



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
January 27, 2015
4:00 p.m., Arizona Time

The External Affairs Committee (EAC) of the Arizona State Retirement System (ASRS) met in the 14th Floor Conference Room of the ASRS Office, 3300 North Central Avenue, Phoenix, AZ, 85012. Mr. Brian McNeil, Chair, called the meeting to order at 4:00 p.m., Arizona Time.

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

1. Call to Order; Roll Call; Opening Remarks

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

A quorum was present for the purpose of conducting business.

2. Approval of Minutes of the December 17, 2014 EAC Meeting

Motion: Mr. Kevin McCarthy moved to approve the minutes of the December 17, 2014 EAC meeting. Mr. Tom Manos seconded the motion.

By a vote of 4 in favor, 0 opposed, 0 abstained, and 0 excused, the minutes were approved.

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

Mr. Patrick Klein, Assistant Director, External Affairs Division, introduced Mr. Nicholas Ponder, Government Relations Officer, who discussed the bills presented at the January 30, 2015 ASRS Board Meeting, and stated the intent of the January 27, 2015 EAC meeting was to discuss one bill and two additional legislative issues. Mr. Ponder directed the committee's attention to the Bill Tracker and HB 2137, sponsored by Representative

McCune Davis. Mr. Ponder explained that the purpose of HB 2137 is to reduce the percentage which would trigger payment of an unfunded liability to the ASRS if there is an increase in compensation of greater than 30% and that increase is the result of an employer's termination program. In addition to reducing the percentage threshold from 30% to 15%, the word "promotion" would be redefined within the statute as a true change in position, job duties, and job title from the position occupied by the member before the ASRS retirement.

Dr. Richard Jacob raised a question pertaining to the impact HB 2137 would potentially have on teachers who extend their contracts five years from retirement. He requested an update at a future date.

Mr. Ponder discussed two additional legislative initiatives: the first specifically addressed ASRS membership and charging employers an ACR should employers attempt to extract themselves from or circumvent ASRS membership. The Arizona Board of Regents and Arizona State University have set a 2017 deadline for offering an alternate retirement plan that would limit or reduce membership in the ASRS. As a result, the staff would like to suggest that the EAC recommend to the full Board that the ASRS address this issue in the 2015 Legislative Session by requesting to charge an ACR to employers who are moving employees away from the ASRS and who would otherwise have been contributing members. Mr. Ponder explained the ASRS having the ability to charge an ACR would protect the plan from the potential mass departures.

Mr. Kevin McCarthy and Mr. Tom Manos suggested that Mr. Paul Matson, ASRS Director, appropriate members of the Board, and the Board of Regents schedule a meeting to discuss what ASU's intended plan is, who would be eligible and how it would impact the ASRS. Mr. Brian McNeil requested that ASRS staff continue to work on a draft and schedule these meetings as quickly as possible.

Ms. Jothi Beljan, Assistant Attorney General, recommended the Committee move to Executive Session for the purposes of obtaining legal advice regarding service purchase statute amendments and proposed legislation addressing interest.

Motion: Mr. Kevin McCarthy moved that the External Affairs Committee go into Executive Session for the purpose of obtaining legal advice regarding issues pertaining to Service Purchase and issues relating to interest paid on overpayments or charged on underpayments. Mr. Tom Manos seconded the motion.

By a vote of 4 in favor, 0 opposed, 0 abstained, and 0 excused, the motion was approved.

The External Affairs Committee recessed from the Public meeting at 4:23 p.m.

The External Affairs Committee reconvened to Public Session at 4:47 p.m.

Motion: Mr. Tom Manos moved that the External Affairs Committee approve the two additional legislative initiatives (see attached) and recommend that the full Board approve the additional legislative items including Service Purchase and interest language to Arizona Revised Statute § 38-765 and Staff to make all language changes and negotiate as necessary

