



Weekly Clips, May 27, 2016
Texas Pension Review Board
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PRB PLANS

Memorial Hermann Health Buys Humble (TX) Hospital Campus

May 23, 2016, By John Commins

Houston-based Memorial Hermann Health System will buy Memorial Hermann Northeast Hospital in nearby Humble, TX from the Northeast Hospital Authority and build a five-story patient wing on the campus, the two hospitals jointly announced.

Financial terms were not disclosed.

"Families in the greater Lake Houston area are vitally important to Memorial Hermann," MHHS President and CEO Benjamin K. Chu said in remarks accompanying the announcement.

[Health Leaders Media](#)

Houston pension fund's leader ousted without explanation

May 24, 2016, By Mike Morris

Houston's municipal pension board has pushed the fund's director out of her post without explanation, a move that could require the trustees to buy out her contract for more than \$300,000.

The likely payout for Rhonda Smith, which would be paid from the same dollars used to pay retirees, comes at an uncomfortable time for the Houston Municipal Employees Pension System.

Not only are the fund's finances the shakiest of the city's three pension systems, with only 52 percent of the cash needed to pay benefits over the long term, but the board also has joined the city's police and firefighter groups in intensifying reform talks with Mayor Sylvester Turner.

[Houston Chronicle](#)

City Council Unanimously Approves \$2.3 Billion Budget

May 26, 2016, By Meagan Flynn

On Wednesday, City Council unanimously approved Mayor Sylvester Turner's \$2.3 billion budget for the 2017 fiscal year, a month ahead of schedule- something Turner was hoping would signal to the credit rating agencies that he isn't messing around.

[Houston Press](#)

'Emergency leave' widely misused by Texas agencies to pay confidential settlements, keep former workers on payrolls

May 27, 2016, By J. David McSwane and Lauren McGaughy

Directors at several Texas agencies are skirting state law to keep employees on the payroll months after they've left their jobs, and records obtained by *The Dallas Morning News* show those deals are often attached to settlements designed to keep ex-employees quiet.

In the last two years, at least seven former employees of the Teacher Retirement System were given as many as six months of paid "emergency leave" in exchange for signing legal documents in which they promised not to discuss the deals or to sue the agency.

[The Dallas Morning News](#)

TEXAS ECONOMIC INDICATORS

Dallas Fed: Texas unlikely to see recession, despite energy woes

May 23, 2016, By Dan Zehr

The odds of Texas falling into recession have grown increasingly slim, despite a depressed energy sector that has slowed statewide job growth in the past year, according to an analysis by the Federal Reserve Bank of Dallas.

In a video posted Monday by the Dallas Fed, senior economist Keith Phillips said forward-looking economic indicators suggest only a 15 percent chance the state economy will contract in the coming months.

[Austin American-Statesman](#)

Rivalry helps drive Florida and Texas to economic success

May 24, 2016, By Bill Peacock

They say imitation is the sincerest form of flattery - and for Texans and Floridians, it's also been a driver of economic success.

While Florida has often followed Texas' lead of promoting economic growth through Texas' model of lower taxes and spending and less regulation, the Sunshine State recently has jumped ahead when it comes to tackling corporate welfare. Texas should take note of this development if it hopes to stay abreast of its friendly rival.

[Orlando Sentinel](#)

Half of Texas workers denied retirement assistance from their employer

May 24, 2016, By Jill Cowan

Your access to an employer-based retirement plan - think a 401(k) or a pension - depends a lot on where you live, finds a new report released Tuesday by Pew Charitable Trusts.

And in Texas, the odds aren't in your favor.

Large metropolitan areas with relatively low access to retirement plans are concentrated here, the study found, as well as in Florida and California.

Almost three quarters of the metros in the study's bottom 25 percent were in one of those three states.

[The Dallas Morning News](#)

LEGAL PROCEEDINGS, LAWS & REGULATIONS

Supreme Court Hands Verizon Retirees Victory In Pension Spinoff Case

May 24, 2016

In a significant victory for a group of Verizon retirees whose pensions were spun off by the company, the U.S. Supreme Court vacated a lower court decision and sent the case back to be re-evaluated, giving the class action suit, advanced by the Association of BellTel Retirees Inc (BellTel), a significant shot in the arm.

The case, 15-785 *Pundt, Edward v. Verizon Communications, et al*, centers on whether retirees can seek relief over Verizon's decision to sell off their defined benefit pension assets to an insurance company and use pension fund money to effectively pay for corporate expenses.

