



Pension Review Board Weekly Clips

December 12 – 18, 2015

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PRB PLANS

Texas Teachers earmarks \$545 million for 4 managers

December 14, 2015, CHRISTINE WILLIAMSON

Texas Teacher Retirement System, Austin, committed a total of \$545 million to four alternative investment funds in November, said a transaction report from the \$132 billion pension fund.

From the pension fund's real asset portfolio, \$250 million was committed to Stonepeak Infrastructure Fund II, a U.S.-focused strategy managed by Stonepeak Infrastructure Partners. LaSalle Genco, a core U.S. domestic real estate separate account managed for TRS by LaSalle Investment Management, received a \$145 million commitment.

In private equity, \$100 million was committed to Blackstone Capital Partners VII Co-Invest Star, a U.S. large buyout opportunity strategy managed by Blackstone Group. The pension fund also committed \$50 million to Stellex Capital Partners, managed by Stellex Capital Management, to invest in U.S. credit and special situations opportunities.

The TRS transaction report was provided by Juliana Fernandez Helton, a TRS spokeswoman, by e-mail.

[THIS IS THE ENTIRE ARTICLE](#)

[Pensions & Investments](#)

Dallas police and fire pension attorney who paid for 'forensic trace' on Scott Griggs resigns

December 14, 2015 ROBERT WILONSKY

Attorney Gary Lawson, who last week was accused of signing off on a private online investigation of a Dallas City Council member, has resigned as counsel for the Dallas Police and Fire Pension System.

The apparent forensic trace of council member and pension board member Scott Griggs appeared on an invoice drafted at a time when Griggs was vocally criticizing the troubled fund's leadership and underperforming investments, including Museum Tower.

[Dallas Morning News](#)

Texas Municipal allocates \$1.75 billion to direct lending, real-return managers

December 15, 2015, MEAGHAN KILROY

Texas Municipal Retirement System, Austin, allocated \$1.75 billion total to seven managers, spokesman Bill Wallace said in an e-mail.

Of that, \$950 million total was allocated to four direct lending managers - Golub Capital, H.I.G. WhiteHorse TCW Group and White Oak Global Advisors. Golub and TCW will each manage \$300 million; White Oak, \$200 million; and H.I.G WhiteHorse, \$150 million.

Funding will come from the core fixed-income portfolio with no terminations, Mr. Wallace said. Further information on the funding could not be learned by press time.

[Pensions & Investments](#)

Texas County & District commits additional \$15 million to Summit Partners fund

December 15, 2015, CHRISTINE WILLIAMSON

Texas County & District Retirement System committed an additional \$15 million to Summit Partners Venture Capital Fund IV-A, bringing the total earmarked for the fund to \$50 million, said a transaction report on the \$25.2 billion pension funds website.

The Austin-based fund made an initial \$35 million commitment to the fund in August.

The additional allocation to the venture capital fund from the private equity allocation brings the pension funds total commitments to Summit Partners funds to \$230 million.

Prior commitments, according to transaction reports, are Summit Partners Growth Equity Fund IX-A, \$50 million in August 2015; Summit Partners Credit Fund II, \$50 million in October 2013; Summit Partners Venture Capital Fund III-A, \$10 million in March 2013; Summit Partners Credit Fund I, \$40 million in October 2011; and Summit Partners Growth Equity Fund VIII-A, \$30 million, in March 2011.

[THIS IS THE ENTIRE ARTICLE](#)

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TEXAS ECONOMIC INDICATORS

Economist: Many new jobs in Texas will converge in this one sector

December 14, 2015, THOMAS TUNSTALL

Earlier this year, Caterpillar announced plans to shed at least 4,000-5,000 jobs by the end of 2016. The company indicates that the number could reach a total of 10,000 by 2018. At the same time, the company is taking the opportunity to restructure - again, as it has done several times previously in recent decades. What's going on at Caterpillar is partly driven by low oil prices and a slowdown in global economic activity. But it is also emblematic of fundamental changes in the economy that will only continue. Many of the manufacturing jobs being cut are not coming back, and the ones that do will look very different.

[San Antonio Business Journal](#)

Wynne: Texas businesses fly high from commercial drone use

December 16, 2015, BRIAN WYNNE

On many wish lists this holiday season: an unmanned aircraft system, also known as a drone. According to the Consumer Technology Association, more than 700,000 unmanned aircraft systems are expected to be sold in 2015. While drones are becoming a must-have gift for consumers, they also are a must-have business asset - transforming the way industries operate and creating several new ones in Texas and across the nation.

From search and rescue operations to capturing video for real estate listings, drones are proving their value to a number of industries. The Federal Aviation Administration is currently finalizing its long-overdue small drones rule, which would allow drone technology to truly take off. However, if Texas businesses are going to reap the full benefits of this growing industry, we need Washington to make finalizing the rule a top priority.

[Austin American Statesman](#)

NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Public pension tension builds

December 13, 2015

Re: Oregon

Like tectonic plates in the Cascadia Subduction Zone, seismic political forces are grinding against each other in Oregon. On one side is a growing dissatisfaction with the quality of public services, particularly schools. On the other side is chronic unhappiness with the cost of government. These two sentiments have been building pent-up power for decades, and one day all that energy will be released. The Big One could come in 2016, with the Public Employees Retirement System as the catalyst.

The pension system for state and local government employees has revised its estimated unfunded liability upward again, and in July was projected to be \$18 billion short of the amount needed to meet its obligations to current and future retirees. The shortfall could balloon to \$20.5 billion by the end of the year because of sub-par investment returns.

