



Weekly Clips, February 12, 2016
Texas Pension Review Board
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PRB PLANS

Latest setback for Dallas' Police and Fire Pension could cost taxpayers

February 11, 2016, By Sharon Grigsby

If you know one of the board members of the Dallas Police and Fire Pension Fund or the still-new administration team for the pension fund, you might send them a note of thanks today . along with a couple of Advil.

Much depends on whether the pension fund's new managers can fix years of abuse under the former administrator Richard Tettamant's regime. That's why it's so critical they focus on looking ahead, not being constantly beset by the past.

Yet the past will be front and center at today's pension board meeting. The latest setback is news that one of the real-estate advisers to the Tettamant team . CDK Realty Advisors . has filed suit for more than \$139,000 in fees it claims it is still owed. Foiled against the problems the real-estate investments led to, this suit seems somewhat baffling to me.

The Dallas Morning News

REAL ESTATE INVESTMENT FIRM SUES DALLAS POLICE AND FIRE PENSION SYSTEM

February 12, 2016, By Stephen Young

If the status of the Dallas Police and Fire System weren't so dire, it might be amusing. The retirement plan, facing an unfunded liability somewhere north of \$1 billion, faces a lawsuit filed by a group of real estate advisers that was helping the fund pick properties as it dug the hole it's now in.

In a suit filed Wednesday in Dallas County district court, CDK Realty Advisors accuses the fund of stiffing the advisory group out of about \$140,000 in fees. The cash reflects the amount the pension fund owed CDK as of September 30 of last year, when CDK pulled out of the fund after it ended CDK's management of much of the fund's portfolio.

Dallas Observer

State employees staying at 5-star hotels on taxpayers' dime

February 11, 2016, By Sarah Navoy

Hotels labeled luxurious and five-star are usually out of reach for a retired teacher.

It certainly is for retired teacher of 31 years, Vickey Harrison. To her, every penny counts. "I clip coupons, look for sales, shop at Ross, TJ Maxx," said Harrison.

Harrison hasn't gotten a livable wage increase in the last 15 years. She's had to get a second job to get by, "I will probably do it until I can't physically," said Harrison.

In a KEYE TV News investigation, we learned employees with the Teacher Retirement System of Texas (TRS) are staying in hotels, while overseas, costing up to \$709 a night.

We poured through hundreds of documents expense and travel documents and found dozens of hotel stays for more than \$350 a night. TRS employees took business trips to places like Hong Kong, London, Paris, Geneva, Barcelona, Berlin, Bermuda, Montreal, and many more.

[KEYE](#)

TEXAS ECONOMIC INDICATORS

Templeton: Trans-Pacific Partnership will drive growth for Texas companies

February 9, 2016, By Richard Templeton

In New Zealand last week, the U.S. joined other members of the Trans-Pacific Partnership to sign the most commercially meaningful regional trade agreement to date. Congress has an important opportunity to spur economic growth by approving the TPP.

The TPP is a once-in-a-generation opportunity that creates a new, high standard for trade with Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam. Congress should seize this historic moment and approve the TPP this year.

[Houston Chronicle](#)

Texas 'Dirt' Bonds Make Comeback With Fewer Investor Protections

February 9, 2016, By Darrell Preston

Westlake, Texas, carved out a special district to borrow \$26.2 million last year for a developer to lay the groundwork for a European style village with residential villas, hotels and a wedding chapel around an 8.3-acre lake.

The debt for the new community some 35 miles (56 kilometers) northwest of Dallas is part of a small but growing niche of the \$9 billion Texas dirt-bond market that's not bound by regulations that since the 1980s have protected buyers from the risks of a property-market crash. A record \$211 million was raised last year by selling the public-improvement district debt, which allows developers to borrow before a project begins, making them akin to the securities issued in other states that defaulted during the last real estate crash.

[Bloomberg](#)

Peso trouble for Mexico spells more trouble for Texas

February 10, 2016, By Jeffry Bartash

The latest trouble in the oil patch has already gashed the Texas economy. Now a big drop in the buying power of the Mexican peso could deepen the wound.

The peso USDMXN, -0.0581% has lost nearly 9% of its value against the dollar so far in 2016, falling to a record low despite a solidly performing Mexican economy. That means Mexican consumers and companies won't be able to afford as many American-made goods that are suddenly more expensive.