[Advisor News](#)

House Committee Approves Puerto Rico Bill with Bipartisan Support

May 25, 2016, By Nick Timiraos

A House committee on Wednesday advanced legislation to address Puerto Rico's debt crisis with solid bipartisan support, a strong sign the bill could move quickly through Congress ahead of a potential default by the territory on July 1.

The legislation would create a debt-restructuring process and empower a federal oversight board to supervise what is shaping up to be the largest municipal debt workout in American history. The measure would not spend any federal money.

[The Wall Street Journal](#)

Curry blasts pension fund board; calls it 'arrogant'

May 27, 2016, By David Bauerlein

Mayor Lenny Curry blasted the Police and Fire Pension Fund as arrogant after its attorneys sent a letter this week requesting a state Attorney General's opinion.

Let another blatant display of arrogance and disregard for taxpayers, Curry wrote in a Thursday email. This is offensive on so many levels.

The pension fund board wants Attorney General Pam Bondi to issue an opinion on what authority the city's General Counsel's office has over the board's decision-making power.

[The Florida Times-Union](#)

NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Elizabeth Warren: 401(k) Plans Are Good, But They Can Be Better

May 19, 2016, By Kevin Drum

Elizabeth Warren gave a speech today that was focused on what sorts of workplace protections we should adopt in response to the rise of "1099 workers" (freelancers) and on-demand "gig economy" workers (Uber drivers). Before I get to that, though, a quick note: it's not clear to me that there's actually *been* much of a rise in gig workers, as you can see in the chart on the right. The percentage of full-time workers normally decreases during recessions and increases during recoveries, which is exactly what's happening right now. We're still about a percentage point away from our pre-recession average, but we'll probably make that up within a couple of years.

Mother Jones

Kentucky Pension Recommits to Hedge Funds Amid Governance Turmoil

May 20, 2016, By Amy Whyte

The Kentucky Retirement Systems approved new hedge fund investments as controversy reigned over fund leadership.

Following a string of high-profile hedge fund exits, the Kentucky Retirement Systems (KRS) investment committee recommended \$300 million in allocations to its board of trustees Thursday.

The recommendations came at a time of upheaval for KRS, with its governance uncertain following the removal of board chair Thomas Elliot last month.

Chief Investment Officer

Detroit picks firm to help fix \$195M pension shortfall

May 20, 2016, By Matt Helms and Matthew Dolan

Detroit is closer to figuring out how to address a hole in pension funding that is far larger than it had anticipated when it exited from bankruptcy.

The city in March put out requests for proposals seeking national firms with expertise in public pension plans to advise the city on how best to address a \$195-million payment to the city's two pension plans that comes due in 2024, under terms of the city's exit from the nation's largest Chapter 9 municipal bankruptcy.

Detroit Free Press

Maryland State Retirement tweaks asset allocation to more private equity, TIPS

May 23, 2016, By Hazel Bradford

Maryland State Retirement & Pension System, Baltimore, will redeploy some international developed market equity and absolute return assets to a combination of private equity and TIPS, as part of an asset allocation policy recommended by investment consultant Meketa Investment Group and approved by the board of trustees.

The increase in private equity provides some additional return potential in strongly positive markets, and the TIPS offer better protection during periods of higher inflation and large equity drawdowns,+ said a memo the board's investment committee. Overall, the expected return and risk are similar under all of the proposed options, but with slightly different behaviors in extreme markets.+

Pensions & Investments

Chicago Reaches Plan to Shore Up Its Smallest Pension Fund

May 23, 2016, By Elizabeth Campbell

Chicago Mayor Rahm Emanuel reached an agreement with unions on a way to shore up the smallest of the city's struggling pension funds, saying it would create a path to solvency+ after a previous overhaul was struck down by the Illinois Supreme Court.

The city and two unions reached a pact that -- if finalized -- would aid a pension that's set to run out of money by 2029. The deal would require an increase in contributions from employees who want to retire as early as 65 and boost Chicago's payments into the Laborers' and Retirement Board Employees' Annuity and Benefit Fund by no less than 30 percent a year over five years, beginning with the contribution due in 2018. The fund serves some 8,000 employees, retirees and beneficiaries.

Bloomberg

Calpers raises heat on Exxon over climate

May 24, 2016, By Ed Crooks

Calpers, the largest US state pension fund, is pushing for greater access to the board of ExxonMobil as it seeks to raise concerns over the energy group's climate change policies

The fund, which manages about \$290bn in retirement funds for California state employees, said it was extraordinary+ that large shareholders could not speak to Exxon's directors.

