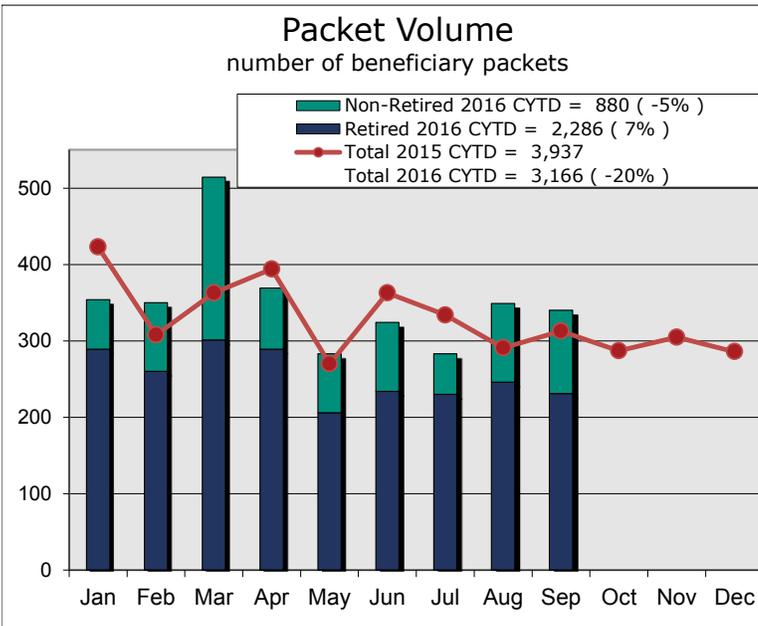
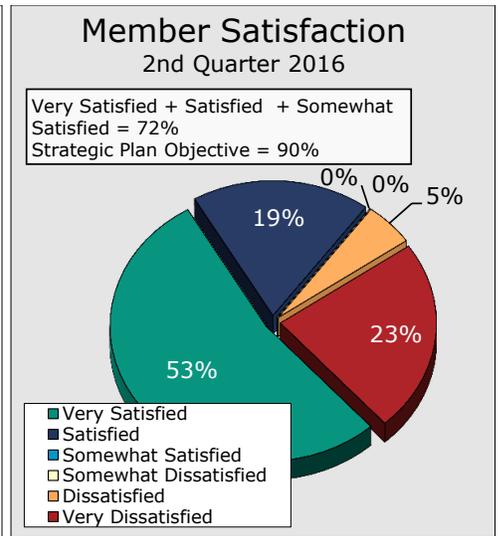
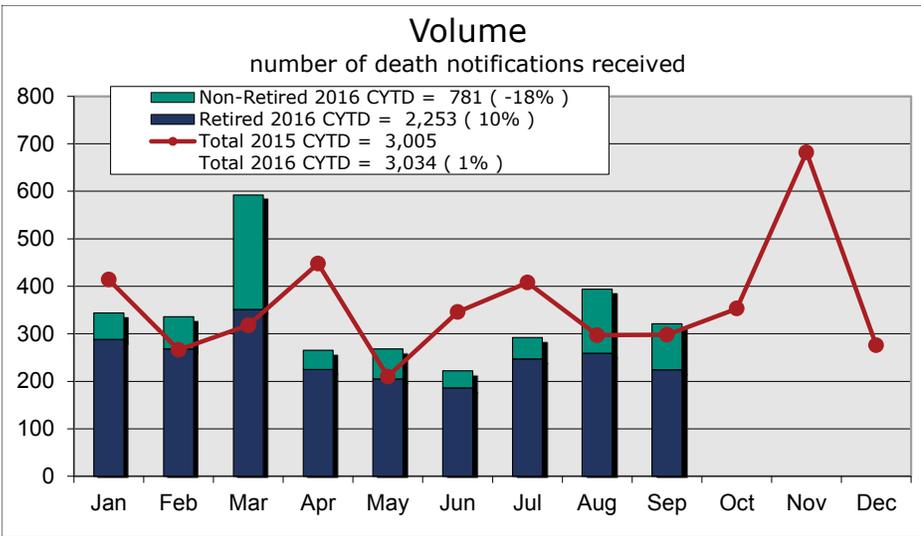
Adjustments Timeliness Percent completed in 20 business days



Adjustments Timeliness (average turnaround time in days)

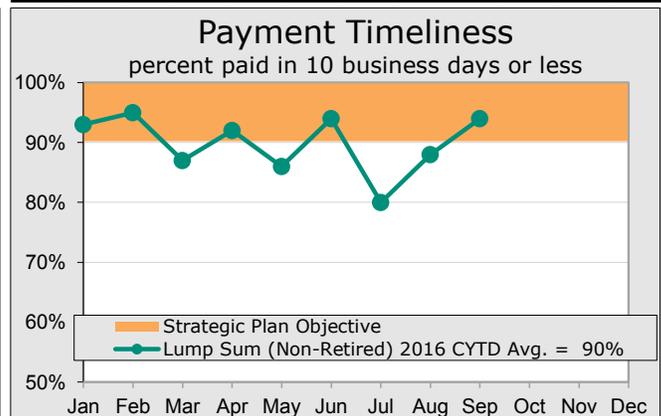
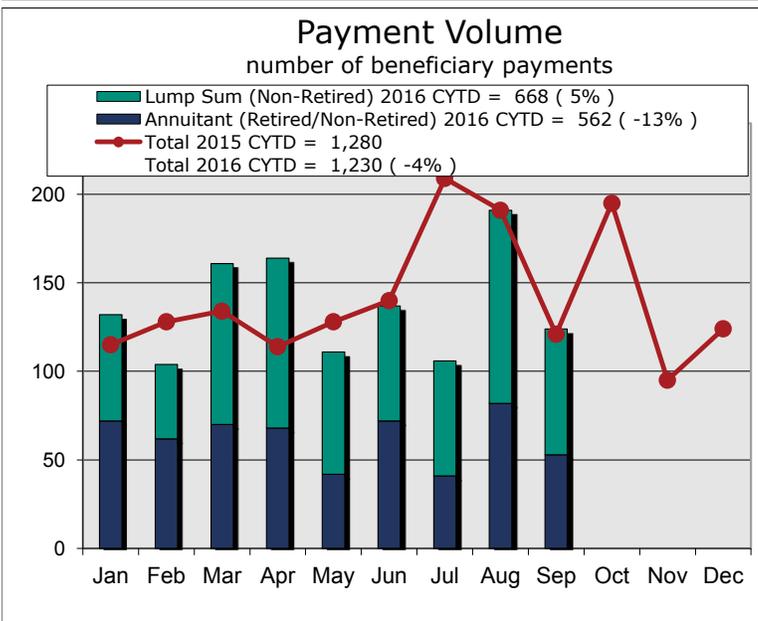
4	6	6	5	6	3	5	9	5			
Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec

