

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 PUBLIC MEETING OF THE ARIZONA STATE RETIREMENT SYSTEM EXTERNAL AFFAIRS COMMITTEE

3300 North Central Avenue, 14th Floor Conference Room
Phoenix, AZ 85012

April 8, 2016
10:30 a.m. Arizona Time

Pursuant to A.R.S. § 38-431.02, notice is hereby given to the Trustees of the Arizona State Retirement System (ASRS) External Affairs Committee (EAC) and to the general public that the ASRS External Affairs Committee will meet on April 8, 2016 beginning at 10:30 a.m. in the 14th Floor Conference Room of the ASRS office, 3300 North Central Avenue, Phoenix, AZ, 85012. Trustees of the Board Committee may attend either in person or by telephone conference call.

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

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

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.....Dr. Richard Jacob
Chair, External Affairs Committee
2. Approval of the Minutes of the March 11, 2016 Public Meeting of the EAC.....Dr. Richard Jacob
3. Presentation, Discussion, and Appropriate Action Regarding Rulemaking.....Ms. Jessica Ross
Rules Writer

Agenda Item #2



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Paul Matson
Director

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

**HELD ON
March 11, 2016
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
Mr. Lorenzo Romero – Via Teleconference

Absent: Mr. Tom Manos

A quorum was present for the purpose of conducting business.

2. Approval of the Public Meeting Minutes of the February 12, 2015 EAC Meeting

Motion: Mr. Kevin McCarthy moved to approve the minutes of the February 12, 2016 Public EAC meeting. Mr. Lorenzo Romero seconded the motion.

By a vote of 3 in favor, 0 opposed, 0 abstained, 1 excused the minutes were approved.

3. Presentation, Discussion and Appropriate Action Regarding Rulemaking and the 2015 and 2016 Regulatory Agenda.

Ms. Jessica Ross provided an update on the rulemaking activities listed on the 2015 and 2016 Regulatory Agendas. An additional layer of approval from the Governor's Office was discussed and was said to be insignificant with regards to delaying the regular rulemaking process.

4. Presentation, Discussion and Appropriate Action Regarding 2016 Legislative Initiatives and Legislation affecting the ASRS

Mr. Nick Ponder presented the ASRS 2016 legislative initiatives and other legislation that may impact the ASRS.

HB2104: ASRS; RETENTION OF CREDITED SERVICE - An employee who is employed with an ASRS employer in a position that was exempt from ASRS membership because the position was not included in agreements providing for the employee's coverage under the federal old-age and survivors insurance system, but on whose behalf the employer has remitted ASRS contributions will retain credited service for the period of employment for which the employer remitted ASRS contributions on the employee's behalf. An amendment has been offered that will allow elected and appointed public officials who are retired from the ASRS to return to work without having their pension suspended.

HB2159: ASRS; RULEMAKING EXEMPTION - The ASRS and the ASRS Board are not subject to the Administrative Procedures Act, except for the uniform administrative hearing procedures, for actuarial assumptions and calculations, investment strategy and decisions, and accounting methodology. This Bill is retroactive to January 1, 1987 and contains a purpose statement. This bill is schedule for Senate Finance Committee next Wednesday at 9 a.m. and Senate Government Committee on Wednesday at 2 p.m. Mr. Ponder has meetings scheduled with several senators and is optimistic it will proceed.

HB2160: ASRS; ELIGIBLE ROLLOVERS: The list of contributions for the payment of credited service purchases that the ASRS Board is permitted to accept is modified to include "direct transfers from" an individual retirement account or individual retirement annuity of an amount that would otherwise be eligible to be rolled over to the ASRS, instead of a "rollover contribution of that portion of a distribution" from those types of accounts. This Bill has passed the Senate Finance Committee without any questions or concerns.

HB2243: ASRS; LTD PROGRAM; LIABILITY - The ASRS, the ASRS Board and ASRS employees are indemnified against liability for any action taken in the performance of their powers and duties, unless the action was intended to cause injury or was grossly negligent. The Bill did not get approved by the House.

