STATE OF ARIZONA

JANICE K. BREWER
GOVERNOR

EXECUTIVE OFFICE

April 11, 2012

The Honorable Andy Tobin
Speaker of the House
Arizona House of Representatives
1700 W. Washington
Phoenix, Arizona 85007

RE: House Bill 2088 (ASRS; amendments)

Dear Speaker Tobin,

Today I vetoed House Bill 2088, which would have made significant changes to the Arizona State Retirement System. I respect how much work Representative Robson invested in this legislation. I also appreciate the importance of many of the problems that he and his colleagues have attempted to remedy. However, I am concerned about certain provisions of this bill.

This legislation exempts ASRS from all procurement oversight and rules including audit and termination protections, an exemption that could impact approximately billions of dollars in contracts. Our procurement and risk management offices have worked with ASRS for years to provide them the special flexibility they need to successfully operate in the financial markets, while retaining the safeguards provided under Arizona laws. This balance has worked and can continue to work. While following State procurement rules can be burdensome at times, the protections they provide, especially in contractual disputes are critical to every one of our retirees. I am open to providing additional flexibility to ensure the ASRS Board has the ability to properly manage these public funds. However, exempting ASRS from procurement oversight and rules is a step too far.

HB 2088 also makes changes to the governance of ASRS by transferring general oversight of the system away from the Board to ASRS, presumably to staff. This change, while intended to clarify ASRS governance, instead clouds it and potentially weakens the authority of the Board.

For these reasons I have vetoed of HB 2088.

Sincerely,

Janice K. Brewer

Janice K. Brewer
Governor

cc: The Honorable Steve Pierce
The Honorable Bob Robson

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