



Weekly Clips, July 1, 2016  
Texas Pension Review Board  
P.O. Box 13498 Austin, TX 78711-3498  
[www.prb.state.tx.us](http://www.prb.state.tx.us)

## **PRB PLANS**

### **Texas Municipal earmarks \$600m for real estate over next three years**

June 28, 2016, By Jon Peterson

The Texas Municipal Retirement System is to invest \$600m (" 544.5m) in real estate over the next three years.

The US pension fund, according to a board meeting document, will invest \$200m each year until 2019.

Texas Municipal, advised by RVK and already invested in Europe and the US, will invest the capital in funds.

Funds could be a mixture of core, value-add or opportunistic strategies across a variety of property types.

### **I&PE**

## **TEXAS ECONOMIC INDICATORS**

### **Brexit's uncertainty in Europe will ripple back to Central Texas**

June 24, 2016, By Dan Zehr

No one quite knows how the long-term effects of Britain's vote to leave the European Union will ripple through Europe, around the world and to Austin and Texas, but the decision has produced at least one certainty - uncertainty.

Austin residents with enough courage to peek at their retirement accounts Friday saw the stock markets sharply negative reaction to the unknowns.

The uncertainty struck a fresh blow to oil prices, which had stabilized in recent months and had hinted at better days for the Texas energy sector.

### **My Statesman**

### **Oil prices force slide in Texas hiring for factory jobs serving energy sector**

June 27, 2016, By Dan Zehr

The drop in production at Texas factories eased modestly in June, but manufacturers continued to cut jobs and retained their dim view of current economic conditions, according to a report Monday from the Federal Reserve Bank of Dallas.

The state production index, a key measure of factory activity, rose to a reading of -7.0 in June from -13.1 the prior month, according to the Texas Manufacturing Outlook Survey.

The greater but still negative figure indicated that output declined again during the month, but at a slower rate than in May.

### [The Dallas Morning News](#)

#### **Military City USA contributes billions to economy**

June 29, 2016, By Karen Grace

Texas Comptroller Glenn Hegar announced on Wednesday that the U.S. Joint Base San Antonio contributes \$48.7 billion to the Texas economy and supports about 283,000 Texans.

But he said it's not just about the money.

"It's about what our military men and women provide everyday by risking their lives," Hegar said.

### [KENS 5](#)

## **LEGAL PROCEEDINGS, LAWS & REGULATIONS**

#### **Warren, Daines offer retirement savings bill**

June 21, 2016, By Naomi Jagoda

Sens. Elizabeth Warren (D-Mass.) and Steve Daines (R-Mont.) on Tuesday introduced legislation to protect the retirement savings of people who change jobs.

The legislation would create a national, online "lost and found" for retirement accounts so that workers can easily locate accounts sponsored by former employers. The lost and found would use data that employers already have to report to the Treasury Department.

### [The Hill](#)

#### **Pension oversight bill moves in House**

June 28, 2016, By Robert Swift

A bill to change state oversight of municipal pension plans cleared a House panel Monday, signaling that a bipartisan compromise on this subject is alive as the state budget deadline nears.

The Senate-approved measure sponsored by Sen. John Blake, D-22, Archbald, gives the state auditor general the job of evaluating Scranton's distressed municipal pensions plans to determine their financial soundness. It splits up the oversight duties of the Pennsylvania Public Employee Retirement Commission.

### [The Times-Tribune](#)

#### **Puerto Rico Relief Measure Clears Senate, Goes to Obama**

June 29, 2016, By Jackie Calmes

Just two days before Puerto Rico plans to default on a large debt payment, the Senate on Wednesday passed and sent to the White House a relief measure to help the financially desperate island surmount its fiscal crisis, ending a grueling, month-long effort to rescue the commonwealth.

The Senate, eager to follow the House out of town for a long Fourth of July weekend, voted 68 to 30 for the legislation on Wednesday evening after a test vote that morning showed by a wide margin that critics in both parties did not have the numbers to block passage. President Obama will sign the measure, which his Treasury secretary, Jacob J. Lew, had negotiated and lobbied for since December.

### [The New York Times](#)

#### **Obama signs law to rescue Puerto Rico's economy**

June 30, 2016, By Steven Mufson

President Obama signed into law on Thursday a bill designed to rescue Puerto Rico's economy and restructure its staggering debt burden.

Nonetheless, Puerto Rico's government said that in order to maintain essential services it would default on roughly \$1 billion of debt payments coming due today in what will be one of the largest municipal bond defaults.

### [The Washington Post](#)

## **NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION**

#### **Board approves state employee retirement contribution increase**

June 22, 2016, By Gavin Jackson

Starting in July, teachers, local and state government employees will see part of their new pay raise go toward shoring up the underfunded state pension fund.

A long-awaited 0.5 percent retirement plan contribution increase was approved by the State Fiscal Accountability Authority on Wednesday after Gov. Nikki Haley, Treasurer Curtis Loftis Jr. and other members said the move is a first step to fix the retirement fund's estimated \$23 billion shortfall.

