Retirement system steadily climbing back to financial health

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As the chairman of the Public Safety Personnel Retirement System's Board of Trustees — and as a Phoenix firefighter since 1983 — I've watched closely for years as politicians and pundits have "debated" the health of PSPRS and the state's public worker retirement system. The more inflammatory sound bites and headlines we subject taxpayers to on this critical issue, the more I am reminded of the words of the late U.S. Senator Daniel Patrick Moynihan.

"You're entitled to your own opinion," he famously explained, "but you are not entitled to your own facts."

While I've heard various misinformed opinions about the practices, policies and fiscal health of PSPRS, I have not heard much in the way of fact. I write to change that, because I strongly believe there's a story here that's not being told. What am I talking about specifically?

You likely have seen Arizona Republic stories and other reports questioning PSPRS' investment practices. The facts you're not hearing? Late last year, the Arizona Auditor General's Office undertook a comprehensive review of these policies — at the request of PSPRS. The auditors found that PSPRS had properly valued assets and effectively managed its funds. They requested only minor changes in valuations for the future.

In other words, after a thorough, independent review, the fund's management was deemed sound. Not a single allegation of law-breaking was deemed valid by a team of experienced auditors.

You also have heard accusations of wrongdoing concerning the valuation of properties in the PSPRS investment portfolio. These claims, most of them made by angry former employees of the trust, have no basis in fact. PSPRS investment staff do not value portfolio properties; rather, these valuations are handled by the portfolio's general partner. Their valuations undergo review by two sets of independent consultants — accounting experts from Ernst & Young and real estate expert consultants from ORG Portfolio Management — to ensure the valuations and methodologies comply with industry standards and that the results produced are reasonable. Once that process is complete, the methodology and valuations are further reviewed by independent, external auditors at Heinfeld Meech & Co.

Like PSPRS' investment practices, the valuation process was reviewed by the Auditor General's Office, which found absolutely no wrongdoing. And, contrary to recent media reports, our investment staff did not receive incentive bonus payments in 2012 as a result of the system's investment performance, which would have been tied to the Dec. 31, 2011, real estate valuations.

Finally, complaints made by those angry former employees continue to generate headlines and

sound bites from the political chattering class. The Board of Trustees hired the respected law firm Lewis and Roca to investigate this blitz of accusations. We have spent countless hours and significant financial resources conducting this independent review. The board has followed up on all of the investigations' recommendations. We have taken the matter seriously.

Of course, facts that fail to square with the opinion that PSPRS is in a shambles often get conveniently buried these days. Did you know the fund's $6 billion in investments earned a 14 percent return last year? Probably not. Have you heard that when ranked against our 58 peer public funds, the total performance of PSPRS over the past three fiscal years ranks in the top 10 percent nationwide? Doubtful.

These are the facts about PSPRS. I believe they tell the story of a well-managed, law-abiding investment fund hit hard by two back-to-back Wall Street financial collapses, but that's steadily climbing back to sound financial health. I believe these facts deserve careful consideration and a place in the public eye. But, to be perfectly honest, that's just my opinion.

— Brian Tobin is a Phoenix firefighter and the chairman of the Public Safety Personnel Retirement System's Board of Trustees.

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