Survivor Benefits



Packet Timeliness (average TAT in days)

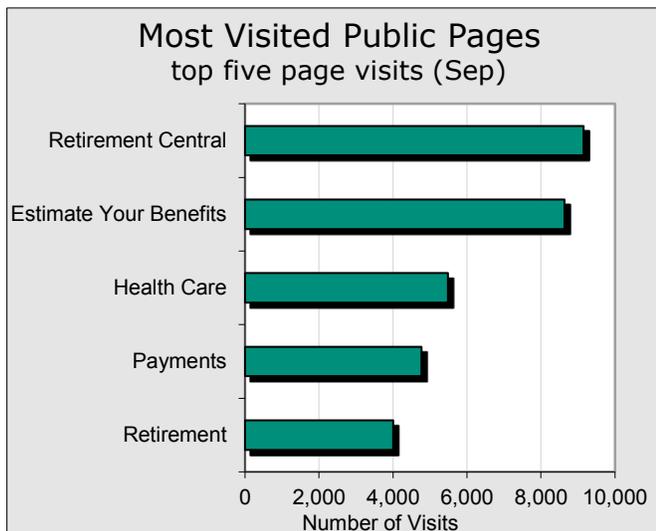
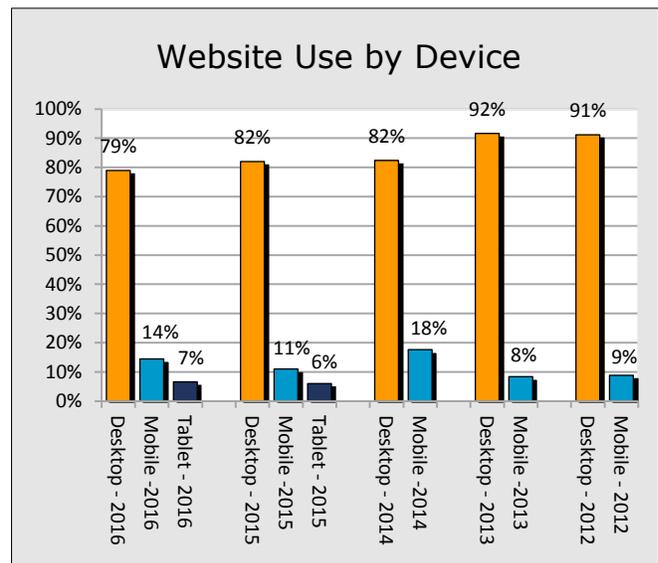
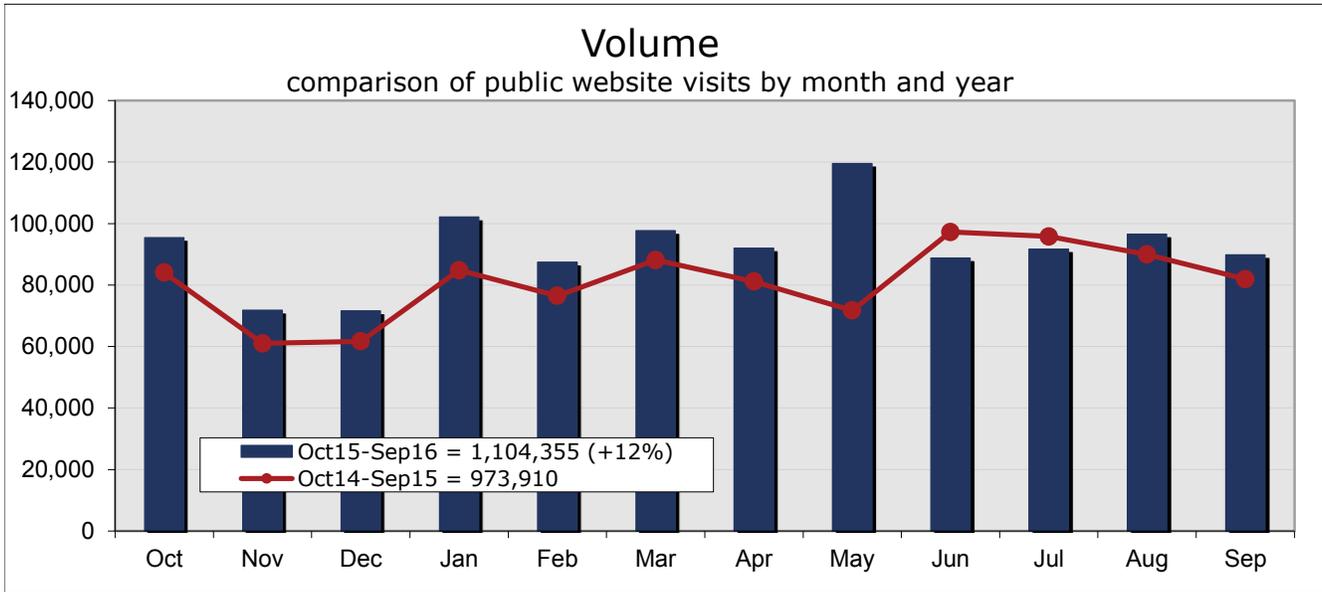
Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Retired	2	2	2	3	3	3	2	2	1			
Non Retired	86	39	53	42	61	52	3	4	4			