### [The Post and Courier](#)

#### **Teachers Union and Hedge Funds War Over Pension Billions**

June 28, 2016, By Brody Mullins

Daniel Loeb, Paul Singer and dozens of other hedge-fund managers have poured millions of dollars into promoting charter schools in New York City and into groups that want to revamp pension plans for government workers, including teachers.

The leader of the American Federation of Teachers, Randi Weingarten, sees some of the proposals, in particular the pension issue, as an attack on teachers. She also has influence over more than \$1 trillion in public-teacher pension plans, many of which traditionally invest in hedge funds.

### [The Wall Street Journal](#)

## **Public employees paying more into U.S. pensions, uptrend seen extending**

June 29, 2016, By Stephanie Kelly

After years of steady inflows, the rate for retirement contributions by public pension employees has increased and is expected to continue rising, an effect difficult to produce but helped along by the impact of regulatory reforms, analysts say.

To combat increasing employer pension costs, U.S. states enacted pension plan reforms that mainly reduced benefits for new hires and increased employee contribution rates for new hires and current workers.

### **Reuters**

## **Puerto Rico's Drastic Population Loss Deepens Its Economic Crisis**

June 29, 2016, By Nick Timiraos

Puerto Rico has suffered a population slide that is steeper and more financially disastrous than in any U.S. state since the end of World War II.

An exodus of workers, retirees and entire families has shrunk Puerto Rico's population by more than 9% in the past decade to less than 3.5 million, magnifying the territory's inability to repay its \$70 billion in debt.

Congress completed Wednesday a bipartisan compromise to oversee a Puerto Rico rescue plan that would begin the largest municipal-debt workout in U.S. history. That would be just the beginning of a far more grinding turnaround.

### **The Wall Street Journal**

# **WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION**

## **Feeling the Brexit bite: These Canadian sectors are hit hardest by the U.K. vote**

June 27, 2016, By Damon van der Linde

The effect of the U.K.'s vote to leave the EU could hit some Canadian companies harder than anticipated and may force some to rethink their strategy of using the island nation as a jumping off point for business in continental Europe.

The markets are already reacting to this uncertainty, taking a bite out of stocks of companies with big U.K. exposure.

The biggest risks to Canadian companies come from currency fluctuations - already being seen in a tumbling pound - fears that Canada's trade deal with Europe won't come to fruition and a potential credit crunch that could result from this political move. The Post's Damon van der Linde breaks down some of the hardest-hit sectors.

### **Financial Post**

## **World's biggest pension fund boss stays course through Brexit rout**

June 28, 2016

The boss of Japan's \$1.37 trillion public pension fund, the world's biggest, says he will stay the course on a stocks-focused investment strategy despite financial chaos sparked by Brexit, believing prices will soon settle.

In an interview with AFP, Norihiro Takahashi said an earlier decision to move a big chunk of the conservative fund's bond-heavy portfolio into shares would remain in effect, even as equities are hit by stomach-churning volatility that threatens the fund's returns.

### **[The Economic Times](#)**

## **Brazil says can pass pension reform in 2016 despite headwinds**

June 28, 2016, By Alonso Soto, Daniel Flynn and Andrew Hay

Brazil's government aims to pass an overhaul of the costly public pension system in 2016 despite a delay in drafting a proposal and municipal elections looming in October, Presidential Chief of Staff Eliseu Padilha said on Tuesday.

Padilha gave the outlook after three senior government officials told Reuters on Monday they believed the complex reform was unlikely to be approved before next year as lawmakers are reluctant to endorse the unpopular legislation before municipal elections in October.

### **[Reuters](#)**

## **European Banking Authority's Location in Question After Brexit Vote**

June 29, 2016, By Todd Buell

Britain's pending exit from the European Union raises questions about the future location of the EU's London-based European Banking Authority. It could also raise questions about the future of the agency itself.

That is because the EU has a second banking overseer - but only for banks from countries that use the euro - tucked inside the European Central Bank. The ECB's banking supervisor, the Single Supervisory Mechanism, is based in Frankfurt, which is among several cities vying to snag the EBA when it leaves the U.K.

### **[The Wall Street Journal](#)**

## **British Steel Pension Scheme needed to make Tata Steel sale attractive, shaky post Brexit**

June 30, 2016, By Reuters

A government overhaul of the British Steel Pension Scheme - crucial to convincing anyone to buy Tata's British assets - is in jeopardy after Britons' vote to leave the European Union deepened the fund's debts and depleted its assets, analysts and industry sources said.

Pension trustees said they were in talks to assess the impact of last week's decision, which sources said already raised the risk Tata Steel BSE 2.70 %'s giant Port Talbot plant would be closed, destroying thousands of jobs.

### **[The Economic Times](#)**

## **S&P Downgrades EU Credit Rating**

June 30, 2016, By Tess Stynes

S&P Global Ratings cut the investment-grade credit rating of the European Union by a notch, saying the U.K.'s vote to leave the EU reduces its budget flexibility and reflects a loss of political solidarity.

The move comes two days after Fitch Ratings said the Brexit vote was unlikely to have an effect on its ratings for the EU, the European Investment Bank and the European Investment Fund. However, Fitch, which has the EU at the top triple-A rating, said it planned to monitor the situation for signs of weakening support from other member nations.

[The Wall Street Journal](#)

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