

# HOW...

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## **ASRS Employees Deliver Service With PRIDE!**

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### **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 OF THE ARIZONA STATE RETIREMENT SYSTEM EXTERNAL AFFAIRS COMMITTEE

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

September 9, 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 Friday, September 9, 2016, beginning at 10:30 a.m., in the 14<sup>th</sup> Floor Conference Room of the ASRS office, 3300 North Central Avenue, Phoenix, AZ, 85012. Trustees of the Board Committee may attend either in person or by telephone conference call.

This is a 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 May 13, 2016 Public Meeting of the EAC ..... Dr. Richard Jacob
3. Presentation, Discussion, and Appropriate Action Regarding 2017 Legislative Initiatives and Legislation affecting the ASRS ..... Mr. Nick Ponder  
Government Relations Officer

4. Call to the Public.....Dr. Richard Jacob

Those wishing to address the ASRS Committee 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 Committee Administrator. Trustees of the Committee 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 Committee Chair may direct staff to study and/or reschedule the matter for discussion and decision at a later date.

5. Adjournment of the ASRS External Affairs Committee

A copy of the agenda background material provided to Committee 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 September 2, 2016

ARIZONA STATE RETIREMENT SYSTEM

*Signed Copy on File*

*Signed Copy on File*

\_\_\_\_\_  
Alicia Guzman Date  
Committee Administrator

\_\_\_\_\_  
Paul Matson Date  
Director

# Agenda Item #2



# 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  
May 13, 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 4400 East Broadway Boulevard, Suite 200, Tucson, Arizona, 85711.

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

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

Absent: Mr. Lorenzo Romero

A quorum was present for the purpose of conducting business.

### 2. Approval of the Public Meeting Minutes of the April 8, 2015 EAC Meeting

Motion: Mr. Tom Manos moved to approve the minutes of the March 8, 2016 Public EAC meeting. Mr. Kevin McCarthy 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 Agendas

Ms. Jessica Ross provided an update on the rulemaking activities listed on the 2015 and 2016 Regulatory Agendas. In addition, she provided a Rulemaking Timeline Checklist. Mr. Pat Klein explained the purpose of putting the timeline together is to provide more detailed information with regards to the process of rulemaking. It provides an idea of different steps that have to be taken for a rule administratively to get approved. Ms. Ross stated there are no services or functions of the ASRS that are being delayed or held up because of action not yet being taken in terms of rules.

#### **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.

Mr. Ponder stated that the 2016 legislative session adjourned sine die on Saturday, May 7, 2016 at 5:45 a.m. Mr. Ponder addressed the bills that have had some modification as of the last Board meeting, which was held on April 29, 2016.

**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. Also, retroactive to July 1, 2015, at a retired ASRS member's election, the retired member may return to work as a state elected official who is subject to term limits and still be eligible to receive retirement benefits. This bill passed the Senate with an Emergency Measure.

**HB2159: ASRS; RULEMAKING EXEMPTION** - The ASRS and the ASRS Board are not subject to the Administrative Procedures Act for actuarial assumptions and calculations, investment strategy and decisions, and accounting methodology. It is retroactive to January 1, 1987. It contains a purpose statement. This bill passed the Senate

**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. This bill passed the House and is ready for the Governor.

The next two bills were not on the agenda for a vote in the House. They were not Third Read prior to sine die. Mr. Ponder believes this was due to political, operational, administrative, or financial issues and had nothing to do with the bills themselves. The failure of these bills will not affect the activities of the ASRS.

**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 what the member received, at the time of the member's separation from service, with interest. This bill passed the Senate.

**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. This bill passed the Senate.

**SB1151: ASRS; CONTINUATION** - The statutory life of the ASRS Board and Director is extended eight years to July 1, 2024. This bill authorizes the continuation of the ASRS for a period of eight years beginning retroactive to July 1, 2016. This bill passed on May 7. The ASRS received a continuation of eight years.

**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. This bill lost emergency measure, but was voted to be reconsidered. The bill passed on final reading.

**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, and agrees for the duration of the contract to not engage in, a boycott of Israel. Public entities are prohibited from adopting a procurement, investment or other policy that has the effect of inducing or requiring a person or company to boycott Israel. By April 1 of each year, each "public fund" (defined as the State Treasurer or a retirement system) is required to prepare a list of "restricted companies" (defined as companies that boycott Israel) and provide a copy of the list on request. 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 preparing the list. This bill passed the final reading and is ready for the Governor.

