



## Weekly Clips, Friday January 22, 2016

Texas Pension Review Board

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## PRB PLANS

### **Texas Teachers to assign \$1.3 billion to emerging managers over next 3 years**

January 19, 2016, By Christine Williamson

Texas Teacher Retirement System, Austin, pledged an additional \$1.3 billion for investment in emerging money managers.

R. David Kelly, chairman of the board of trustees, revealed the news about the \$125.3 billion pension funds add-on commitment to emerging managers at the 2016 Emerging Managers Conference on Jan. 13. TRS co-sponsored the event with the \$25.4 billion Texas Employees Retirement System, Austin.

The incremental allocation will go to new emerging managers and to increase the amount managed by existing managers in the program over the next three years, Mr. Kelly said in a news release.

The new allocation will be distributed over the next three years through fiscal year 2018. TRS's emerging manager program totaled \$1.3 billion as of Sept. 30, said Rhonda Price, a TRS spokeswoman, in an e-mail.

### [Pensions & Investments](#)

### **Austin Police taps new executive director**

January 21, 2016, By Meaghan Kilroy

**Pattie Featherston** was named executive director/CEO of the Austin (Texas) Police Retirement System, said Tim Atkinson, chairman of the pension fund board.

Ms. Featherston will start in early February. She replaces **Sampson Jordan**, who retired Dec. 18. **Stephanie Willie**, deputy director, filled in as acting executive director/CEO.

### [Pensions & Investments](#)

## TEXAS ECONOMIC INDICATORS

### **Crashing oil prices hit former Texas boomtowns**

January 21, 2016, By Rick Jervis

PEARSALL, Tex. . Back when the oil money flowed, the Location 581 Saloon would be crammed with pipefitters, welders, derrick hands, truck drivers and all sorts of oilfield workers . as many as 35 of them a night together shelling out more than \$2,000 for drinks and good times.

These days, the bar in this South Texas city 50 miles southwest of San Antonio sits mostly empty, except for a few locals. On a recent early evening, three clients sat at the bar. Only two were drinking.

“It’s just like a ghost town again,” said Troy Reeves, the bar’s owner.

## [USA Today](#)

### **Texas comptroller Glenn Hegar says of plunging oil prices: “At some point ... there ain’t no more jobs to shed”**

January 21, 2016, By Robert T. Garrett

The biggest hit to Texas revenue and budget outlook resulting from recent economic jitters has come and gone, state Comptroller Glenn Hegar said Thursday.

Hegar, the state’s chief tax collector and revenue prognosticator, projected an air of calm as stock markets slid and oil prices tanked this week.

Despite oil’s plunge to less than \$27 a barrel Wednesday, Hegar said his October revenue estimate revision still looks good because the Texas economy has already absorbed most of the negative effects of an oilfield slowdown.

## [The Dallas Morning News](#)

# **LEGAL PROCEEDINGS, LAWS & REGULATIONS**

### **Abbott pledges to expand ban on Texas investments in Iran**

January 18, 2016, By Mike Ward

AUSTIN · Texas Gov. Greg Abbott on Monday called for the state’s partial ban on investment in Iran to be expanded to include all state agencies and local governments, despite the lifting of years-long economic sanctions on the Islamic country by the United States and the European Union last weekend.

Abbott, who was in Israel on a trip to attract foreign trade and investors to Texas, told Israeli Prime Minister Benjamin Netanyahu that he will push for new laws during the 2017 legislative session to prohibit state agencies and local municipalities from investing in Iran. Abbott also wants to force government treasurers to divest existing investments.

Under a state law enacted in 2013, only state retirement and pension funds are currently prohibited from making investments in Iran, officials said.

Just how much of a difference an expanded ban could make for Texas agencies and local governments remained unclear Monday. Most Iranian investments were divested under sanctions imposed by the federal government starting more than 35 years ago · after U.S. embassy workers were taken hostage in Tehran during the 1979 Islamic Revolution.

## [San Antonio Express-News](#)

## **Abbott directs pension systems against Iran investments**

January 20, 2016, By Mike Ward

AUSTIN -- Underscoring his demand that no state taxpayer money go to Iranian investments, Gov. Greg Abbott on Wednesday ordered the heads of five top pension systems to stay away from such investments, even as federal sanctions have been softened.

Under a state law, state retirement funds are prohibited from having investments in companies that conduct business with Iran or supplying military equipment to Iran. But that ban is lifted if the federal government lifts its sanctions against the Mideast nation.

In a two-page letter, Abbott told heads of the Employees Retirement System of Texas, the Teacher Retirement System of Texas, the Texas Municipal Retirement System, the Texas County and District Retirement System and the Texas Emergency Services Retirement System that the state ban remains in effect because federal sanctions have only partially been lifted.

### [Houston Chronicle](#)

## **Judge Nixes Cigna's Pension Math in Long-Running Case**

January 20, 2016, By Jacklyn Wille

In the latest installment of a 15-year legal battle, a federal judge ordered Cigna Corp. to change the way it calculated its workers' pension benefits, despite noting that the ruling would cause the company to make some overpayments (Amara v. CIGNA Corp., D. Conn., No. 3:01-cv-02361-JBA, 1/14/16).

