



PRB PLANS

Texas Employees considers \$250m commitment to real estate

May 17, 2016, By Jon Peterson

The Employees Retirement System of Texas is planning to commit up to \$250m ("221m) to real estate in its 2017 fiscal year, according to a board meeting document.

The pension fund's investment staff said non-core investment strategies appeared to offer better risk-adjusted return opportunities than core.

Most capital will be invested through funds, with the pension fund exploring the idea of investing through different structures such as separate accounts or co-investments.

Investments & Pensions Europe

Pension funds, proxy-voting firms take sides on BlackRock's pay packages

May 18, 2016, By Barry B. Burr

Two pension funds and Institutional Shareholder Services have lined up in support of the compensation of Laurence D. Fink, chairman and CEO, and other top executives at BlackRock (BLK) Inc. (BLK), while Glass Lewis is recommending institutional clients vote against ratifying the pay.

The C\$171.4 billion (\$132.4 billion) Ontario Teachers' Pension Plan, Toronto, and the \$126.6 billion Texas Teacher Retirement System, Austin, plan to vote in favor of the compensation in a non-binding proposal, their proxy-voting disclosures state.

Mr. Fink's total pay was \$25.8 million in 2015, up 8% from 2014. The pay of the five other top executives named in the proposal ranged from \$6 million to \$20.3 million in 2015.

Pensions & Investments

TEXAS ECONOMIC INDICATORS

Texas economy goes from miracle to reality as oil bust spreads

May 13, 2016, By Darrell Preston

Texas Miracle, meet the Oil Curse.

After booming when rising energy prices rippled through the nation's largest oil-producing state, Texas' once stellar economic growth is slowing as crude trades for less than half what it did two years ago. As a result, lawmakers are anticipating that billions of dollars of tax revenue won't materialize, threatening the government's surpluses and leading investors to demand higher yields on some of its bonds.

The oil bust is cutting to the core, said Pia Orrenius, senior economist at the Federal Reserve Bank of Dallas. The weakness is spreading.

[Star - Telegram](#)

Japanese bullet train operator opening office in Dallas to assist Texas high-speed rail

May 18, 2016, By Brandon Formby

The operator of a Japanese high-speed train line plans to open a Dallas office to support a local company's plans for a controversial bullet train connecting North Texas and Houston.

The Dallas Regional Chamber announced Thursday afternoon that Central Japan Railway Co. will station about 20 employees in Dallas.

The company's technical and operations experts will help privately-backed Texas Central Partners with the development of what could be America's first high-speed rail line. Texas Central plans to use the same train and rail technology that Central Japan uses on its Tokaido Shinkansen line that connects Tokyo, Nagoya and Osaka.

[The Dallas Morning News](#)

After drop in March, Texas gets good news about job market in latest data

May 20, 2016, By Jill Cowan

After a March which saw the state's first overall job losses in a year, Texas added 8,300 jobs in April, according to the Texas Workforce Commission.

In March, economists said a loss of 12,000 seasonally adjusted nonfarm jobs was a sign that energy industry woes that hit late last year were finally catching up to the state's otherwise booming economy.

[The Dallas Morning News](#)

LEGAL PROCEEDINGS, LAWS & REGULATIONS

Treasury's Teamsters Bailout Ploy

May 15, 2016

Congress passed legislation in 2014 to help insolvent multi-employer pension plans save themselves. But now the Obama Administration and Teamsters are enabling a giant taxpayer bailout that Congress sought to prevent.

This month Treasury Department Special Master Kenneth Feinberg blocked the Central States Pension Fund's plan to use a 2014 law that allows declining multi-employer pension plans to cut benefits within limits. Mr. Feinberg cited technical shortcomings in the Central States plan, but the rejection defies Congressional intent and will put pensioners at greater risk.