Mr. Ponder stated the ASRS is currently working with PSPRS to discuss ways to consolidate resources for the possibility to contract out the gathering of the list. PSPRS is currently outside the procurement code, but has agreed to handle the contract for this service.

**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. The bill was held in House COW on multiple occasions and did not advance to the Senate prior to the March 18, 2016 deadline. The bill is dead for this Legislative Session.

**SB1257: MISCONDUCT INVOLVING WEAPONS; PUBLIC PLACES** - A person who possesses a valid concealed weapons permit is exempt from the prohibition of carrying a concealed weapon in a public establishment 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, that are an educational institution, and a vehicle or craft. This bill returned to the Senate with a minor amendment. The Senate concurred, however, the revote failed. As a result, this bill did not pass.

**HB2703: BUDGET; BRB; GOVERNMENT; FY2016-17** - Makes various policy changes in the operation of state government that impact the budget. The State Board of Investment and State Treasurer are required to take all actions necessary for the distributions to be made from the State Trust Land Fund as required by the State Constitution and State statute. If the Board or the State Treasurer fails to perform those duties, the Governor, the Speaker of the House of Representatives or the President of the Senate is authorized to file an action with the Supreme Court to obtain a writ of mandamus or other appropriate action to compel performance of the Board's or Treasurer's duties. The information that the ASRS Board and PSPRS Board must include in their annual report to the Governor and the Legislature is expanded to include an estimate of the aggregate fees paid for private equity investments, including management fees and performance fees. Retroactive to July 1, 2015, the Arizona Medical Board is authorized to expend a supplemental appropriation from FY2014-

15 in FY2015-16, but is prohibited from expending those monies after June 30, 2016. It makes a supplemental appropriation of \$300,000 from the general fund in FY2015-16 to the Emergency Management Assistance Compact Revolving Fund. The ASRS will now be required to include information on aggregate private equity fees report. The ASRS has provided this information in the past and will continue to provide it in the ASRS Comprehensive Annual Financial Report (CAFR).

**SB1534: BUDGET; BRB; GOVERNMENT; FY2016-17** – This makes various policy changes in the operation of state government that impact the budget. The information that the ASRS Board and PSPRS Board must include in their annual report to the Governor and the Legislature is expanded to include an estimate of the aggregate fees paid for private equity investments, including management fees and performance fees. Retroactive to July 1, 2015, the Arizona Medical Board is authorized to expend a supplemental appropriation from FY2014-15 in FY2015-16, but is prohibited from expending those monies after June 30, 2016. It makes a supplemental appropriation of \$300,000 from the general fund in FY2015-16 to the Emergency Management Assistance Compact Revolving Fund. This bill passed.

After providing the Legislative update, Mr. Ponder stated he has been working closely with Mr. Matson and the Governor's Office to determine the Board make up. Mr. McCarthy and Mr. Connelly were re-nominated to the Board and need to be confirmed or re-nominated again. Paperwork was submitted for a few of the individuals who need to be confirmed. Mr. Ponder will follow up with the Governor's Office for an update on the status of the Board appointments.

#### 5. Call to the Public

No requests to speak from the members of the public.

#### 6. Adjournment of the ASRS External Affairs Committee Meeting.

Motion: Mr. Tom Manos moved to adjourn the May 13, 2016 EAC meeting. Mr. Kevin McCarthy 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 11:02 a.m.

Respectfully Submitted by,

\_\_\_\_\_  
Alicia Guzman  
Committee Administrator

\_\_\_\_\_  
Date

\_\_\_\_\_  
Pat Klein  
Assistant Director, External Affairs Division

\_\_\_\_\_  
Date

# 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  
Mr. Nick Ponder, Government Relations Officer

**DATE:** August 25, 2016

**RE:** **AGENDA ITEM NO. 3:** Presentation, Discussion and Appropriate Action with Respect to Legislative Initiatives

**Purpose:**

Discuss potential ASRS initiatives for the 2017 legislative session, which begins January 9, 2017.

**Recommendation:**

Recommend moving appropriate 2017 legislative initiatives to the ASRS Board for approval.

**Background:**

During the summer, the External Affairs Division (EAD) received legislative suggestions from ASRS staff and Trustees concerning plan design issues; plan inefficiencies, inconsistencies, and inequities; administrative concerns; and others.

The EAD researched and discussed each suggestion in conjunction with Trustees, Executive Management, and other internal staff. Staff is seeking a recommendation to move the items to the full ASRS Board for approval.

(Attachment will be provided at the meeting)