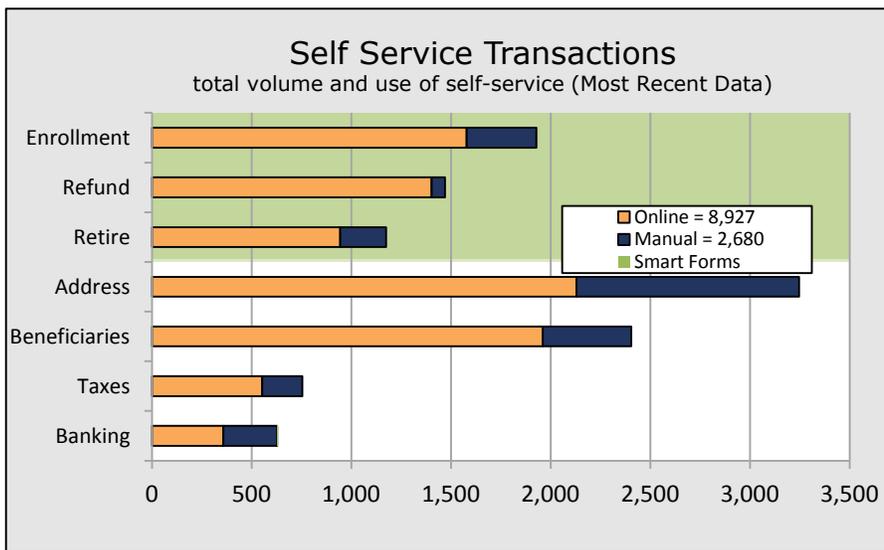
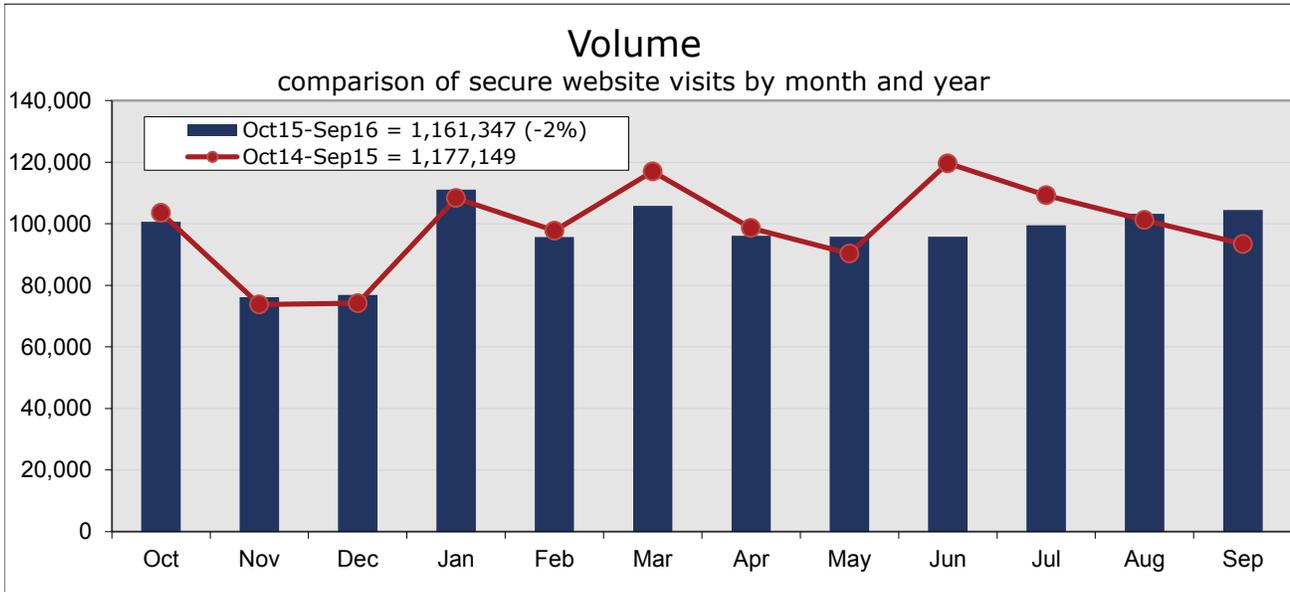
Payment Timeliness (average TAT in days)

Month	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Lump Sum (Non-Retired)	7	6	7	6	7	3	6	6	4			

Public Website: www.azasrs.gov



Secure Website: secure.azasrs.gov

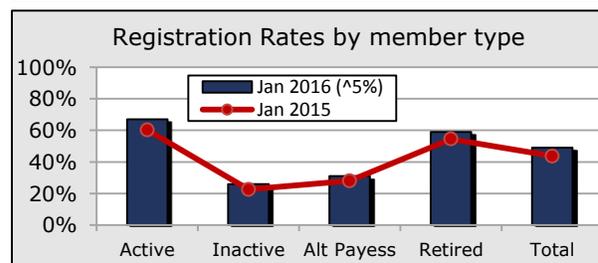
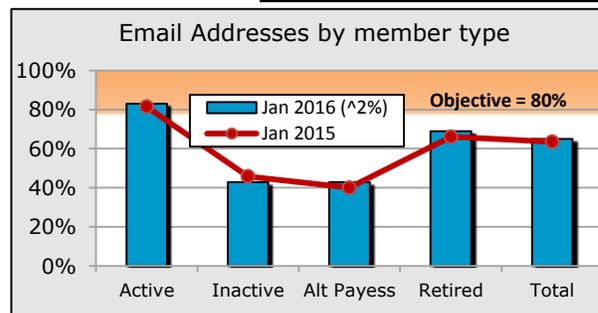
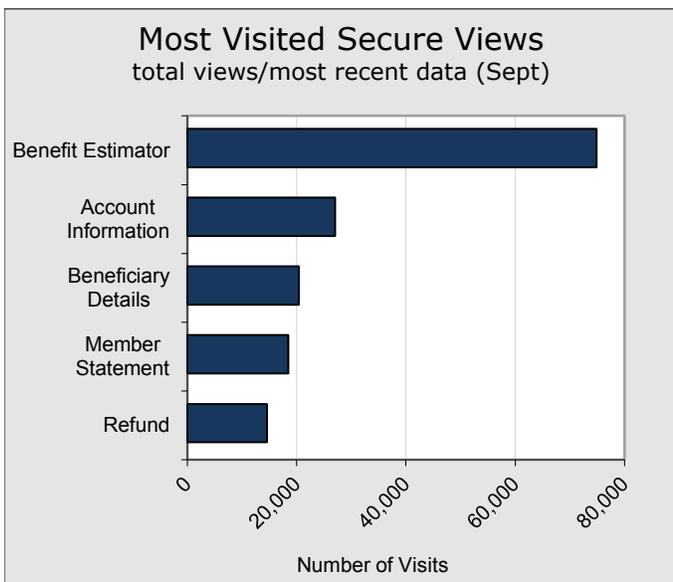