Central States, which covers about 400,000 Teamsters workers and retirees, is paying \$3.46 in benefits for every dollar the fund takes in due to employer withdrawals and aging demographics. Under optimistic actuarial assumptions, the plan will go broke in the next decade and take down the Pension Benefit Guaranty Corporation with it. The PBGC's multi-employer program is already running a \$52 billion deficit.

[The Wall Street Journal](#)

It's back to the drawing board for multiemployer pension reform

May 16, 2016, By Hazel Bradford

The result of the first test of a new multiemployer pension reform law has left trustees of the Central States Teamsters pension fund reeling, other troubled multiemployer pension fund officials uncertain about their options and some politicians feeling the pressure to step in.

The Treasury Department on May 6 denied the benefit suspension application of the \$17.8 billion Teamsters Central States, Southeast & Southwest Areas Pension Fund, Rosemont, Ill., citing three unmet criteria of the Kline-Miller Multiemployer Pension Reform Act of 2014, which created the suspension process and put Treasury in charge.

“There's one good thing that has come out of this, it is that Congress now knows they have to go back and roll up their sleeves. It really is going to define this country,” said Teamsters International Vice President John Murphy in an interview.

[Pensions & Investments](#)

Arizona voters approve pension overhaul measure Prop. 124

May 18, 2016

Arizona voters approved Proposition 124 in a special election on Tuesday, a measure that overhauls the state's pension system for police officers and firefighters, an official said.

“Tonight's landslide vote passing Proposition 124 puts this system back on the path to full funding,” Bryan Jeffries, head of the Yes no 124 Campaign said in an email.

Unofficial results on Secretary of State Michele Reagan's website showed Prop. 124 leading by more than 350,000 votes about 11 p.m. Tuesday.

Prop. 124 includes lower cost-of-living increases for current and future retirees and was designed to help the retirement system for public safety officers recover from a major drop in the plan's funded status.

[KTAR](#)

Republicans, Obama Administration Reach Agreement on Puerto Rico Restructuring Bill

May 19, 2016, By Nick Timiraos

House Republicans reached an agreement with the Obama administration to provide Puerto Rico a path to restructure its \$70 billion debt load, the first step toward ending its decade long recession.

With nearly all other details ironed out, disagreements had remained over how to handle appointments to a seven-member board designed to oversee the island's finances. Lawmakers reached a compromise late Wednesday over a previous sticking point about how to respect the territory's constitutional priorities governing bond and pension payments.

The bill would offer the island a legal out similar to bankruptcy and would not commit any federal money, a critical requirement to winning support of conservatives.

[The Wall Street Journal](#)

Puerto Rico's Debt Crisis Addressed in Bipartisan Bill

May 19, 2016, By Mary Williams Walsh

After weeks of negotiations, House Republicans have drawn a road map to lead Puerto Rico out of its financial quagmire, with support from the Obama administration.

A bill introduced shortly before midnight on Wednesday would put Puerto Rico's fiscal affairs under direct federal control and establish a legal framework for reducing its \$72 billion load of debt. The rules would be similar to Chapter 9 municipal bankruptcy, but with differences intended to reassure those creditors who believe Chapter 9 is stacked against them.

If enacted as is, the bill would also pre-empt action by the United States Supreme Court, which has been called upon to interpret the laws governing Puerto Rico. Chapter 9 of the bankruptcy code explicitly bars Puerto Rico from seeking debt relief, without revealing why. In March, the justices heard oral arguments in an expedited appeal by the island, but they expressed uncertainty about how to proceed.

[The New York Times](#)

NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

'I'll Never Retire': Americans Break Record for Working Past 65

May 13, 2016, By Ben Steverman

Almost 20 percent of Americans 65 and older are now working, according to the latest data from the U.S. Bureau of Labor Statistics. That's the most older people with a job since the early 1960s, before the U.S. enacted Medicare.

Because of the huge baby boom generation that is just now hitting retirement age, the U.S. has the largest number of older workers ever.

When asked to describe their plans for retirement, 27 percent of Americans said they will keep working as long as possible, a 2015 Federal Reserve study found. Another 12 percent said they don't plan to retire at all.

