



Weekly News Clips, February 5, 2016

Texas Pension Review Board

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PRB PLANS

Dallas council to discuss delaying 2017 bond program

January 29, 2016, By Robert Wilonsky

For months, the answer to so many problems plaguing the city of Dallas has been, "Wait for the 2017 bond program."

Only, it's possible there might not be a 2017 bond program.

That might stun citizens who have been told the \$1 billion bond plan will be a big step toward solving so many of the city's ills, including rotting streets, failing traffic signals and crumbling buildings. And it could spell serious trouble for important civic plans from downtown parks and trail extensions to new pools and library branches.

[The Dallas Morning News](#)

Chief Brown: Dallas pension fund fix will 'hurt everybody,' including rescue workers

February 2, 2016, By Robert Wilonsky

Dallas Police Chief David Brown pulls no punches, because, at this point, he simply cannot afford to.

"The pension fund is a very serious problem," he said Tuesday, referring to what Dallas Mayor Mike Rawlings calls "the billion-dollar hole" in the middle of the Dallas Police and Fire Pension System that pays the city's retired rescue workers. It's actually a \$1.4-billion-sized hole following years of bad investments and poor management, and the pension fund is in danger of going broke by 2030 unless the city and the rescue workers step up to fill that hole.

And, said Brown, the younger officers on the force have no idea how serious this problem is.

[The Dallas Morning News](#)

TEXAS ECONOMIC INDICATORS

Tech pipeline flowing from Silicon Valley to Lone Star State

January 31, 2016, By Joaquin Palomino, San Francisco Chronicle

Despite being in the heart of Silicon Valley, Vasili Triant couldn't keep his midsize cloud computing company, LiveOps Cloud, staffed. Jobs would open, but not enough qualified applicants would apply.

Those hired often wouldn't last a year before being poached by bigger companies that promised higher salaries and more lavish perks. In September, after more than a decade in the Bay Area, the company relocated its headquarters to a suburb of Austin - a move growing common among its peers.

Along with household names such as Google, Apple, Dropbox and Oracle, which all recently built or expanded major campuses in Austin, nearly two dozen Bay Area tech companies also have reportedly relocated to Texas or opened outposts there since 2014.

San Antonio Express News

Despite downturn, Texas oil & gas industry put billions in public coffers

February 4, 2016, By Sergio Chapa

New data shows that the Texas oil and natural gas industry paid out more than \$13.8 billion in taxes and royalties during fiscal year 2015 despite crude oil prices falling to 13-year lows.

The Texas Oil & Gas Association released statewide tax and royalties data on Feb. 2. TXOGA President Todd Staples said the taxes and royalties were used to support infrastructure projects and schools.

"Make no mistake, Texas is an oil and natural gas state," Staples said during a conference call with reporters. "The oil and natural gas industry anchors our economy in terms of jobs, economic activity and even state and local tax revenue even in a challenging price environment."

Dallas Business Journal

LEGAL PROCEEDINGS, LAWS & REGULATIONS

Final fiduciary rule sent for OMB approval

January 29, 2016, By Hazel Bradford

The Department of Labor sent a final rule updating the fiduciary standard for regulatory approval by the Office of Management and Budget late Thursday.

It is now known as the conflict-of-interest rule to address anyone giving retirement investment advice.

DOL officials spent much of 2015 laying the groundwork for final approval of the rule proposed in April, including four days of hearings and thousands of comment letters. Following OMB approval, which is expected by spring, the Labor Department will issue further guidance on implementing it.

Pensions & Investments

Regulators hit 'dark pools' with more than \$150 million in penalties

February 1, 2016, By Renae Merle

The operators of opaque stock trading venues known as dark pools are coming under renewed scrutiny from government regulators.

New York Attorney General Eric Schneiderman and the Securities and Exchange Commission announced Monday that two of the largest operators of dark pools, Barclays and Credit Suisse, would pay a combined \$154.3 million after being accused of lying to customers about their operations.

Unlike traditional trading venues such as the New York Stock Exchange or NASDAQ, dark pools mask the identities of those buying or selling stock. For sophisticated traders, including pension funds, that secrecy makes it easier to move large blocks of stock without alerting other traders who could use the information to their advantage. But critics have warned that without proper regulation, the industry could become another avenue for manipulating the financial markets. (About 15 percent of daily U.S. stock-trading volume now occur in dark pools.)

[The Washington Post](#)

A Warning on Bankruptcy in Puerto Rico's Debt Crisis

February 2, 2016, By Mary Williams Walsh

Puerto Rico's financial troubles are so complex and far-reaching that bankruptcy alone will not solve them, and might even make them worse, experts on financial distress told lawmakers in Washington on Tuesday.

Instead, they recommended appointment of a federal control board, saying it would have a better chance of resolving Puerto Rico's debt in the short term and preventing the island from falling into debt again in the future.

As evidence, witnesses pointed to Detroit's recent experience with municipal bankruptcy, the largest so far in American history. Bankruptcy proceedings helped Detroit reduce its debts, they said, but did not leave the city with a recovery plan.

[The New York Times](#)

NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Auditor General touts Harrisburg as a financial success (for its pensions)

February 2, 2016, By Christine Vendel

Harrisburg isn't often held up as an example of financial success because of its debt crisis, but Pennsylvania's Auditor General said Tuesday the city is doing something right with two of its three pension plans.

The city's success with those pension plans should be a model for municipalities across the state, Auditor General Eugene DePasquale said at a news conference Tuesday.

[Penn Live](#)

Analyst: California Teacher Pension Reform May Not Save State Anything

February 2, 2016

State lawmakers should consider changing a plan they adopted two years ago to stabilize the finances of California's teacher pension system, the nonpartisan Legislative Analyst's Office said Tuesday.