The lawsuit- which challenged Cigna's 1998 decision to convert its workers' retirement benefits from a traditional defined benefit pension plan to a cash balance plan- ultimately resulted in a seminal U.S. Supreme Court case on judicial remedies under the Employee Retirement Income Security Act, along with a court ruling awarding plan participants increased benefits. In this most recent decision, Judge Janet Bond Arterton of the U.S. District Court for the District of Connecticut Jan. 14 rejected several of Cigna's proposed methods for calculating the pension benefits it owes workers under the previous court rulings in this case.

### [Bloomberg BNA](#)

# **NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION**

## **Measure to curb California public pensions is pulled – for now**

January 18, 2016, By Jon Ortiz

Beleagued by fundraising doubts and attacks from organized labor, two former California officials said Monday they are backing off plans to place a measure on the November ballot intended to curb public pension benefits.

Instead, former San Jose Mayor Chuck Reed and former San Diego Councilman Carl DeMaio said in a joint announcement, "We have decided to re-file at least one of our pension reform measures later this year for the November 2018 ballot."

### [The Sacramento Bee](#)

## **Report: N.C. pension fund faces a shortfall 10 times current estimates**

January 20, 2016, By Jason deBruyn

The 900,000 state employees in the North Carolina pension fund might face a bleaker picture than they realize.

According to a research report published by the Mercatus Center at George Mason University, the state's main pension system faces a \$34.5 billion shortfall, many times higher than what the state estimates through the Treasurer's office.

The state treasurer's valuations of future fund earnings and liabilities have been overly optimistic, leading the state to underfund its pension system and endanger its future fiscal health, according to the report.

### **[Charlotte Business Journal](#)**

## **Pension fund for Baltimore workers struggles as fund for elected officials improves**

January 20, 2016, By Luke Broadwater

As the pension fund for Baltimore's rank-and-file workers continued to struggle in 2015, the fund for city elected officials posted a large improvement, new reports released Wednesday said.

On Wednesday, the Employees' Retirement System - on which thousands of rank-and-file workers and retirees rely - reported it has less than 68 percent of the assets needed for its long-term liabilities. That is below the threshold that investment analysts consider "fiscally sound." The unfunded liability for municipal workers now stands at \$721 million, the city said.

### **[The Baltimore Sun](#)**

# **WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION**

## **Japan Makes Plans for Pension Fund to Invest in Stocks**

January 18, 2016, By Eleanor Warnock

TOKYO. Japan's government is preparing legislation that would allow its \$1.1 trillion public pension reserve fund to directly buy and sell stocks, a plan that is sparking divisions over the state fund's role in private markets.

The Government Pension Investment Fund currently entrusts its stock-investment money to outside managers. The welfare ministry plans to present a plan for direct investment to parliament this spring, though legislation might take until later in the year to pass, say politicians and government officials.

The change would mark another step in the GPIF's transformation from a conservative investor into one that resembles other global pension and sovereign-wealth funds. Prime Minister Shinzo Abe has encouraged the shift to reinvigorate Japan's financial markets and improve corporate governance.

### **[The Wall Street Journal](#)**

## **As Israel's tech sector booms, its pension funds miss out**

January 18, 2016, By Tova Cohen and Steven Scheer

Israel's pension funds are facing calls to invest more in the country's thriving high-tech sector, with complaints growing that the Israeli public is missing out while foreign investors reap the returns of the country's technology boom.

Burned by the tech bubble that burst in 2000 and hampered by regulatory constraints, Israeli pension funds have shied away from high tech over the past decade, during which billions have been generated from high-profile takeovers or flotations.

Now, with pension funds posting sluggish returns of between 2 and 3.6 percent during 2015, bankers, venture capitalists and entrepreneurs are saying they should put more into the country's best performing industry.

### **Reuters**

## **Greece Must Improve Pension Bid to Win Debt Ease, Moscovici Says**

January 20, 2016, By Rebecca Christie and Jonathan Ferro

Greece must improve its pension proposals in order to move ahead with its bailout program and start discussions on easing its debt burden, European Union Economic Affairs Commissioner Pierre Moscovici said.

Greek Prime Minister Alexis Tsipras needs to offer more precise parameters on his nation's plan to overhaul the pension system, Moscovici said in an interview at the World Economic Forum in Davos, Switzerland. So far, Greece has a comprehensive and positive first draft that needs to be fleshed out, he said.

We need first to have that pension reform -- I want that to happen as fast as possible, Moscovici said. That would pave the way for finishing the bailout program's first overall review and after that, we might discuss about re-profiling of the Greek debt by lowering the debt service burden, he said.

### **Bloomberg**

## **World's Biggest Pension Fund Gets More Freedom on Manager Hiring**

January 19, 2016, By Anna Kitanaka and Shigeki Nozawa

The world's largest pension fund is about to get the freedom to add new asset managers when it sees fit, rather than waiting until the end of the incumbents' three-year terms.

The \$1.2 trillion Government Pension Investment Fund will adopt the new system from the fiscal year starting April, it said in a report published on its website Wednesday. Investment firms will be able to apply to oversee the fund's money at any time, the report said, as GPIF seeks to attract top managers. The fund currently waits too long to review external hires, the minutes of the fund's November investment committee meeting also released today said, citing an unnamed official.

### **Bloomberg**

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