It is attempting to increase its leverage over the largest listed oil company, backing resolutions to appoint an independent non-executive chairman and to allow investors greater powers to nominate directors, which will be voted on at Exxon's annual meeting on Wednesday.

Financial Times

N.Y. comptroller: Low pension fund returns will accelerate contribution levels

May 24, 2016, By Robert Steyer

Weaker than anticipated investment performance might force New York City to make higher than planned contributions to the city's retirement system starting in the 2018 fiscal year, said a report by New York state Comptroller Thomas DiNapoli on Tuesday.

Pension fund investment earnings are running short of expectations in fiscal year 2016 because of the decline in the equity markets,+ the report said, referring to the \$154 billion New York City Retirement Systems, which encompasses five city pension funds. Fiscal years start on July 1.

Pensions & Investments

State retiree group files complaint after Bevin personnel threaten two state pension board members

May 25, 2016, By Brad Bowman

After threatening one board member with arrest and threatening another with an investigation if he ran for chairman, the state employee advocacy group Kentucky Government Retirees and Kentucky Retirement Systems align on a complaint that members of Gov. Matt Bevin's administration may have violated open public meeting statutes.

On behalf of Kentucky Government Retirees, spokesman Jim Carroll filed a complaint last week with KRS over the Governor's Office sending up to five Kentucky State Police to its meeting threatening to arrest KRS chair Tommy Elliott and that it created an intimidating atmosphere and had a chilling effect inconsistent with Open Meetings Law.

[The State Journal](#)

Public worker union bid to slash N.J. pension hedge fund investments fails

May 25, 2016, By Samantha Marcus

Public labor leaders who have been pressuring the state to reduce its controversial pension investments in hedge funds on Wednesday failed in their attempt to force a drastic cutback in such alternative investments.

The State Investment Council that manages the public pension fund investments split 7-7 on a move to slash the stake in hedge funds from about 12 percent of the total investment portfolio to less than 4 percent.

The board is comprised of public employee union and gubernatorial appointees, and all but one labor representative voted for the rollback.

[NJ.com](#)

WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Greece to get lenders' OK for new loans on Tuesday, but no debt relief yet

May 23, 2016, By Jan Strupczewski

After a six month delay, the euro zone is likely to say on Tuesday that Greece has passed the reforms needed to unblock 10 billion euros (\$11.2 billion) in new loans, but Athens won't get debt relief because of differences between the bloc and the IMF.

To meet the conditions for the loans, without which Greece would again default in July, the government introduced pension and income tax reforms, as well as measures to privatize state assets and deal with bad loans.

It also approved contingency measures that would kick in automatically if Greece were to miss its primary surplus target of 3.5 percent of GDP in 2018, as the International Monetary Fund believes it will.

[Reuters](#)

Tata Steel UK bids set to be finalised

May 23, 2016

Formal bids for Tata Steel's loss making UK assets are set to be finalised today, with a shortlist being drawn up in next few days and UK business secretary Sajid Javid set to fly out to Mumbai to hold talks with the Indian conglomerate to discuss the final bids.

Monday had been set as the deadline for interested parties to put in their bids and of the seven who had expressed an interest, between one and three companies are expected to go forward to the next stage.

According to UK media reports, Tata is aiming for the end of June to complete the sale.

[The Economic Times](#)

Federal election 2016: \$800m cost of offshore pensioners

May 26, 2016, By Rick Morton

The number of Australians being paid pensions while living overseas has almost tripled in two decades, costing taxpayers nearly \$800 million a year to maintain.

More than 81,000 age pensioners and 6500 disability support pensioners were living overseas in December, receiving all or part of their Australian pension, while pensioners from about 30 other countries living in Australia are required to access their home country entitlements first.

Social Services Minister Christian Porter wants to enforce the residency-based nature of Australia's welfare system, but welfare amendments limiting Age Pension portability have stalled in the Senate, with Labor opposing the moves.

[The Australian](#)

Canadian pension funds offer U.S. plans map to direct infrastructure investing

May 26, 2016, By Rick Baert

Canada's large public defined benefit plans are pioneers in direct infrastructure investing, and now it's the turn of their neighbors to the south to follow suit, said a scholar at Stanford University.

U.S. public DB plans have a deeply rooted agency capitalism in this business, Jill Eicher, pension infrastructure collaborative program director at Stanford's Global Project Center, said during a presentation May 22 at the Government Finance Officers Association's annual conference in Toronto. But she questioned why plans are willing to pay more for an outside money manager, rather than paying for talent to manage infrastructure internally at a lower cost.

[Pensions & Investments](#)

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