



Weekly Clips, June 24, 2016
Texas Pension Review Board
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PRB PLANS

Texas Teachers extends 4 consultant contracts by 2 years, returns 2% in first quarter

June 17, 2016, By Christine Williamson

Texas Teacher Retirement System extended by two years the contracts of the four investment consultants that advise the \$128.2 billion pension fund.

Contracts were extended for 24 months ending Aug. 31, 2018, for Aon Hewitt, the board's investment consultant; Albourne Partners, hedge funds; Hamilton Lane Advisors, private equity; and The Townsend Group, real assets, said TRS spokesman Howard J. Goldman, in an e-mail.

Pensions & Investments

Fort Worth's employee pension problems grow worse

June 21, 2016, By Sandra Baker

The executive director of the Fort Worth Employees' Retirement Fund told the City Council Tuesday that the fund lost money in 2015 because of poor market conditions and that its board is considering a more aggressive investment policy in hope of increasing returns.

Because the city has had three consecutive years in which its pension amortization rate is greater than 40 years, the City Council and the Employees' Retirement Fund has until November 2017 to submit a funding restoration plan to the **Texas Pension Review Board**.

Star-Telegram

Fort Worth pension woes on the rise again

June 22, 2016, By The Editorial Board

The Fort Worth City Council got bad news Tuesday about the city employee pension fund.

So bad, in fact, that Mayor Betsy Price called it "a critical situation."

She's right — and the council has been down this road before. It's a bumpy ride, extremely uncomfortable for City Hall leaders and employees alike.

It looks like what's coming could be another severe test of wills similar to the one between the city and its workers, including bitter lawsuits, in 2012.

Star-Telegram

Pension tension

June 22, 2016

A standing-room-only crowd packed Houston City Council chambers one day last week for an unusual gathering.

Mayor Sylvester Turner, normally presiding with gavel in hand, relinquished his chair and took a seat with the audience. Behind the long, horseshoe-shaped desk where the mayor and council conduct routine local business, the seats were occupied by Texas legislators listening to testimony about the biggest financial problem facing Houston.

[Houston Chronicle](#)

TEXAS ECONOMIC INDICATORS

Job growth in Texas, Houston stalls in May

June 17, 2016, By Lydia DePillis

Texas and Houston had the worst job growth in May in at least a quarter-century as the energy bust spread across the economy to undermine hiring in sectors from construction to professional services to hotels and restaurants.

Texas created just 200 jobs in May after adding nearly 12,000 in April, the Texas Workforce Commission reported Friday. In the Houston metropolitan area, employment was unchanged from April; over the past year, Greater Houston has gained just over 5,000 jobs, compared to more than 65,000 jobs during the same period last year and nearly 100,000 in 2014.

[Houston Chronicle](#)

LEGAL PROCEEDINGS, LAWS & REGULATIONS

Pension Crisis Climaxes in Mississippi After Hospitals Don't Pay

June 17, 2016, By Darrell Preston

For five years, the hospital system in Mississippi's shipbuilding and oil-refining region on the Gulf Coast did what many cash-strapped local government agencies only wish they could do: It stopped making payments into its workers' pension fund.

The decision wasn't announced by the Singing River Health System or debated by Jackson County, which owns the Pascagoula-based health-care provider. It just ignored the annual bills to the retirement plan, even while telling employees that the contributions were being made, according to court records related to workers' lawsuits.

[Bloomberg](#)

Bevin abolishes pension board, creates new one

June 17, 2016, By Tom Loftus and Morgan Watkins

Gov. Matt Bevin on Friday abolished the board overseeing the Kentucky Retirement Systems and created a new board to take its place.

A news release from Bevin says his order adds needed financial expertise to the board and establishes new transparency requirements that will be "critical in helping to address the state's pension system," which – with billions of dollars in unfunded liabilities – is one of the most poorly funded public pension systems in the United States.

[Courier-Journal](#)

NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

How the Puerto Rico rescue makes state pensioners the big winner

June 13, 2016, By Ike Brannon

In many states, the public pension plans have deeper problem than most taxpayers realize. The money that was supposed to have been set aside to pay for future pension obligations is simply not there. It's more than just a simple miscalculation — this is very much a sin of commission in most states.

It's a problem that's developed over decades: It's always been easier for politicians to boost pension benefits to grumbling state government workers — most of whom are members of their government employees' union, an extremely potent political force in every state — in lieu of higher wages today, and leaving it to a future government to ensure that these promises would be adequately funded.

[The Hill](#)

Yellen Says Forces Holding Down Rates May Be Long Lasting

June 15, 2016, By Rich Miller

Federal Reserve Chair Janet Yellen seems to be coming around to what her one-time rival, Lawrence Summers, has been arguing for a while: Some of the forces holding down interest rates may be long-lasting and secular.

That's reflected in a marked downgrade in rate projections released by policy makers after their meeting on Wednesday. Six of 17 now only see one rise this year, after the central bank lifted rates effectively from zero in December.

[Bloomberg](#)

The Workforce that Won't Retire

June 17, 2016, By Alexia Fernandez Campbell

The term "gray-haired professor" may seem like a cliché, but there's some truth to it. Academia has long had a disproportionate number of employees older than 65, and the average American professor is getting even older.

The share of people older than 65 teaching full time at American colleges and universities nearly doubled between 2000 and 2010. College professors are now among the oldest Americans in the workforce. Job satisfaction, job protection due to tenure, and concern about their retirement nest eggs are all reasons they cite for sticking around longer. And while their experience is valuable in its own way, the cost of paying senior professors in an era of rising expenses and shrinking endowments has led universities to borrow a budget-cutting strategy from the corporate world: buyouts.

[The Atlantic](#)

SEC approves IEX as a registered exchange

June 18 2016, By Rick Baert

Dark pool operator IEX Group on Friday received SEC permission to operate as a registered stock exchange.

IEX's application with the Securities and Exchange Commission proposed listing stocks on an exchange that would trade with a speed bump of 350 microseconds — enough of a delay to keep high-frequency traders from taking an early advantage on the rest of the market, IEX said.

Pensions & Investments

WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Tata adds break-up of UK steel empire to list of options

June 19, 2016, By Michael Pooler, Peter Campbell and Jim Pickard

The fate of Tata's troubled UK steel empire is clouded in confusion after it emerged that the company is exploring a break-up of its collection of British factories.

Britain's biggest steelmaker was put up for sale by its Indian owner in March following years of losses. Despite its initial haste to offload a business that at one point was losing £1m a day, Tata has pushed back a final decision on the future of the operations to next month and delayed announcing a shortlist of bidders.

Financial Times

Buyer beware: How the Ontario Teachers' Pension Plan got caught in the fallout of Brazil's biggest scandal

June 23, 2016, By Theresa Tedesco

An investigation into money laundering at gas stations and laundromats that began two years ago in southern Brazil has since mushroomed into a wide sweeping corruption scandal, creating a national soap opera that has enthralled Brazilians as it reaches into the upper echelons of the country's political and corporate elites.

Operation Lava Jato (Car Wash), launched by Brazil's federal police, has ensnared top executives at Brazil's powerful state-controlled oil giant Petroleo Brasileiro SA (Petrobras) who are alleged to have accepted bribes from a cartel of companies to enrich themselves while also channelling funds to politicians.

Financial Post

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