SB1037: ASRS; BOARD DELEGATION; BENEFIT DETERMINATIONS - The ASRS Board is permitted to delegate the duty and authority to act on the Board's behalf to a Committee of the Board for the purposes of determining the rights, benefits or obligations of any person and for related administrative hearings. The Bill passed the House Government and Higher Education Committee.

SB1038: ASRS; REINSTATEMENT; CONTRIBUTION AMOUNT - A member of the ASRS who is reemployed by an ASRS employer is permitted to redeposit the amount of the contributions that the ASRS paid, instead of that the member received, at the time of the member's separation from service, with interest. The bill passed the House and Government and Higher Education Committee.

SB1144: ASRS; CONTRIBUTIONS; ADJUSTMENTS - If more than the correct amount of employer or member contributions is paid into the ASRS through a mistake of law, the ASRS is required to return those contributions to the employer upon request through an employer credit. If less than the correct amount of employer or member contributions is paid into the ASRS by an employer, members who are inactive, retired or on long-term disability must make required payments using after-tax income and a personal check, cashier's check or money order. The bill passed through the Government and Higher Education Committee by a 6 to nothing vote.

SB1151: ASRS; CONTINUATION – The statutory life of the ASRS Board and Director is extended eight years to July 1, 2024. It is retroactive to July 1, 2016. This bill passed in the Government and Higher Education Committee by a 7 to nothing vote.

HB2115: PUBLIC EMPLOYEES; MISAPPROPRIATION; PENALTY - An individual who misappropriates public monies is not eligible to receive a severance payments, annuity benefits, or other monies otherwise payable by the public agency. NOTE: The term "pension benefits" was removed from the language regarding losing eligibility. This clause must be included in any future employment contract entered into by a public agency after the effective date of this legislation. The bill passed the House

HB2157: ASRS; POLITICAL SUBDIVISION ENTITIES - Employees of "political subdivision entities" (defined in statute) who are hired on or after the effective date of this legislation are excluded from membership in the ASRS. This Bill did not have the votes to move out of the House, therefore, will not proceed.

HB2583: OPEN MEETINGS; AUDIOVISUAL RECORDINGS - All public bodies are required to provide a complete audiovisual recording of all their meetings, including executive sessions, and are required to post the audiovisual recording of a meeting on its website within 24 hours after the meeting. Mr. Ponder stated this bill failed by multiple votes in the House due to financial liability to purchase devices to record and post on the website.

HB2617: ISRAEL; BOYCOTTS; CONTRACTS; INVESTMENTS – “Public entities” (defined) are prohibited from entering into a contract with a company to acquire or dispose of services, supplies, information technology or construction unless the contract includes a written certification that the company is not currently engaged in a boycott of Israel. By April 1 of each year, the State Board of Investment is required to prepare a list of "restricted companies" (defined as companies that boycott Israel) and distribute the list to the State Treasurer and each retirement system. The State Treasurer and each retirement system are required to sell, redeem, divest or withdraw all direct holdings of a restricted company from the assets under their management in an orderly and fiducially responsible manner within three months after receiving the list.

An amendment was offered to require the retention of a list of all known companies who are boycotting Israel. A discussion took place with regards to the ability to compile a list, which Mr. Ponder stated would be a challenge due to the legal liability. This bill was triple assigned. It passed the Finance Committee 4-1 and passed the House Committee.

HB2666: GOVERNOR’S ECONOMIC OPPORTUNITY OFFICE; CONSOLIDATION – Creates the Governor's Economic Opportunity Office (GEOO). It creates the Arizona Finance Authority (AFA) within GEOO. The AFA would establish a non-profit corporation; the Arizona Industrial Development Authority (AIDA). A proposed amendment would require any current ASRS participants who become employed with AIDA to continue participation in the ASRS. The bill passed the House Committee.