[Bloomberg](#)

Fees That Sickly Public-Pension Funds Can't Afford

May 13, 2016, By Marc Levine

The crisis in many state-pension funds is by now familiar: Unfunded obligations are at \$1 trillion or more, according to the Pew Charitable Trusts. But there is a lesser-known aspect of the problem. Many boards of government pension funds, often composed of politicians and political appointees, have paid more than necessary to manage the \$2.5 trillion of assets in these funds.

Consider the Illinois State Board of Investment. Over the past three years, it has paid hedge-fund managers more than \$180 million in fees. Yet, even excluding compensation, the performance generated

by these managers was worse than that of a balanced index fund. Such funds invest broadly in equities and bonds that simply track the market's performance, while the current system adopts complexity at high costs.

[The Wall Street Journal](#)

Central States Pension Fund Drops Efforts to Create Second Bailout Plan

May 19, 2016, By Timothy W. Martin

The pension fund representing hundreds of thousands of truck drivers and warehouse workers would make a second bid at overhauling one of the nation's largest multiemployer retirement plans, according to the group's executive director, following a Treasury Department rejection of its original turnaround plan.

The decision by the Teamsters' Central States Pension Fund to drop efforts of a second rescue-package submission means the fate of the cash-strapped \$16.8 billion multiemployer plan sits with federal lawmakers. Absent a congressional bailout, Central States, representing more than 400,000 workers at 1,500 companies, will run out of cash by the end of 2025, said Thomas Nyhan, the group's executive director.

[The Wall Street Journal](#)

WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Salaries, Pensions Not Excluded from Automatic Spending Cuts in Greece

May 19, 2016, By Philip Chrysopoulos

Wages and pensions are not excluded from the automatic spending cuts the Greek government is obligated to make if it fails to reach fiscal targets in 2017.

Greece has proposed to its lenders a mechanism that would automatically cut state spending if budget figures in April 2017 do not meet the required target, based on the annual Eurostat report. This is to replace a packet of contingency measures creditors have proposed.

So far the Greek administration was promising that wages and pensions in the public sector would be excluded from the mechanism. However, the omnibus bill that was tabled in parliament on Wednesday include wage and pension cuts.

[Greek Reporter](#)

Canada's Biggest Pension Fund Produces 3.4% Annual Return

May 19, 2016, By Ben Dummett

Canada's largest pension fund said Thursday that it generated a net investment return of 3.4% for fiscal 2016, beating its internal benchmark as gains in real estate, infrastructure and other private holdings offset losses in public equities.

Canada Pension Plan Investment Board said net assets for the fiscal year ended March 31 rose to 278.9 billion Canadian dollars (\$212.6 billion) from C\$264.6 billion at the end of the prior year. Net investment income accounted for C\$9.1 billion of the increase, with pension contributions representing the remainder.

[The Wall Street Journal](#)

Industry veteran Rürup makes case for hybrid pensions in Germany

May 19, 2016, By Barbara Ottawa

Bert Rürup, a long-term adviser to the German government on pensions, has said that hybrid models offer **a good chance** to react to demographic changes and that **hybrid** means full funding is never required.

Rürup, who is also president of the Handelsblatt Research Institute, was speaking at the 100th anniversary of the municipal civil servant pension fund . part of the Bayerische Versorgungskammer (BVK) and set up as a hybrid scheme, with pay-as-you-go (PAYG) elements and liabilities that require funding.

Investments & Pensions Europe

Brexit will put UK plc revenues at ‘significant’ risk

May 20, 2016, By Attracta Mooney

A British vote in favour of leaving the EU next month will have a **significant** impact on the revenues generated by the UK's largest companies, potentially damaging investor returns in the process.

UK-listed companies collectively generated £350bn of revenues from the EU last year, and these revenues could be put at risk by a British exit or **Brexit**, according to research by Old Mutual Asset Management, the \$218bn institutional investment manager.

The Financial Times

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