Historical Comparison of Online Usage

	This month	12mo Min	12mo Max	12mo Avg	Objective
Enrol	82%	82%	97%	91%	99%
Ref	95%	88%	98%	91%	90%
Ret	80%	69%	80%	74%	90%
Add	80%	70%	86%	78%	75%
Bene	82%	81%	87%	84%	75%
Tax	73%	67%	93%	80%	75%
DD	57%	50%	63%	57%	75%

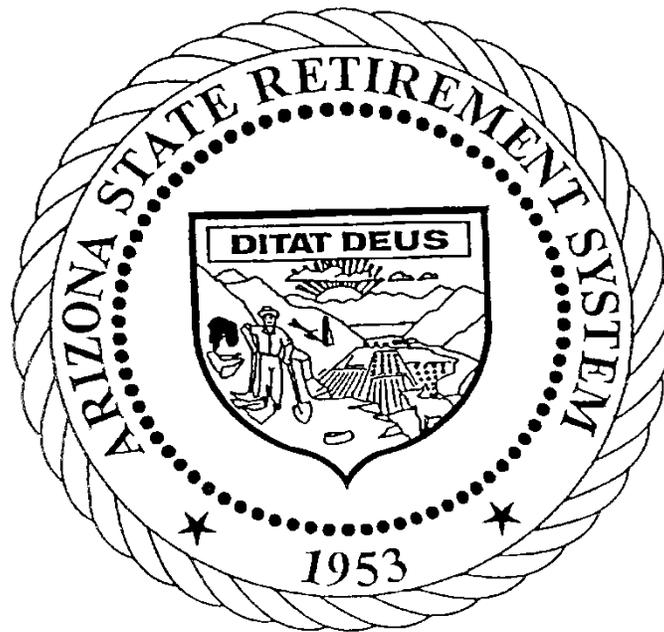
Total online this month

77%



Agenda Item #7c

Director's Report Budget & Staffing



Arizona State Retirement System
Fiscal Year 2017 Appropriated Budget Report
(as of September 30, 2016)

	APPROPRIATIONS FY 2017	EXPENDED YTD	% EXPENDED
OPERATING BUDGET			
Personal Services	\$ 13,025,000	\$ 3,186,200	24.46%
Employee Related Expenses	\$ 5,027,300	\$ 1,196,700	23.80%
Professional & Outside Services	\$ 1,292,400	\$ 466,200	36.07%
Travel	\$ 79,000	\$ 8,300	10.51%
Other Operating Expenses	\$ 2,801,000	\$ 444,700	15.88%
Equipment	\$ 389,500	\$ 12,600	3.23%
Operating Subtotal	\$ 22,614,200	\$ 5,314,700	23.50%
OTHER APPROPRIATIONS			
Long Term Disability Administration	\$ 2,800,000	\$ 248,300	8.87%
Oracle Forms and Reports Modernization (Yr. 4)	\$ 2,070,000	\$ 237,200	11.46%
TOTAL FY 2017 Appropriated Funds	\$ 27,484,200	\$ 5,800,200	21.10%

	APPROPRIATIONS	EXPENDED PRIOR YEARS	EXPENDED YTD	% EXPENDED
PRIOR YEAR APPROPRIATIONS (NON-LAPSING)				
FY 2016 - ASRS Operating Budget (Lapses 6/30/2017)	\$ 22,911,600	\$ 22,461,300	\$ -	98.03%
FY 2016 - Oracle Forms and Reports Modernization (Yr. 3)	\$ 2,270,000	\$ 558,100	\$ -	24.59%
FY 2015 - Oracle Forms and Reports Modernization (Yr. 2)	\$ 4,484,500	\$ 1,814,600	\$ 63,000	41.87%
FY 2011 - HB 2389 - ASRS Plan Design Changes	\$ 1,341,700	\$ 1,247,100	\$ -	92.95%
FY 2011 - ASRS Operating Budget	\$ 20,570,100	\$ 19,901,200	\$ -	96.75%

Fiscal Year 2017 Appropriated Budget Report Summary

(as of September 30, 2016)

Operating Budget

The operating budget information is based on funding approved by the Board and the Legislature for fiscal year July 1, 2016 through June 30, 2017. Administrative salaries and employee benefits, supplies, equipment and ongoing costs associated with information and financial systems for the ASRS Board and ASRS employees are funded from the operating budget. These ASRS operating expenses are distinguished from other areas of ASRS spending authority such as expenditures for investment management and disbursements. Expenditures to date include seven pay periods (27% of the annual payrolls) in fiscal year 2017.

Other Appropriations

Other appropriations, which are considered part of the annual budget, represent appropriations for specific programs or services authorized by the Board and the Legislature.

- **Long Term Disability (LTD) Program**
The amount appropriated for the administration costs of the LTD program.
- **Oracle Forms and Reports Modernization**
The amount appropriated (non-lapsing) for the fourth year of the software modernization project.

Non-Lapsing Appropriations

The amount appropriated by the Legislature for:

- FY 2016 – ASRS Operating Budget
HB 2695 section 122 modified the FY 2016 ASRS appropriations to make the unspent appropriations non-lapsing for the purpose of paying information technology security costs. The ASRS has the ability to utilize the unspent portion of these appropriations until June 30, 2017.
- FY 2016 – Oracle Forms and Reports Modernization (Yr. 3)
- FY 2015 – Oracle Forms and Reports Modernization (Yr. 2)
- FY 2011 – HB 2389 - ASRS Plan Design Changes
- FY 2011 – ASRS Operating Budget
HB 2024 Section 93 modified the FY 2011 ASRS appropriations to be non-lapsing appropriations. The ASRS has the ability to utilize the unspent portion of these appropriations in ensuing fiscal years.

Explanation of Columns

- 1) The *Appropriations* column represents funds that have been approved by the Legislature and the ASRS Board for FY 2017 and includes prior year legislative appropriations.
- 2) The *Expended* column represents the expenditures to date.
- 3) The *% Expended* column identifies the portion of each line item that has been expended to date. This column is intended to be a guide to the rate of spending during the fiscal year.

