



ARIZONA STATE RETIREMENT SYSTEM

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Paul Matson
Director

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

HELD ON
March 13, 2015
10:30 a.m., Arizona Time

The External Affairs Committee (EAC) of the Arizona State Retirement System (ASRS) met in the 14th Floor Conference Room of the ASRS Office, 3300 North Central Avenue, Phoenix, AZ, 85012. Dr. Richard Jacob, Chair, called the meeting to order at 10:30 a.m., Arizona Time.

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

1. Call to Order; Roll Call; Opening Remarks

Present: Dr. Richard Jacob, Chair
Mr. Kevin McCarthy – Via Teleconference

A quorum was present for the purpose of conducting business.

2. Approval of the Public Meeting Minutes of the February 19, 2015 EAC Meeting

Motion: Mr. Kevin McCarthy moved to approve the minutes of the February 19, 2015 Public EAC meeting. Dr. Richard Jacob seconded the motion.

By a vote of 2 in favor, 0 opposed, 0 abstained, 1 excused the minutes were approved.

3. Presentation, Discussion and Appropriate Action Regarding Legislative initiatives and Legislative Update

Mr. Nicholas Ponder, Government Relations Officer, directed the Committee to the Bill Tracker updated Friday, March 13, 2015, 9:49 am. Mr. Ponder updated the Committee on the status of the following bills:

HB 2338: ASRS; Disability Program- Removing the word “total” when it precedes the word “disability” within A.R.S. § 38-797.07. This bill was assigned to Senate Rules Committee on March 13, 2015 and is scheduled to be heard on Monday, March 16, 2015.

HB 2339: ASRS; Rules- Removes the words, “provided in rules” from A.R.S. § 38-703 and remove the words from A.R.S. § 38-755, “subject to rules prescribed by the Board.” This bill passed the Senate Finance Committee and is assigned to Senate Rules Committee.

HB 2340: ASRS’ LTD Program; Liability- Indemnifying the ASRS, the ASRS Board, and ASRS employees against liability for action taken in the performance of their powers and duties of the Arizona State Retirement System Long-Term Disability Program. This bill was not first read; we hope to provide clarification and run this bill in the 2016 session.

SB 1095: Community Colleges; Optional Retirement Plans- Asking for the words, “non-retired” to be included in the statute where the law will now read: “D. If an employee who is a NON-RETIRED member of the Arizona State Retirement system... the Arizona State Retirement System shall transfer the employee’s contributions... to the optional retirement program.” This bill passed from the House Government and Higher Education Committee. No issues are currently anticipated.

SB 1096: ASRS; Actuarial Valuation Method- Asking the Legislature to allow the ASRS Board to switch the actuarial valuation method on or after June 30, 2016. The legislature will be turning over authority to the ASRS Board. Dr. Jacob requested information pertaining to the 4711 amendment. Mr. Ponder explained the 4711 amendment is a technical amendment. He directed the committee to A.R.S. § 38-711. Because it was not foreseen that § 38-711 would be affected by this, language was changed to suggest it would be projected unit credit up until June 29, 2016 and thereafter it would be based on methodology determined by the Board. This bill has been assigned to House Rules and is waiting for a full House vote.

SB 1097; ASRS’ Health Insurance Benefits- Proposed by outside tax counsel and is a requirement to obtain a favorable determination letter from the Internal Revenue Service: If a member of the Arizona State Retirement System who is eligible for health insurance premium assistance forfeits the member’s interest in the account before the termination of the ASRS, and amount equal to the forfeiture must be applied as soon as possible to reduce employer contributions to fund premium assistance benefits; Retroactive to July 1, 2013. This bill passed through the House Government and Education Committee. There was no discussion on this item and is awaiting a third read in the House.

SB 1119: ASRS; Purchase of Credited Service- Modifying A.R.S. § 38-743, § 38-744, § 37-745 to reflect the Superior Court decision that Service Purchase is a contractual right protected by Article XXIX of the Arizona Constitution and thus cannot be restricted after one begins participation in ASRS; Also modifying the service purchase statutes to create two tiers regarding the prerequisite by stating that

individuals with a membership date on or after 07/01/2010 must have 5 years of credited service in order to initiate a service purchase request. This bill passed the Government and Higher Education Committee and is awaiting a third read in the full House.

Mr. Ponder explained the following non-ASRS sponsored bills:

HB 2137: ASRS; Employer Termination Incentive Program- Defining “promotion” as a true change in job duties, job title, and position held; and reducing the threshold, from thirty percent to fifteen percent, for salary increases wherein an employer is required to pay the unfunded liability to the ASRS, excluding promotions. This bill is dead for this session.

HB 2351: PSPRS; Fire Chiefs; Eligibility- Changing A.R.S. § 38-842 to state that eligible members of PSPRS must perform hazardous duty, as determined by that individual’s local Board. The employers who were interested in this particular bill have an agreement with PSPRS to not pursue this bill for the remainder of this year until a resolution is identified in the next Legislative session.

HB 2446: Tech Correction; Payment of Assistance- the Board of Regents indicated this bill is intended to be in a budget reconciliation bill. However, this item was not actually included in the budget reconciliation bill. That doesn’t preclude the Board of Regents from providing a study to legislators and the Governor. It is anticipated to be raised in the upcoming legislative session.

HB 2484: Income; Licensing; Patents: Repeal- Requiring ASU to distribute income from licensing and patents is repealed. This bill is on the ASRS bill tracker for tracking purposes only.

SB 1121: ASRS; Participation Opt Out; Continuation- Authorizing persons meeting specified requirements to elect not to participate in the ASRS at any time and removing the date of July 1, 2015 emergency clause. This bill passed the House Government and Higher Education Committee and is awaiting a third read in the full House.

SB 1379: ASU; Public Enterprise University- Authorizing Arizona State University and the Arizona Board of Regents to modify the governing structure of ASU to reestablish it as an autonomous, quasi-public, nonprofit corporate entity. ASU is authorized to establish its own personnel system and its own health insurance plan for employees. This bill is dead.

HB 2320: Firearms; Permit Holders; Public Places- allowing persons with a conceal-and-carry permit to carry a deadly weapon into a public establishment. This bill allows exclusions for universities, community colleges and schools but does not currently include situations like that of the ASRS, where a public entity owns its building and has private tenants. The ASRS is suggesting an amendment to the bill.