HCR2040: STATE MONIES; PROHIBITED INVESTMENTS; TERRORISM: The 2016 general election ballot is to carry the question of whether to amend the state Constitution to prohibit the state, public retirement systems, counties, municipalities and other political subdivisions from contracting with or investing in any legal entity that is invested in or doing business with the government of a country that is designated by the U.S. Department of State on or after January 1, 2015, as a state sponsor of terrorism. Any contract or investment in violation cannot be renewed and must be cancelled or divested at the earliest prudent opportunity. There are some exceptions. This bill is dead for this session and is

not anticipated to come back next session.

SB1257: MISCONDUCT INVOLVING WEAPONS; PUBLIC PLACES: A person who possesses a valid concealed weapons permit is exempt from the prohibition on carrying a concealed weapon in a public establishment other than a vehicle or craft or at a public event. Some exceptions, including for public establishments or events that are a "secured facility" (defined), that are the licensed premises of a liquor licensee, or that are an educational institution.

Mr. Ponder mentioned there were two changes to the bill this year from last year. He also stated there hasn't been any publicly known involvement in this bill from the Governor's Office or the Arizona Department of Administration (ADOA). The bill passed the Senate and is expected to pass the House.

5. Presentation, Discussion, and Appropriate Action Regarding 2015 Public Affairs and Media Relations Activities

Mr. Pat Klein stated the Charter for the External Affairs Committee in the Board Governance Policy Handbook requires an update of the Public Affairs and Media Relations on annual basis. He also mentioned there has been an agency reorganization during 2015 with a delineation of certain activities within the role of communications and media relations activities. Mr. Klein introduced Mr. David Cannella, who stated he has been working with Ms. Pam Vozza, and he and Ms. Vozza reviewed the activities that had taken place during the year.

6. Call to the Public

No requests to speak from the members of the public.

7. Adjournment of the ASRS External Affairs Committee Meeting.

Motion: Mr. Kevin McCarthy moved to adjourn the March 11, 2016 EAC meeting. Dr. Jacob seconded the motion

By a vote of 3 in favor, 0 opposed, 0 abstained, 1 excused the meeting was adjourned.

Dr. Jacob adjourned the public meeting at 11:23 a.m.

Respectfully Submitted by,

Alicia Guzman
Committee Administrator

Date

Pat Klein
Assistant Director, External Affairs Division

Agenda Item #3



ARIZONA STATE RETIREMENT SYSTEM

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Paul Matson
Director

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

FROM: Mr. Patrick M. Klein, Assistant Director, External Affairs Division
Ms. Jessica Ross, Rules Writer

DATE: April 8, 2016

RE: **AGENDA ITEM NO. 3:** Presentation, Discussion and Appropriate Action Regarding Rulemaking

Purpose:

To provide an update on the current rulemaking initiatives the ASRS intends to conduct during the 2016 calendar year.

Recommendation:

No action is recommended at this time.

Background:

Arizona Revised Statutes § 41-1021.02 State agencies; annual regulatory agenda requires each agency to post its agenda for the coming calendar year. The attached 2015 Regulatory Agenda was approved by the committee on December 12, 2014 and lists all the rulemakings the ASRS anticipated promulgating during the 2015 calendar year. The attached 2016 Regulatory Agenda was approved by the committee on November 13, 2016 and lists the rulemakings the ASRS anticipates completing during the 2016 calendar year.

Ms. Jessica Ross, ASRS Rules Writer, will provide a brief update of the status for any rulemaking on the 2015 Regulatory Agenda that has not been completed, as well as a brief update of the status of each rulemaking listed on the 2016 Regulatory Agenda.

Attachments

**ARIZONA STATE RETIREMENT SYSTEM (ASRS)
REGULATORY AGENDA FOR 2015**

Pursuant to A.R.S. § 41-1021.02, the ASRS prepared a regulatory agenda for the 2015 calendar year. Pursuant to A.R.S. § 41-1021.02(D), the ASRS may undertake a rulemaking even if the rulemaking is not included in the annual regulatory agenda.