Arizona State Retirement System
Fiscal Year 2017 Continuously Appropriated Budget Report
(as of September 30, 2016)

	EXPENDED YTD	ESTIMATED ANNUAL EXPENSES (as of September 2016)	ESTIMATED ANNUAL EXPENSES AS % OF TOTAL AUM	ESTIMATED ANNUAL EXPENSES PER MEMBER
Investment Management Expenses				
Internal Investment Management				
Salaries and Benefits	\$ 374,500	\$ 1,512,000		
Travel, Education and Training, Rent, and Other Operational Expenses	\$ 55,500	\$ 85,000		
Public Markets				
External Investment Management Fees	\$ -	\$ 55,396,000		
Transactional and Other Fees	\$ 433,400	\$ 4,000,000		
Private Markets				
Private and Opportunistic Equity Management Fees	\$ 9,242,200	\$ 58,978,000		
Private and Opportunistic Equity Performance Incentive and Other Fees	\$ 1,887,400	*		
Real Estate, Farmland and Infrastructure Management Fees	\$ 1,984,100	\$ 38,138,000		
Real Estate, Farmland and Infrastructure Performance Incentive and Other Fees	\$ 162,500	*		
Private and Opportunistic Debt Management Fees	\$ 2,405,800	\$ 41,452,000		
Private and Opportunistic Debt Performance Incentive and Other Fees	\$ 2,872,100	*		
Custodial Banking, Security Lending and Master Cash STIF Fees	\$ 116,000	\$ 3,340,000		
Investment Management Expenses Subtotal	\$ 19,533,500	\$ 202,901,000	0.59%	\$ 355.28
Investment Related Consulting, Legal and Information Services Expenses				
Investment Consulting Services	\$ 147,900	\$ 4,301,000		
Investment Related Legal Services	\$ 94,900	\$ 925,000		
Investment Electronic Information Services	\$ 356,500	\$ 1,982,000		
External Financial Consulting Services	\$ -	\$ 115,000		
Services Expenses Subtotal	\$ 599,300	\$ 7,323,000	0.02%	\$ 12.82
Other Expenses				
Rent	\$ 367,300	\$ 1,500,000		
Actuarial Consulting Fees	\$ 5,800	\$ 390,000		
Retiree Payroll (Benefit Disbursement Administration)	\$ 510,200	\$ 3,400,000		
Other Expenses Subtotal	\$ 883,300	\$ 5,290,000	0.02%	\$ 9.27
Total Continuously Appropriated Expenses	\$ 21,016,100	\$ 215,514,000	0.63%	\$ 377.37
Total Current Year Appropriated Expenses				
(Includes estimated prior year non-lapsing appropriations of \$1,100,000)	\$ 5,863,200	\$ 28,584,200	0.09%	\$ 50.05
Total Expenses (Continuously Appropriated and Appropriated)	\$ 26,879,300	\$ 244,098,200	0.72%	\$ 427.42

ASRS Estimated Total Market Value of Assets Under Management (AUM) as of June 30, 2016

\$ 34,111,870,000

ASRS Total Membership as of June 30, 2016

571,100

Fiscal Year 2017

Continuously Appropriated Budget Summary

The Arizona State Retirement System (ASRS) investment and administrative costs are expended in accordance with Arizona Revised Statutes (A.R.S.) A.R.S. § 38-721(C) lists specific expenditures that are continuously appropriated and are allowable in the amount deemed necessary by the Board.

These specific expenditures are described below:

1. Investment management fees and related consulting fees necessary to meet the Board's investment objectives

Internal Investment management

- ASRS Investment Management Division (IMD) staff base salaries and employer-paid expenses (benefits and payroll taxes), travel, education and training, rent, and other operational costs.

External investment management

- Public Markets
 - Investment management fees.
 - Transactional and other fees include foreign taxes and commissions on derivatives and other incidental costs.
 - Private Markets - Private and Opportunistic Equity, Real Estate, Farmland, Infrastructure, and Private and Opportunistic Debt
 - Investment management fees.
 - Performance incentive and other fees include performance incentives and carried interest, which are only paid if earned - upon successful performance of the manager after other return criteria are met – or incurred, and other contractually agreed-upon fees and expenses.
- * Due to the nature of the investments and contingent variables, estimated annual performance incentive and other fees are not projected and are only reported, on a cash basis, when identified and paid.

Consulting fees

- Investment-related consulting and legal fees, electronic information services and subscriptions, custodial banking administrative fees, and external auditing service fees.

2. Rent

- Costs associated with rent required as tenants for occupancy at 3300 N Central Avenue in Phoenix and in the leased office space in Tucson.

3. Actuarial consulting fees

- Costs associated with actuarial services related to plan design, administration and valuations.

4. Retiree Payroll

- Costs associated with administering retiree pension benefits and disbursements, including third-party payroll administration fees, postage, benefit-related consulting fees, and the ASRS Benefits Disbursement project.

The report includes projected expenditures for the current fiscal year. Actual expenditures are reported monthly and estimated annual expenses are reviewed and adjusted quarterly. The ASRS Estimated Total Market Value of Assets Under Management (AUM) and ASRS Total Membership values are updated as period ending amounts are finalized.

**Arizona State Retirement System
Staffing Report
(September 30, 2016)**

ASRS by Division	252 Full Time Equivalents (FTEs)	New Hires	New Exits	Vacancies	Vacancy Rate
Administrative Services Division (ASD)	16	1.0	0.0	2.25	14.06%
Director's Office (DIR)	14	0.0	0.0	0.0	0.00%
External Affairs (EAD)	3	0.0	0.0	0.0	0.00%
Financial Services (FSD)	62	0.0	0.0	5.75	9.27%
Technology Services (TSD)	52	0.0	0.0	3.0	5.77%
Internal Audit (IAD)	6	0.0	0.0	2.0	33.33%
Investment Management (IMD)	13	0.0	0.0	3.0	23.08%
Member Services (MSD)	86	2.0	1.0	7.75	9.01%
	252	3.0	1.0	23.75	9.42%

Turnover	September 2016 New Hires	September 2016 Exits	Total Exits (Last 12 Months)	Annualized Turnover %
	3.0	1.0	29.75	13.17%

Recruitments

Beginning February 2015, all ASRS recruitments were placed on hold until further notice due to the State of Arizona Hiring Freeze. Specific ASRS positions are critical to the core functions and operations of the agency and if left unfilled will negatively impact the agency's ability to meet goals and objectives. Recruitment for these "mission critical" positions may proceed after hiring supervisors complete and submit appropriate justification documents and upon approval of the agency director. In some instances, these additional steps have extended the recruitment turnaround time and contributed to the yellow or red status of some business units as noted on the following pages. We continue to work within the State of Arizona Hiring Freeze guidelines implemented February 2015.