It's no small thing. Mexico is the second-largest destination for American exports and the biggest foreign market for Texas. More than one-third of all the states' exported goods end up there, according to the U.S. Commerce Department.

[Market Watch](#)

LEGAL PROCEEDINGS, LAWS & REGULATIONS

Hundreds speak out on proposed Teamster benefit cuts

February 8, 2016, By Candice Williams

More than 500 people filled a public hearing Monday to speak out on proposed benefit cuts to one of the largest Teamster pension funds, which includes 30,000 members in Michigan.

Many were angry over the proposal; some were resigned but spoke out in hopes of stemming the hardship.

The Central States Pension Fund has said reductions in current and future retiree pensions, between 60 percent to 70 percent, are needed, and without them, more draconian cuts would be necessary in the future.

[The Detroit News](#)

Courts to consider New Jersey pension cases

February 8, 2016, By Robert Steyer

Public employee unions in New Jersey · thwarted by Gov. Chris Christie's actions and rebuffed by several state court rulings · are asking the U.S. Supreme Court and the New Jersey Supreme Court to restore certain pension payments they allege have been improperly withheld from the \$71.1 billion New Jersey Pension Fund, Trenton.

However, if the unions ultimately succeed in one or both cases, bond-rating officials say their victories will strain the state's budget and its credit ratings. Without fundamental changes to the state's pension and budget procedures, they say, court victories for the public employees will place greater pressure on a state already burdened with one of the worst credit ratings in the country.

[Pensions & Investments](#)

SEC proposal could alter use of mutual funds in DC plans

February 8, 2016, By Rick Baert

Proposed SEC regulations that would require mutual funds to have a minimum cash cushion and liquidity risk management programs in place could have a broad impact on retirement plans, sources said.

A reduction in mutual funds' illiquid holdings resulting from the Securities and Exchange Commission's proposal, if ultimately approved, could lead to lower overall returns for those funds. That, in turn, could lead some defined contribution plans to drop mutual funds as investment options and replace them with separate accounts or commingled funds. Also, the proposal could lead to a decline in the overall value of illiquid securities, affecting defined benefit plan investments.

[Pensions & Investments](#)

Labor Department Sues Machinists Union Pension Fund for Fiduciary Breaches February 10, 2016, By Ted Reed

The International Association of Machinists national pension fund, long a centerpiece of the union's organizing efforts and strength because of its positive financial performance, has been sued by the Department of Labor.

In a complaint filed Jan. 24 in U.S. District Court in Washington, D.C., the Labor Department charged that the fund's nine trustees - including six union officials and three executives of companies that employ IAM members - did not follow proper procedures when they hired new asset managers and consultants.

[Forbes](#)

NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

High life expectancy strains Minnesota pension systems February 6, 2016, By Maya Rao

Minnesota is discovering the downside of having the second-highest life expectancy rate in the nation.

Pension fund managers are trying to offset more than \$1 billion in additional future liabilities after learning that the state's employees, teachers and retirees who receive the benefit are living an average two years longer.

It's good news for retirees that they're living longer, said David Bergstrom, executive director of the Minnesota State Retirement System. From a pension standpoint, it's bad news.

[Star Tribune](#)

Assets of largest retirement funds tumble 2.3% for year February 8, 2016, By James Comtois

Assets of the largest 1,000 U.S. retirement plans totaled \$8.84 trillion on Sept. 30, a dip of 2.3% from a year earlier.

Asset movement among defined contribution plans in the top 1,000 was relatively flat, down 0.3% to \$3.01 trillion, while defined benefit plans decreased 3.3%, to \$5.83 trillion.

Among the 200 largest plans, DC plan assets inched up 1.5% to \$1.81 trillion while DB plans dropped 3.6% to \$4.58 trillion. Top 200 assets overall declined 2.2%, to \$6.39 trillion.

When broken out by type of plan, only public defined contribution plans in the top 200 showed an increase. Corporate DC plans were flat for the year, while public defined benefit plans dropped 3% and corporate DB plans fell 4.2%.

[Pensions & Investments](#)

A huge coal miners' pension plan is on the brink of failure. One senator is blocking a fix.

February 9, 2016, By Joby Warrick and Lydia DePillis

When Sen. Mitch McConnell strode into the Capitol for last month's State of the Union speech, he took with him a guest whose presence was sure to be seen as a slap against the Obama administration and its policies on coal.

