

EXECUTIVE DIRECTOR UPDATE

Week 11 of the 91st General Assembly March 24, 2017

Overview of Week 11 of the 91st General Assembly In the Final Stretch

Week 11 was a week of activity on many fronts for ATRS and now, we are in the final stretch of the legislative session. Legislators are working very hard and diligently to complete the session within the next 1-2 weeks. Of ATRS' 20 bill legislative package, currently fourteen (14) bills are now law, two additional (2) bills have passed both chambers and are on the Governor's desk, three (3) more bills have passed one chamber and are on the calendar of the second chamber, and one final (1) bill remains in the Retirement Committee.

As the session nears an end, ATRS would again like to express appreciation to the following list of legislators who sponsored legislation on behalf of ATRS. Retirement legislation is always complex and difficult to sponsor. These legislators made a special effort to help ATRS:

Senator Ronald Caldwell
Senator Eddie Cheatham
Senator John Cooper
Senator Bart Hester
Senator Jeremy Hutchinson
Senator Bill Sample
Senator Bruce Maloch

Representative Bruce Coleman
Representative Gary Deffenbaugh
Representative John Maddox
Representative Johnny Rye

In addition to the sponsors listed above, several legislators worked especially hard to assist ATRS. The first thank you should always go to the members of the Joint Retirement Committee that must meet early on Monday mornings and come to the Capitol early to hear retirement legislation. Here is a list of the twenty (20) committee members by chamber:

2017 Senate Members of Retirement Committee

Senator Bart Hester, Chair	Cave Springs
Senator Blake Johnson, Vice Chair	Corning
Senator Larry Teague	Nashville
Senator Joyce Elliott	Little Rock
Senator Jason Rapert	Conway
Senator Bill Sample	Hot Springs
Senator Jeremy Hutchinson	Little Rock
Senator Eddie Cheatham	Crossett
Senator Linda Chesterfield	Little Rock
Senator Jane English	North Little Rock

2017 House Members of Retirement Committee

Representative Douglas House, Chair	North Little Rock
Representative Gary Deffenbaugh, Vice Chair	Van Buren
Representative David Meeks, Chair	Conway
Representative Fred Allen	Little Rock
Representative Ron McNair	Alpena
Representative Bob Johnson	Jacksonville
Representative Bruce Coleman	Mountainburg
Representative Clint Penzo	Springdale
Representative Johnny Rye	Trumann
Representative Les Warren	Hot Springs

Update on Five Substantive Bills Affecting ATRS Law

In a previous update, we reported that **four (4)** additional bills have been filed (**not part of the ATRS package**) with substantive language that would change laws affecting ATRS and its members. HB1290 (now Act 241 of 2017) is a modification of the 5 year look back law, and HB1355 (now Act 265 of 2017) is a technical correction bill on behalf of the Code Revision Commission that only clarifies language such as changing "the system" to the "Arkansas Teacher Retirement System" and has no operational or fiscal impact. One bill was withdrawn from consideration. The two (2) bills that became Acts either were amended at the request of ATRS to remove concerns or were technical in nature without any concern when introduced.

Two (2) other bills have been introduced regarding Investments and Israel. Neither should have any impact in ATRS investment returns. One bill prevents ATRS from refusing to invest in a company because it is located in Israel. That is not an issue since ATRS has not engaged in "social investing" and uses the prudent investor rule focused on a risk return balance to achieve required rates of return without regard to the location of the investment. A second bill concerning Israel creates a process to divest from companies that target activity against Israel. Based upon what ATRS has seen, these types of companies are in countries and have investment techniques that would almost never meet the ATRS investment requirements in any events.