[The Register-Guard](#)

Public pension funds' hedge funds top benchmarks, but returns not great

December 14, 2015, CHRISTINE WILLIAMSON

Hedge fund returns of big U.S. state pension funds in the year ended Sept. 30 were hundreds of basis points lower than the prior year, but more than half of those portfolios managed to squeak past their benchmark returns during a tough period for hedge fund strategies.

State pension investment officials produced higher returns than the leading hedge fund industry index through careful strategy selection and portfolio construction. Better yet, 68% of portfolios analyzed by Pensions & Investments topped the one-year return of the Standard & Poor's 500 index and all of them bettered that of the MSCI All Country World index.

Fourteen state pension plans accounting for 19 hedge fund portfolios had reported Sept. 30 performance by last week.

[Pensions & Investments](#)

RI pension shortfall little changed at \$4.55 billion

December 15, 2015, TED NESI

PROVIDENCE, R.I. (WPRI) . Rhode Island's two major pension funds have mostly tread water since lawmakers overhauled them in 2011, new data shows.

The shortfall in the pension funds for state employees and teachers stood at \$4.55 billion as of June 30, compared with \$4.4 billion in 2014 and \$4.5 billion back in 2012, according to an annual report by the state's outside actuary, Gabriel Roeder Smith & Co. of Texas.

The new valuation of the retirement system is the first since a legal settlement was approved earlier this year ending various union challenges over the 2011 pension law. Under the terms of the agreement, workers and retirees agreed to drop their lawsuit in exchange for some benefit increases.

[WPRI](#)

Goldberg: Lower pension fund return target

December 16, 2015, ANDY METZGER

Re: Massachusetts

State Treasurer Deborah Goldberg told lawmakers Wednesday she favors lowering the anticipated rate of return on the state's \$60.7 billion pension fund, an action that would make the return more achievable while increasing the pension liability.

Last year, the pension funds' actuarial rate of return dropped from 8 percent to 7.75 percent, and Goldberg on Wednesday said she recommends a further decrease to 7.5 percent.

The pension liability will increase by \$1.9 billion if we do this but it is a more realistic rate, and that is what the rating agencies and investors like to see, Goldberg said after testifying at the annual hearing on projected state revenues. Being realistic is almost more important than what the unfunded liability is.

[Commonwealth Magazine](#)

Pension oversight board backs lower outlook

December 17, 2015, MIKE WYNN Re: Kentucky

Even though it will increase the need for more cash, a state panel on public pensions is urging lawmakers to adopt a more conservative investment outlook next year when allocating funds to two retirement plans that cover state employees and police.

Kentucky Retirement Systems voted this month to lower its assumed rate of investment return in both plans from 7.5 percent to 6.75, which drives up shortfalls by about \$1 billion and increases funding needs from the state.

[Courier-Journal](#)

Public Pensions' Latest Challenge: Longer Lives

December 18, 2015, CHARLES CHIEPPO

There is no shortage of self-inflicted wounds plaguing state and local government pension systems. Among the most common are failing to address funding problems even after they become clear, using pension enhancements rather than salary increases to attract and retain employees, and employing unrealistic assumptions about pension-fund investment returns to make their finances appear artificially rosy.

But San Francisco's current pension troubles are less of the city's own making. Sure, the fund assumes a 7.5 percent return on its investments and is currently reaping just 4 percent, but there's a bigger problem: The city's retirees, like Americans in general, are just living too long.

[Governing](#)

WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Japan's Chikyoren pension fund seeking custodian for alternatives

December 15, 2015, DOUGLAS APPELL

Japan's Pension Fund Association for Local Government Officials, or Chikyoren, is searching for a custodian bank for its investments in alternatives.

A Dec. 11 announcement, in Japanese, on the pension funds' website, said proposals are due by 5 p.m. Japan Standard Time on Dec. 21.

A spokesman for the ¥21.1 trillion (\$174 billion) Tokyo-based pension fund said in an e-mail this will be the first time Chikyoren has hired a custodian for alternative assets.

[Pensions & Investments](#)

Exeter Sells 58 Million Square Foot US Industrial Portfolio to PSP Investments / ADIA Joint Venture For \$3.15 Billion

December 17, 2015

Re: Canada

In one of the largest industrial real estate transactions of the year, a joint venture of Henley Holding Company, a wholly-owned subsidiary of the Abu Dhabi Investment Authority (ADIA), and the Public Sector Pension Investment Board (PSP Investments), one of the largest Canadian pension investment managers, today closed on the acquisition of a 58 million square foot portfolio of core industrial properties held by investment funds owned and managed by industrial property specialist Exeter Property Group for \$3.15 billion. Exeter invested in the joint venture and will also continue to manage the purchased properties.

[Business Wire](#)

HP to contribute \$475 million to international pension funds in fiscal 2016

December 17, 2015, ROB KOZLOWSKI

HP Inc., along with Hewlett-Packard Enterprise Co., both in Palo Alto, Calif., plans to contribute about \$402 million to its non-U.S. defined benefit plans in fiscal year 2016, said a 10-K filing from HP to the Securities and Exchange Commission.

HP and Hewlett-Packard Enterprise separated effective Nov. 1, but the retirement plans have yet to separate. HP also plans to contribute \$73 million to its U.S. non-qualified defined benefit plans.

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LEGAL PROCEEDINGS, LAWS & REGULATIONS

Pa. pension reform takes another step toward full House vote

December 15, 2015, WALLACE MCKELVEY

A pension reform package moved closer to a full House vote Tuesday with provisions restoring state contributions and allowing lawmakers to opt into the Senate's recently passed hybrid pension and 401(k)-style plan.

In a strange bit of budget-season politicking, the House State Government Committee unanimously approved two Republican-backed amendments. When it came to the entire package, however, the bill passed along party lines with the support of the Republican majority.

[Penn Live](#)