There's a good chance the state will pay no more than it would have if the reforms were never adopted, the analyst's report found. That outcome would fall short of the Legislature's intent to require that the state, school districts and teachers all share the cost of erasing the \$74 billion unfunded liability.

The analyst's concerns stem from the complex funding formula adopted by the California State Teachers' Retirement System (CalSTRS).

CBS Sacramento

U.S. Public Pensions Post Worst Returns Since Market Crash

February 2, 2016, By Martin Z. Braun

U.S. state and city pensions posted the lowest investment returns since the credit crisis, falling far short of targets the funds count on and raising the specter of growing taxpayer contributions to keep them afloat.

The government workers' retirement systems effectively had no gains last year, eking out a median increase of 0.36 percent, the smallest advance since 2008, according to the Wilshire Trust Universe Comparison Service. The returns were depressed by slowing global growth, falling oil and commodities prices and a strengthening U.S. dollar.

"It was a difficult environment," said Robert Waid, a managing director at Wilshire Associates in Santa Monica, California.

Bloomberg

State Senate panel OKs police and fire pension plan overhaul

February 3, 2016, By Bob Christie

PHOENIX (AP) - Legislation enacting a major overhaul of the state's badly underfunded public safety worker pension plan was unanimously approved Wednesday by a Senate committee and will likely come to a vote Thursday by the full Senate.

The overhaul is backed by firefighter and police unions as well as cities, towns and other public agencies that pay into the system. They worked with Sen. Debbie Lesko for the past year to come up with a plan to fix the trouble system.

The issue is pressing because public agencies have seen contribution rates to the Arizona Public Safety Personnel Retirement System soar to make up for the underfunding.

Houston Chronicle

South Carolina revamps asset allocation, adding new strategies

February 4, 2016, By Christine Williamson

South Carolina Retirement System Investment Commission made major changes to the asset allocation of the \$28.2 billion South Carolina Retirement Systems at a board meeting Thursday.

The restructured asset allocation will introduce several new strategies or asset classes to the target allocation, said Geoffrey Berg, acting chief investment officer: portable alpha; equity options; infrastructure; real estate investment trusts; commodity trading adviser/managed futures hedge funds; and complex investments, such as commodities, Treasury inflation-protected securities and insurance-linked securities, in a new "other opportunistic" category.

[Pensions & Investments](#)

WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Greece to Begin Bailout Review With International Creditors

February 1, 2016, By Stelios Bouras

Greek officials and international creditors on Monday will begin a first review of Greece's bailout as protests grow against the overhauls needed to secure further rescue funding.

Representatives from Greece's creditors— the eurozone and the International Monetary Fund— who arrived in Athens over the weekend have the thorny issue of pension reforms high on the agenda of their talks with Finance Minister Euclid Tsakalotos.

Greece needs to wind up this review of the country's third bailout, worth up to " 86 billion (\$93 billion), before being able to start negotiations with lenders over debt relief. The progress of the talks will play a crucial role in shaping economic sentiment in Greece and the depth of this year's recession as last year a standoff between Prime Minister Alexis Tsipras and lenders over reforms nearly sent the country out of the eurozone.

[The Wall Street Journal](#)

Violence Erupts in Greece Against Pension Reform

February 4, 2016, By Nicholas Paphitis And Elena Becatoros, Associated Press

ATHENS, Greece (AP) — Tens of thousands joined anti-government protests in Athens on Thursday as Greece was crippled by a general strike against a bailout-related overhaul of the country's ailing pension system.

Police said some 40,000 people joined the demonstrations, which were mostly peaceful before sporadic clashes between anarchist protesters and police outside Parliament and in other parts of the city center.

Police used tear gas and stun grenades against the dozens of hooded anarchists. Street vendors, tourists, and onlookers ran to safety as the violence broke out, while a journalist was attacked by rioters and taken to hospital but was not in serious condition, police said.

[US News & World Report](#)

Hong Kong is world's freest economy; US slips on freedom score

February 2, 2016, By Nyshka Chandran

Hong Kong has retained its title as the world's freest economy for the 22nd year in a row, according to the latest Index of Economic Freedom, even as rising political strife and civil discontent grip the financial hub.

The index- published annually by the Wall Street Journal and think tank the Heritage Foundation- judges economic freedom on four key pillars: rule of law, limited government, regulatory efficiency and open markets.

People in economically free societies earn incomes that more than twice the average levels in all other countries and they live longer too, according to the report released on Tuesday.

[CNBC](#)

Japan Pension Funds Pile Into Stocks at Fastest Pace Since 2009

February 4, 2016, By Anna Kitanaka and Toshiro Hasegawa

As Japan's stocks sink, pension funds are loading up.

Trust banks, which buy on behalf of retirement savings managers such as the giant Government Pension Investment Fund, added 271 billion yen (\$2.3 billion) of equities last week, the most since March 2009, according to exchange data published Thursday. They've purchased a net 1.4 trillion yen of stocks in 10 straight weeks of buying, a span in which the Topix index slid 11 percent.

[Bloomberg](#)

These Are the World's Most Miserable Economies

February 4, 2016, By A Catarina Saraiva and Michelle Jamrisko

Thanks to off-the-charts inflation, Venezuela will probably retain the dubious honor of being the most miserable economy for a second year.

Galloping inflation at an annual average of 98.3 percent last year alongside 6.8 percent unemployment earned the South American country the runaway top spot on the 2015 misery index. With no end in sight for Venezuela's economic woes - estimates in Bloomberg surveys predict consumer price growth of 152 percent and joblessness averaging 7.7 percent - economists polled for the 2016 index see it remaining the unhappiest country.

[Bloomberg](#)

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