McCormack brought along this unemployed coal miner here, McConnell (R-Ky.) said, gesturing to fourth-generation mineworker Howard Abshire, who see the person who put him out of work.

The Senate majority leader said he wanted to call attention to President Obama's "heartless" regulations that he argues have devastated communities in Abshire's native eastern Kentucky. Yet just weeks earlier, McConnell's office had delivered its own blow to Appalachian coal towns: It blocked efforts to rescue health and pension funds on which thousands of retired and disabled miners rely.

[The Washington Post](#)

CalPERS considers policy pressuring companies to replace longtime independent directors

February 9, 2016, By Randy Diamond

CalPERS's investment committee is scheduled to vote after a first reading on Feb. 16 on a revision to its new global governance policy that could pressure publicly traded companies to remove directors from corporate boards after 12 years of service, shows agenda material for the meeting.

If approved after first reading at the Feb. 16 meeting, the investment committee would then be asked to give final approval on the policy at its March 14 meeting. The policy, particularly if it gains traction among other institutional investors, could broaden the way institutional investors engage publicly traded companies. CalPERS has 11,000 publicly traded companies in its portfolio.

[Pensions & Investments](#)

Johnston schools chief rips North Carolina's new pension law

February 9, 2016, By Jonathan M. Alexander

Superintendent Ed Croom on Tuesday criticized a new state law that will force Johnston County to pay more than \$500,000 for his rising pension benefits, an increase that came after the school board allowed him to convert his benefits to salary.

Croom defended the school board's right to give him the contract they gave him and said his salary had not spiked.

"The anti-spiking law is flawed legislation," Croom said during a meeting of the school board.

Croom's comments came nearly a week after The News & Observer revealed that Johnston County taxpayers will be on the hook for \$520,000 to pay for Croom's pension when he retires. Croom, 50, will retire March 1, after seven years as superintendent and 21 years as a teacher and administrator, nearly all of that in Johnston County.

[The News & Observer](#)

Arizona House advances police and fire pension overhaul

February 10, 2016, By Bob Christie, Associated Press

A proposal overhauling the state's badly underfunded public safety worker pension plan ran into a buzz saw of criticism from a top Republican member during an Arizona House committee meeting Wednesday, but the plan was still approved.

The House Insurance Committee meeting highlighted Majority Whip David Livingston's concerns that the overhaul fails to substantially change the ongoing problems with the plan. Livingston repeatedly questioned how a proposal that returns the plan to fully funded status in 19 years, about where the current fund plan projects, is better than doing nothing. Livingston is the House's third-ranking Republican.

[The Houston Chronicle](#)

TVA retirees organize to press Congress, utility on pension shortfall

February 10, 2016, By Ed Marcum

TVA retirees are organizing to get Congressional leaders to put pressure on the federal utility to address a pension plan the retirees say is woefully underfunded.

A group of retirees has formed the Tennessee Valley Authority Retirees Coalition as a chapter of the National Retiree Legislative Network, so they can gain some clout in Washington, D.C., Mike Moseley, executive committee member with the coalition, said Wednesday.

This will take the TVA retirees from the level of merely writing letters and making calls to elected officials to being a part of a national organization that regularly meets with lawmakers to discuss policy, he said.

[Knoxville News Sentinel](#)

WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Japanese markets plummet in risk-off environment

February 9, 2016, By Douglas Appell

The risk-off baton passed to Japanese markets with a vengeance Tuesday, with the yield on the benchmark 10-year Japanese government bond dropping into negative territory for the first time, equities selling off sharply and the yen continuing to rebound against the dollar.

The worsening of sentiment is a concern, even if for now it's hard to tie Tuesday's retreat from risk assets to any clear deterioration in economic fundamentals, said Naoki Kamiyama, Tokyo-based chief strategist with Nikko Asset Management.

[Pensions & Investments](#)

Greek PM offers talks on pension reform, rebuffed by farmers

February 10, 2016, By Lefteris Papadimas

Greek Prime Minister Alexis Tsipras said on Wednesday he was willing to talk to protesting farmers over pension reform but said it was essential to overhaul the system to ensure Greeks could continue to receive pensions.

Greeks are furious over the plans, which will entail increased social security and tax payments for many groups of workers, and the farmers swiftly rebuffed Tsipras' offer of talks, pledging instead to step up their blockades of highways.

[Reuters](#)

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