- Three positions are under recruitment – FSD Assistant Controller, FSD – BA Accounting Specialist 2 and FSD – BA Management Analyst III
- Three positions have been filled with future start dates – AUD IT Auditor (TBD), FSD Pension Calculation Specialists (2) (Start date 10/11/2016) and TSD Network and Operations Manager (Start date 10/11/2016)

Impact of Staffing (Vacancies, Recruitments, Internal Transfers) on ASRS Operational Performance

Agency Divisions	Services and Functions	Staffing Impact	Comments
Impact of Staffing on ASRS Operations: Green = Normal risk Yellow = Greater than normal risk Red = Negative impact			
MSD	MAC (Call Center)	○ ● ○	In September 2016, strategic objectives were not met. Five Retirement Advisor Seniors completed training in September and two Retirement Advisor Seniors will complete training in early October. Greater than normal risk is expected to remain until the new hires are fully trained and ASRS Health Insurance Open Enrollment ends.
MSD	One-on-one Counseling (Appointments/Walk-ins)	● ○ ○	
MSD	E-mail and Written Correspondence	● ○ ○	
MSD	Outreach Education	● ○ ○	
MSD	Tucson: Appointments/Walk-ins/Outreach	○ ● ○	In September 2016, strategic objectives were met. However, one of nine BA positions and one tech position remain vacant. Phoenix staff cannot assist Tucson staff to help reach their primary objectives. Greater than normal risk remains and will be reevaluated on a monthly basis.
MSD	Benefit Estimates	● ○ ○	
MSD	Employer Relations	● ○ ○	
MSD	Health Insurance/LTD Benefits Administration and Communication	● ○ ○	
MSD	Survivor Benefit Processing	● ○ ○	
MSD	Refund Processing	● ○ ○	

Impact of Staffing (Vacancies, Recruitments, Internal Transfers) on ASRS Operational Performance

Agency Divisions	Services and Functions	Staffing Impact	Comments
Impact of Staffing on ASRS Operations: Green = Normal risk Yellow = Greater than normal risk Red = Negative impact			
MSD	New Retiree Processing		
MSD/FSD	Service Purchase Processing		The Service Purchase process is going through a modernization project which is requiring significant staffing resources. Greater than normal risk will remain until the Service Purchase project is completed.
FSD	Monthly Pension Payroll Processing		
FSD	New Retiree Processing		During September 2016, the New Retirees strategic objective to finalize retirement benefits was met. Current FTEs are working overtime and one temporary resource is assigned to the business unit to help with the workload. Two of four positions were filled with an estimated October 2016 start date and ten FTEs are in training. Until all employees are fully trained, there continues to be a greater than normal risk that we do not meet our performance objectives.
FSD	Survivor Benefit Processing		
FSD	Records Management (data processing/imaging)		
FSD	LTD/Health Benefit Supplement Processing		
FSD	Transfer Processing		
FSD	General Accounting		General Accounting did not meet one of its strategic objectives. The Assistant Controller position has not been filled. Greater than normal risk will remain until the Assistant Controller position is filled and fully trained.

Impact of Staffing (Vacancies, Recruitments, Internal Transfers) on ASRS Operational Performance

Agency Divisions	Services and Functions	Staffing Impact	Comments
Impact of Staffing on ASRS Operations: Green = Normal risk Yellow = Greater than normal risk Red = Negative impact			
FSD	Contribution Collections and Posting		
TSD	Network Support		Network and Operations Manager will start October 11, 2016.
TSD	IT Security		
TSD	Business Applications Development and Support		Our complement of resources for September was 45 (30 FTEs and 15 external resources).
IMD	Investment Management		
DIR	Board/Executive Staff Support		
DIR	Strategic Planning/Analysis		
DIR	Strategic Communications		
DIR	Public Affairs		
IA	Internal Audit		The IT Auditor position became vacant in April 2016. With this position vacant, three audits originally scheduled to be completed in the biennial plan will not be completed. Greater than normal risk will remain until this position is filled and the FTE is fully trained.

Impact of Staffing (Vacancies, Recruitments, Internal Transfers) on ASRS Operational Performance

Agency Divisions	Services and Functions	Staffing Impact	Comments
Impact of Staffing on ASRS Operations: Green = Normal risk Yellow = Greater than normal risk Red = Negative impact			
EA	Rule Writing	●○○○	
EA	Legislative Relations	●○○○	
EA	Defined Contributions Plans	●○○○	
ASD	Human Resources	●○○○	
ASD	Training and Development	●○○○	
ASD	Contracts and Procurement	●○○○	
ASD	Facilities Management	●○○○	
ASD	Budget Administration	●○○○	

