

State of Arizona
House of Representatives
Forty-seventh Legislature
First Regular Session
2005

CHAPTER 161

HOUSE BILL 2562

AN ACT

AMENDING SECTION 38-714, ARIZONA REVISED STATUTES; AMENDING TITLE 38, CHAPTER 5, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 38-716; 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 38-714, Arizona Revised Statutes, is amended to
3 read:

4 38-714. Powers and duties of ASRS and board

5 A. ASRS shall have the powers and privileges of a corporation, shall
6 have an official seal and shall transact all business in the name "Arizona
7 state retirement system", and in that name may sue and be sued.

8 B. The board is responsible for supervising the administration of this
9 article by the director of ASRS, except the investment powers and duties of
10 investment management.

11 C. The board is responsible for the performance of fiduciary duties
12 and other responsibilities required to preserve and protect the retirement
13 trust fund established by section 38-712.

14 D. The board shall:

15 1. Prescribe investment goals, objectives and policies that are
16 consistent with the purposes of this article and the limitations and standard
17 of care prescribed in section 38-719, subsection B.

18 2. Allocate assets to meet the investment goals, objectives and
19 policies it prescribes.

20 3. Adopt specific policy directives for the guidance of investment
21 management.

22 4. Meet with each investment manager at least annually or at the
23 request of a board member to review the investment manager's performance and
24 the investment manager's attainment of and adherence to the board's
25 investment goals, objectives and policies.

26 E. The board shall not advocate for or against legislation providing
27 for benefit modifications, except that the board shall provide technical and
28 administrative information regarding the impact of benefit modification
29 legislation.

30 F. The board may:

31 1. Determine the rights, benefits or obligations of any person under
32 this article and afford any person dissatisfied with a determination a
33 hearing on the determination.

34 2. Determine the amount, manner and time of payment of any benefits
35 under this article.

36 3. Assign, transfer and deliver all stocks, bonds and other
37 investments owned by ASRS if it is not inconsistent with or does not in any
38 way contravene the authority of investment management for investing,
39 reinvesting, purchasing and selling stocks, bonds and other investments.

40 4. Recommend amendments to this article and articles 2.1 and 7 of this
41 chapter that are required for efficient and effective administration.

42 5. Adopt, amend or repeal rules for the administration of this
43 article.

1 6. Prescribe investment diversification programs and assign investment
2 management responsibilities regarding those programs as it deems appropriate
3 to achieve its investment goals, objectives and policies.

4 G. The board shall submit to the governor and legislature for each
5 fiscal year no later than eight months after the close of the fiscal year a
6 report of its operations and the operations of ASRS. The report shall follow
7 generally accepted accounting principles and generally accepted financial
8 reporting standards and shall include:

9 1. A report on an actuarial valuation of ASRS assets and liabilities.

10 2. Any other statistical and financial data that may be necessary for
11 the proper understanding of the financial condition of ASRS and the results
12 of board operations.

13 3. ON REQUEST OF THE GOVERNOR OR THE LEGISLATURE, A LIST OF
14 INVESTMENTS OWNED. THIS LIST SHALL BE PROVIDED IN ELECTRONIC FORMAT.

15 H. The board shall:

16 1. Prepare and publish a synopsis of the annual report for the
17 information of ASRS members.

18 2. Contract for a study of the mortality, disability, service and
19 other experiences of the members and employers participating in ASRS. The
20 study shall be conducted for fiscal year 1990-1991 and for at least every
21 fifth fiscal year thereafter. A report of the study shall be completed
22 within eight months of the close of the applicable fiscal year and shall be
23 submitted to the governor and the legislature.

24 3. Conduct an annual actuarial valuation of ASRS assets and
25 liabilities.

26 I. The auditor general may make an annual audit of ASRS and transmit
27 the results to the governor and the legislature.

28 Sec. 2. Title 38, chapter 5, article 2, Arizona Revised Statutes, is
29 amended by adding section 38-716, to read:

30 38-716. Reports; global security risk

31 ASRS SHALL SUBMIT A REPORT ON OR BEFORE JANUARY 31 OF EACH YEAR TO THE
32 SENATE FINANCE COMMITTEE AND THE HOUSE OF REPRESENTATIVES GOVERNMENT
33 COMMITTEE AND WAYS AND MEANS COMMITTEE, OR THEIR SUCCESSOR COMMITTEES, THAT
34 INCLUDES A LIST OF THOSE UNITED STATES COMPANIES HELD IN THE FUND, IF ASRS
35 CAN MAKE SUCH A DETERMINATION FROM PUBLIC INFORMATION, AND THAT HAVE OR THAT
36 ARE REASONABLY KNOWN BY ASRS TO HAVE BUSINESS ACTIVITIES IN OR WITH COUNTRIES
37 IDENTIFIED AS THOSE COUNTRIES CURRENTLY DESIGNATED PURSUANT TO SECTION 6(j)
38 OF THE EXPORT ADMINISTRATION ACT, AND THE TOTAL AMOUNT INVESTED IN EACH
39 COMPANY.

APPROVED BY THE GOVERNOR APRIL 20, 2005.

FILED IN THE OFFICE OF THE SECRETARY OF STATE APRIL 20, 2005.

Passed the House March 14, 2005,

Passed the Senate April 12, 2005,

by the following vote: 53 Ayes,

by the following vote: 30 Ayes,

2 Nays, 5 Not Voting

0 Nays, 0 Not Voting

[Signature]
Speaker of the House

[Signature]
President of the Senate

[Signature]
Chief Clerk of the House

[Signature]
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

~~This Bill was received by the Governor this
_____ day of _____, 20____,
at _____ o'clock _____ M.

Secretary to the Governor~~

~~Approved this _____ day of
_____, 20____,
at _____ o'clock _____ M.

Governor of Arizona~~

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State
this _____ day of _____, 20____,
at _____ o'clock _____ M.

Secretary of State

H.B. 2562

HOUSE CONCURS IN SENATE
AMENDMENTS AND FINAL PASSAGE

April 14, 2005,

by the following vote: 56 Ayes,

0 Nays, 4 Not Voting



Speaker of the House
Pro Tempore
Norman L. Moore
Chief Clerk of the House

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill was received by the Governor this
15th day of April, 2005,

at 9:00 o'clock a. M.

Jennifer Ibarra
Secretary to the Governor

Approved this 20 day of

April, 2005,

at 2¹⁰ o'clock P. M.

J. R. Nye
Governor of Arizona

H.B. 2562

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill was received by the Secretary of State
this 20 day of April, 2005,

at 4:10 o'clock P. M.

Janice K. Brewer
Secretary of State