

Senate Engrossed

State of Arizona
Senate
Forty-sixth Legislature
First Regular Session
2003

CHAPTER 63

SENATE BILL 1225

AN ACT

AMENDING SECTIONS 38-713 AND 38-718, ARIZONA REVISED STATUTES; RELATING TO
THE ARIZONA STATE RETIREMENT SYSTEM.

(TEXT OF BILL BEGINS ON NEXT PAGE)



1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 38-713, Arizona Revised Statutes, is amended to
3 read:

4 38-713. ASRS board; qualifications; term; compensation

5 A. The ASRS board is established consisting of the following nine
6 members appointed by the governor pursuant to section 38-211:

7 1. Five members from among the members of ASRS to represent the
8 members of ASRS as follows:

9 (a) An educator.

10 (b) An employee of a political subdivision.

11 (c) A retired member.

12 (d) An employee of this state.

13 (e) An at large member who may represent any ASRS member group.

14 2. Four members who are not members of ASRS to represent the public.

15 B. Four of the members shall have at least ten years' substantial
16 experience as any one or a combination of the following:

17 1. A portfolio manager acting in a fiduciary capacity.

18 2. A securities analyst.

19 3. An employee or principal of a trust institution, investment
20 organization or endowment fund acting either in a management or an investment
21 related capacity.

22 4. A chartered financial analyst in good standing AS DETERMINED BY THE
23 ASSOCIATION FOR INVESTMENT MANAGEMENT AND RESEARCH.

24 5. A professor at the university level teaching economics or
25 investment related subjects.

26 6. An economist.

27 7. Any other professional engaged in the field of public or private
28 finances.

29 C. Each member who represents an ASRS member group shall have not less
30 than five years of administrative management experience.

31 D. The following persons are not eligible for membership on the board:

32 1. A person who is a stockbroker or bond broker and who is actively
33 engaged in the profession of a stockbroker or bond broker.

34 2. A person who holds a real estate license pursuant to title 32,
35 chapter 20.

36 E. A member may be reappointed. Vacancies occurring other than by
37 expiration of a term shall be filled for the balance of the term in the same
38 manner as for initial appointment. On the expiration of any term, the
39 governor shall appoint a successor for a full term of three years that
40 expires on the third Monday in January of the appropriate year.

41 F. Board members are eligible to receive compensation for performing
42 their duties in an amount of fifty dollars a day, but not more than one
43 thousand dollars in any one fiscal year, and are eligible for reimbursement
44 of expenses pursuant to chapter 4, article 2 of this title.

1 Sec. 2. Section 38-718, Arizona Revised Statutes, is amended to read:
2 38-718. Investment management; qualifications; term; removal;
3 general powers and duties

4 A. The board shall appoint investment management. Investment
5 management shall have:

6 1. The highest professional and fiduciary recommendations.
7 2. Not less than five years' experience at handling investments of not
8 less than ten per cent of the total assets of ASRS per year.

9 3. Had responsibility for investment decision making as an insurance
10 company investment fund, an investment division of a bank, a mutual fund, an
11 investment organization, a pension fund or an investment adviser WHO IS
12 designated as a chartered financial analyst by the institute of chartered
13 ~~financial analysts~~ ASSOCIATION FOR INVESTMENT MANAGEMENT AND RESEARCH.

14 B. A bank serving as investment management does not have a conflict
15 of interest because it is also a depository in which ASRS monies are
16 deposited.

17 C. The board shall appoint the investment management for a term of one
18 year and may appoint the investment management to succeeding terms. The
19 board may remove investment management for not complying with this article
20 or for failure to comply with or adhere to the board's investment goals,
21 objectives or policies.

22 D. Investment management:

23 1. Has the sole authority to invest and reinvest in the name of ASRS
24 all ASRS monies assigned to investment management and shall purchase and sell
25 in the name of ASRS any of the securities and investments held by ASRS under
26 this article.

27 2. Is responsible for making and executing all investment decisions.

28 3. Shall be multiple.

29 E. Investment management shall not directly or indirectly:

30 1. Have an interest in making an investment or purchasing annuities
31 from a private insurer or in the gains or profits accruing from an investment
32 or annuities.

33 2. As investment management or as agent or partner of others borrow
34 monies, funds or deposits of ASRS or use monies, funds or deposits in any
35 manner except as directed under this article.

36 3. Be an endorser, surety or obligor on investments made under this
37 article.

38 F. Subject to the limitations in section 38-719, the board may
39 authorize the director to make investments that are designated by the board
40 and that do not exceed fifty per cent of the assets of the investment account
41 measured at cost.



1 G. For the purpose of exercising the investment responsibilities
2 prescribed in this section, the board may enter into contracts to receive
3 market data and other market information from securities, commodities,
4 options and monetary exchanges. These contracts may be interpreted and
5 enforced under the laws of a jurisdiction other than this state and are not
6 subject to section 35-214 or 38-511 or title 41, chapter 23.

APPROVED BY THE GOVERNOR APRIL 14, 2003.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 14, 2003.



Passed the House April 8, 20 03,

by the following vote: 53 Ayes,

1 Nays, 6 Not Voting

Joe Flake
Speaker of the House

Cheryl Laube
Asst. Chief Clerk of the House

Passed the Senate February 26, 20 03,

by the following vote: 30 Ayes,

0 Nays, 0 Not Voting

Ken Bennett
President of the Senate

Charmain B. Denton
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this

8 day of April, 2003

at 2:50 o'clock P M.

Sandra Ramsey
Secretary to the Governor

Approved this 14 day of

April, 2003,

at 8⁵⁵ o'clock A M.

J. T. Ayik
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State

this 14 day of April, 2003

at 10:55 o'clock A M.

Janice K. Brewer
Secretary of State

S.B. 1225