ASRS Out of State Travel Expenditures Paid Out Third Quarter 2016

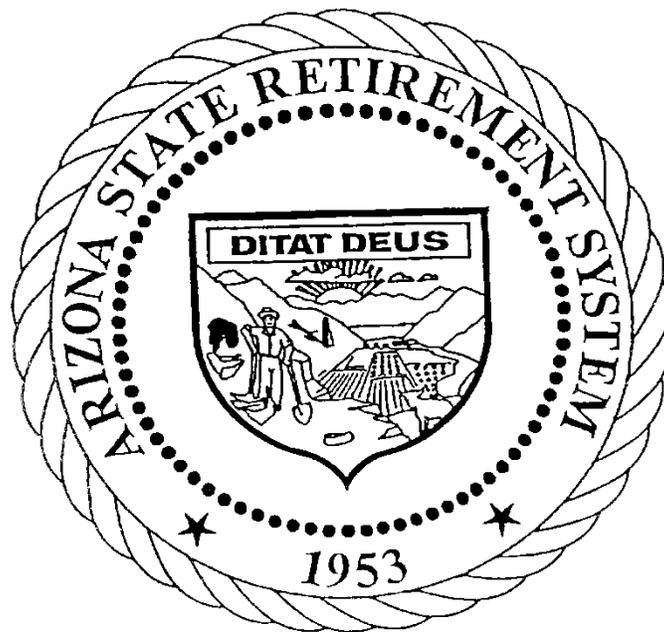
*Numbers are Unaudited

<u>Date</u>	<u>Purpose</u>	<u>Location</u>	<u>Attendee</u>	<u>Cost</u>
August 10, 2016	SpringOne Platform Conference	Las Vegas, NV	David Bigelow	\$2,254.00
August 3-8, 2016	2016 DEFCON Convention	Las Vegas, NV	Derek Siglow	\$1,098.43
August 8-14, 2016	National Council of State Legislatures Annual Mtg.	Chicago, IL	Nick Ponder	\$2,524.17
August 29-September 1, 2016	Site Visits & Annual Mtgs (San Francisco & LA)	Los Angeles, CA	Micheal Copeland	\$86.81
September 11-14, 2016	NCSSSA Annual Conference	Boseman, MT	Michael McCarthy	\$1,579.09
			Total:	\$7,542.50

*Final amounts may vary due to adjustments in per diem and reimbursements.

Agenda Item #7d

Director's Report Cash Flow Statement



ARIZONA STATE RETIREMENT SYSTEM
COMBINED STATEMENT OF CHANGES IN TOTAL FUND CASH
FOR THE MONTH ENDED SEPTEMBER 30, 2016

	Retirement Plan Fund	Retirement System Fund	Health Benefit Supplement Fund	Long-Term Disability Fund	Current Period September	Fiscal 2017 YTD September	Fiscal 2016 YTD September
ADDITIONS							
Contributions							
Member contributions	\$ 100,455,176	\$ 1,523	\$ -	\$ 1,240,938	\$ 101,697,636	\$ 248,082,716	\$ 226,339,189
Employer contributions	93,242,220	1,523	4,960,876	1,240,934	99,445,553	247,899,973	226,206,965
Alternative contributions (ACR)	2,357,288	-	53,921	23,121	2,434,330	5,509,250	5,132,989
Transfers from other plans	-	-	-	-	-	4,434	627,353
Purchased service	1,850,887	-	-	-	1,850,887	5,715,827	7,823,023
TOTAL CONTRIBUTIONS	197,905,571	3,045	5,014,797	2,504,992	205,428,406	507,212,199	466,129,520
DEDUCTIONS							
* Investment management fees	-	-	-	-	-	13,467,196	17,460,780
Custody fees	-	-	-	-	-	-	-
Consultant and legal fees	301,345	-	-	-	301,345	447,533	690,276
Internal investment activity expense	172,589	-	-	-	172,589	744,957	540,699
Retirement and disability benefits	236,915,527	3,132,923	7,984,127	5,302,809	253,335,385	768,929,644	734,731,278
Survivor benefits	1,946,173	-	-	-	1,946,173	8,962,715	9,069,379
Refunds to withdrawing members, including interest	20,623,797	727	-	-	20,624,525	75,773,677	83,504,937
Administrative expenses	2,085,970	-	-	207,094	2,293,064	9,277,789	7,218,977
Transfers to other plans	4,306	-	-	-	4,306	98,677	223,203
Other	-	-	-	-	-	54	9,662
TOTAL DEDUCTIONS	262,049,707	3,133,650	7,984,127	5,509,903	278,677,387	877,702,242	853,449,191
INCREASE (DECREASE)	(64,144,136)	(3,130,605)	(2,969,329)	(3,004,910)	(73,248,981)	(370,490,043)	(387,319,671)
From securities lending activities:							
Security loan program	364,705	-	-	-	364,705	1,160,507	1,724,556
Security loan interest expense / (Rebate)	(176,169)	-	-	-	(176,169)	(400,899)	(484,417)
** Net income from securities lending activities	540,873	-	-	-	540,873	1,561,406	2,208,973
*** Capital Calls / (Distributions)							
Farmland and Timber	-	-	-	-	-	-	12,144,186
Infrastructure	-	-	-	-	-	-	-
Opportunistic Debt	52,873,146	461,426	2,310,617	-	55,645,190	129,965,945	41,969,551
Opportunistic Equity	(13,149,013)	(118,095)	(584,211)	-	(13,851,319)	(35,528,196)	16,065,049
Private Debt	25,287,325	239,362	1,104,105	-	26,630,792	185,604,203	290,878,084
Private Equity	(39,202,887)	(448,360)	(1,608,373)	-	(41,259,620)	(32,921,572)	69,189,366
Real Estate	(93,963,988)	(828,359)	(4,094,661)	-	(98,887,007)	(233,741,018)	225,055,452
TOTAL Capital Calls	(68,155,417)	(694,026)	(2,872,522)	-	(71,721,965)	13,379,361	655,301,688
NET INCREASE (DECREASE)	\$ 4,552,154	\$ (2,436,579)	\$ (96,808)	\$ (3,004,910)	\$ (986,143)	\$ (382,307,998)	\$ (1,040,412,386)

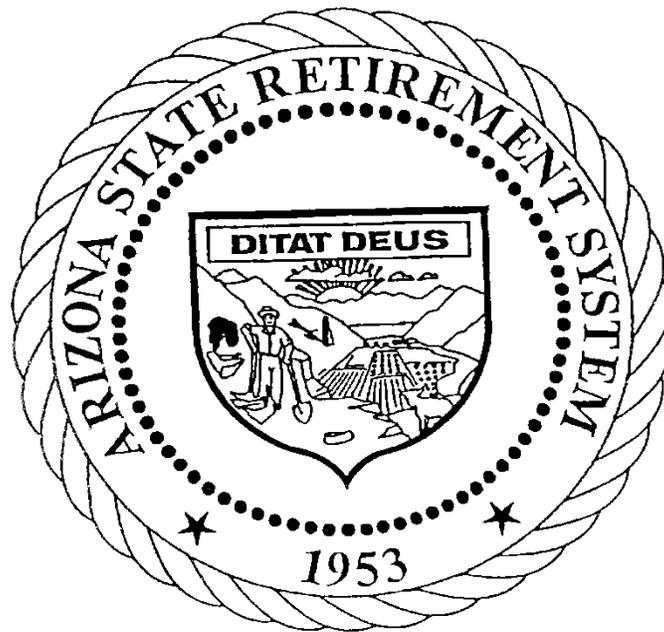
* Investment management fees for public investment managers and other managers paid by invoice. Does not include management fees paid through capital calls.