Rulemakings Expected During 2015

Identification of Rulemaking	Notice of Docket Opening (Expected)	Notice of Proposed Rulemaking (Expected)	Notice of Final Rulemaking (Expected)
<u>2 A.A.C. 8, Art. 1</u> R2-8-104. Definitions	1/6/2015	1/9/2015	5/5/2015
<u>2 A.A.C. 8, Art. 1</u> R2-8-115. Return of Contributions Upon Termination of Membership by Separation from All ASRS Employment by Other Than Retirement or Death; Payment of Survivor Benefits Upon the Death of a Member	3/3/2015	3/6/2015	7/7/2015
<u>2 A.A.C. 8, Art. 1</u> R2-8-116. Reemployment After Retirement	4/1/2015	4/3/2015	9/1/2015
<u>2 A.A.C. 8, Art. 1,</u> <u>Retirement System;</u> <u>Defined Benefit Plan</u>	5/27/2015	5/29/2015	9/1/2015
<u>2 A.A.C. 8, Art. 2, State Retirement Defined Contribution Program</u>	2/4/2015	2/6/2015	6/2/2015
<u>2 A.A.C. 8, Art. 4,</u> <u>Practice and Procedure Before the Board</u>	7/9/2015	7/10/2015	11/3/2015
<u>2 A.A.C. 8, Art. 5,</u> <u>Purchasing Service Credit</u>	8/5/2015	8/7/2015	12/1/2015

Existing Rules Scheduled for Review During 2015

Rules Being Reviewed	Due Date
2 A.A.C. 8, Articles 1, 2, 4, and 5	May 2015

**ARIZONA STATE RETIREMENT SYSTEM (ASRS)
REGULATORY AGENDA FOR 2016**

Pursuant to A.R.S. § 41-1021.02, the ASRS prepared a regulatory agenda for the 2016 calendar year. Pursuant to A.R.S. § 41-1021.02(D), the ASRS may undertake a rulemaking even if the rulemaking is not included in the annual regulatory agenda.

Rulemakings Expected During 2016

Identification of Rulemaking	Notice of Docket Opening (Expected)	Notice of Proposed Rulemaking (Expected)	Notice of Final Rulemaking (Expected)
<u>2 A.A.C. 8, Art. 1</u> R2-8-116. Working After Retirement <ul style="list-style-type: none"> • RTW guide in rule? 	2/5/2016	2/12/2016	5/3/2016
<u>2 A.A.C. 8, Art. 7</u> Contributions Not Withheld	3/11/2016	3/18/2016	6/7/2016
<u>2 A.A.C. 8, Art. 2 (expired)</u> <u>Health Insurance</u> <ul style="list-style-type: none"> • Long-Term Disability • Premium Benefit Eligibility 	4/15/2016	4/22/2016	7/6/2016
<u>2 A.A.C. 8, Art. 6</u> Public Participation in Rulemaking	5/13/2016	5/20/2016	8/2/2016
<u>2 A.A.C. 8, Art. 8</u> Overpayments	6/10/2016	6/17/2016	9/7/2016
<u>2 A.A.C. 8, Art. 3 (reserved)</u> <u>Membership</u> <ul style="list-style-type: none"> • Contributions • Accrual of credited service (higher education credited service) • Apportionment • Delinquency • Compensation • 20/20 criteria and status changes— “intent” / “engaged” 	10/7/2016	10/21/2016	1/4/2017

Existing Rules Scheduled for Review During 2016

Rules Being Reviewed	Due Date
2 A.A.C. 8, Article 6	March 2016
2 A.A.C. 8, Article 7	December 2016

Agenda Item #4



ARIZONA STATE RETIREMENT SYSTEM

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*Paul Matson
Director*

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

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

DATE: April 8, 2016

RE: **AGENDA ITEM NO. 4:** Presentation, Discussion and Appropriate Action Regarding
2016 Legislative Initiatives and Legislation affecting the ASRS

Purpose:

To discuss the ASRS 2016 legislative initiatives and other legislation that may impact the ASRS.

Recommendation:

Information only; no action required.

Background:

The 2016 ASRS Legislative Initiatives will be discussed as will other legislation that may impact the ASRS. A copy of the most recent Bill Tracker will be provided at the meeting or may be accessed through this link: <https://www.azasrs.gov/content/legislation>