** Securities lending activities reported on a one month lag.

*** Capital calls / (Distributions) include investment management, incentive and other fees that were paid through capital call, rather than payment of an invoice, or through a reduction of a distribution.

Agenda Item #7e

Director's Report Appeals



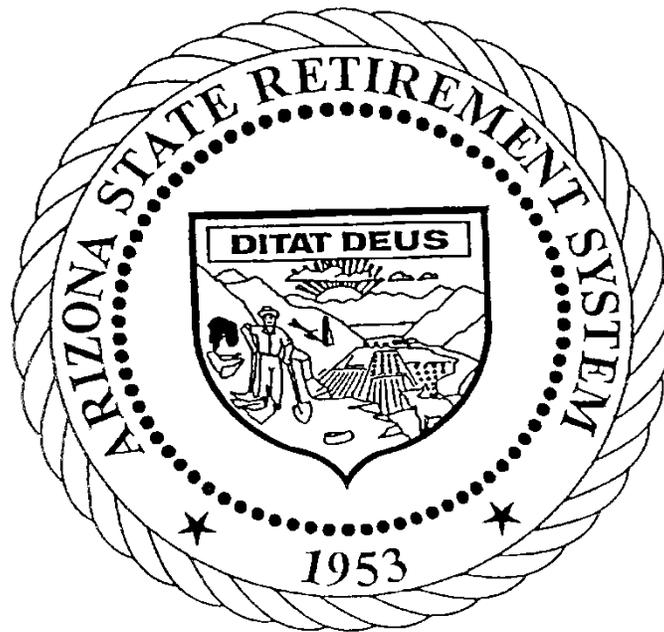
OUTSTANDING ASRS APPEALS

Date Received	Appeals	Issues/Questions Regarding	Status/Comments
4/16/2012	Arizona State University ex rel. Board of Regents	Appellant is disputing the final Maricopa County Superior Court Order signed on 3/11/2016 awarding interest at 4.25%.	Superior Court awarded 4.25% interest and denied ASU request for 10% interest. ASU filed Notice of Appeal to Court of Appeals in 1 CA-CV 16-0239 on 4/1/2016 concerning interest. Appellant's Opening Brief filed. ASRS Answering Brief filed 9/14/2016. ASU Reply Brief due 10/31/2016.
7/14/2014	Sharon Di Giacinto & Richard K. Hillis	Appealing the ASRS determination that a Domestic Relations Order term is unacceptable.	Board upheld Administrative Law Judge Decision on 1/30/2015. Appellant filed Notice of Appeal on 02/02/2015 with the AZ Superior Court, Case No. LC2015-000048. Oral Argument held 7/29/2015. Superior Court Decision in favor of the ASRS issued on 9/25/15. Appellant Di Giacinto appealed to AZ Court of Appeals on 9/30/2015. Brief completed. Awaiting Oral Argument to be scheduled.
12/17/2014	The Griffin Foundation	Appellant is appealing the ASRS determination that the Appellant owes contributions from October 2010 to present for its employees.	OAH hearing held on 5/14/2015 and 7/9/2015. ASRS Board accepted the Administrative Law Judge Decision on 12/4/2015. Appellant Griffin Foundation filed an appeal to Maricopa County Superior Court on 1/11/2016. Appellant's Opening Brief filed 7/28/2016. ASRS Response Brief filed 9/9 2016. Appellant's Reply Brief filed 10/3/2016. Oral Argument scheduled for 12/7/2016.

Information as of October 14, 2016. Updates are noted in bold font.

Agenda Item #7f

Director's Report Employers Reporting





ARIZONA STATE RETIREMENT SYSTEM

3300 NORTH CENTRAL AVENUE • PO BOX 33910 • PHOENIX, AZ 85067-3910 • PHONE (602) 240-2000
4400 EAST BROADWAY BOULEVARD • SUITE 200 • TUCSON, AZ 85711-3554 • PHONE (520) 239-3100
TOLL FREE OUTSIDE METRO PHOENIX AND TUCSON 1 (800) 621-3778
WWW.AZASRS.GOV

Paul Matson
Director

MEMORANDUM

TO: Mr. Kevin McCarthy, Chair, Arizona State Retirement System (ASRS) Board
FROM: Mr. Paul Matson, Director
DATE: October 13, 2016
RE: Delinquent Employers

As of October 13, 2016, the following employers have failed to remit contributions by a date certain. These employers have received a letter advising them that the ASRS will initiate collection procedures unless they contact us within five days:

THREE POINTS FIRE DISTRICT	482 *
YOUNG ELEMENTARY SCHOOL	21,000 *
AJO UNIFIED SCHOOL DISTRICT	23,000 *
CHEVELON BUTTE ELEMENTARY DISTRICT	700 *
DESTINY SCHOOL	25,000 *
LA PALOMA ACADEMY	90,000 *
SEQUOIA PATHWAY ACADEMY+	56,000
AMERICAN HERITAGE ACADEMY+	28,000
PATAGONIA MONTESSORI ELEMENTARY	2,200
SEQUOIA CHOICE SCHOOL+	22,000
SEQUOIA VILLAGE SCHOOL+	25,000
SEQUOIA CHARTER SCHOOL+	135,000
MINGUS UNION HIGH SCHOOL	98,000 *
PATHFINDER ACADEMY+	25,000
SEQUOIA RANCH SCHOOL+	26,000
SEQUOIA SCH FOR DEAF AND HARD OF HEARING+	9,400
PARAGON PREPARATORY ACADEMY	2,100
INCITO SCHOOLS (Employer joined ASRS Sept 1, 2016 and has not reported any payrolls)	?
Total	<u>\$588,882 *</u>

+ Note- These schools are run by Edkey Inc.

Additionally, the following employers have filed for Chapter 11 Bankruptcy Protection and are delinquent in their ASRS contributions:

LUZ ACADEMY OF TUCSON	18,600
STARSHINE ACADEMY	33,200
Total	<u>\$ 557,682*</u>

*Estimated amount