



Weekly Clips, July 22, 2016
Texas Pension Review Board
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PRB PLANS

Dallas Employees puts REIT on watch

July 20, 2016, By Meaghan Kilroy

Dallas Employees' Retirement Fund put real estate investment trust manager Security Capital Research & Management on watch for six months because of performance, recently released draft board meeting minutes show.

As of June 30, the \$3.3 billion pension fund had \$97 million invested with Security Capital and had a 5% REIT target.

Pensions & Investments

Dallas Police & Fire CIO resigns less than a year after taking job

July 21, 2016, By Meaghan Kilroy

James A. Perry resigned as chief investment officer of the \$2.7 billion Dallas Police & Fire Pension System, the pension fund announced Wednesday.

Citing personal reasons, Mr. Perry submitted his resignation to the pension fund, effective Tuesday.

Mr. Perry could not immediately be reached for additional information.

Pensions & Investments

TEXAS ECONOMIC INDICATORS

Abbott: Investment in research will fuel an economic boost for Texas

July 18, 2016, By Greg Abbott

Innovation has no endpoint, but it always begins with an idea. And more of those brilliant ideas will be coming from the University of Houston with the first grants awarded through the new Governor's University Research Initiative.

Texas A&M University, the University of Houston and the University of Texas at Austin have received the inaugural round of matching grants awarded by the Governor's University Research Initiative to help recruit even more Nobel Laureates and National Academy members to the state of Texas. Ten nationally recognized researchers were recruited from across the country and around the globe, and they will be among the leaders of a transformation in engineering and the sciences that will surpass the tech revolution of the last three decades.

Houston Chronicle

Unemployment rises in Texas in June, as state adds more leisure jobs

July 22, 2016, By Jill Cowan

The Texas economy clawed its way back into growth mode in June after a May that was essentially neutral on the job front, according to the Texas Workforce Commission - though unemployment increased, both statewide and in Dallas-Fort Worth.

The state added 7,200 nonfarm jobs overall, up from the 200 jobs it added in May, the bulk of which were in government work and in leisure and hospitality.

Statewide, unemployment inched up from 4.4 percent in May to 4.5 percent in June. In the Dallas-Fort Worth area, not seasonally adjusted unemployment jumped to its highest point since October: 4 percent, up from 3.5 percent in May. But economists say that without seasonal adjustment, unemployment always spikes in June when young people enter the workforce for the summer.

[The Dallas Morning News](#)

LEGAL PROCEEDINGS, LAWS & REGULATIONS

Appeals court rules lawsuit over Acme Brick retirement plans can proceed

July 15, 2016, By Steve Kaskovich

A lawsuit filed by the former chief financial officer of Acme Brick against parent Berkshire Hathaway over changes made to retirement plans can move forward, a federal appeals court ruled this week.

In a 13-page decision, the Fifth Circuit Court of Appeals in New Orleans ruled that Berkshire Hathaway did not have legal authority to cause Acme Brick to reduce company contributions to 401(k) retirement plans and freeze the company's pension.

The court upheld a district court decision to dismiss claims against Acme, but reversed its dismissal of the claims against Berkshire. The case was remanded back to the U.S. District Court in Fort Worth.

[Star-Telegram](#)

Shepherd to rule on pension suit soon

July 19, 2016, By Brad Bowman

After almost four hours of testimony and closing arguments Tuesday, Franklin Circuit Judge Phillip Shepherd said he would soon decide if he can prevent Gov. Matt Bevin's executive order abolishing the former state pension board of trustees and ousting its former chair.

During the hearing, attorneys representing both former Kentucky Retirement Systems Board of Trustee chair Tommy Elliott and Attorney General Andy Beshear questioned the outgoing Kentucky Retirement Systems (KRS) Executive Director Bill Thielen on the larger changes to the pension system and its board as a result of Bevin's executive order.

Bevin kept all former members on his newly established pension board of directors, except for Elliott, and added more members that he would appoint.

[The State Journal](#)

Puerto Rico Sued for Diverting Cash After Federal Law Passed

July 20, 2016, By Michelle Kaske

A group of hedge funds sued Puerto Rico Governor Alejandro Garcia Padilla, claiming the island government is using a default on its debt to shirk its responsibility to pay bondholders.

Puerto Rico defaulted on almost \$1 billion of principal and interest on July 1 as Garcia Padilla said the commonwealth was unable to pay creditors and continue essential services. It happened one day after President Barack Obama enacted a law, called Promesa, creating a federal control board to oversee the restructuring of the commonwealth's \$70 billion of debt. The law also shields Puerto Rico from creditor lawsuits seeking repayment.

[Bloomberg](#)

NATIONAL ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Calpers Earns 0.6% as Long-Term Returns Trail Fund's Target

July 18, 2016, By John Gittelsohn

The California Public Employees Retirement System, the largest U.S. public pension fund, earned a return of 0.6 percent on its investments last fiscal year, trailing its long-term target as holdings in stocks and forestland lost money.

The pension's public equity portfolio lost 3.4 percent in the year through June 30 and forestland assets declined 9.6 percent, Chief Investment Officer Ted Eliopoulos said Monday. Fixed-income holdings rose 9.3 percent and infrastructure investments gained 9 percent.

[Bloomberg](#)

Calstrs Investments Gain 1.4% as Pension Fund Misses Goal

July 19, 2016, By John Gittelsohn

The California State Teachers Retirement System, the second-largest U.S. public pension fund, earned 1.4 percent in the 12 months through June, missing its return target for the second straight year.

Calstrs seeks to earn 7.5 percent on average over time to avoid falling further behind in its obligations to 896,000 current and retired teachers and their families. The fund, which had \$188.7 billion in assets as of June 30, averaged returns of 7.8 percent over the last three years, 7.7 percent over five years, 5.6 percent over 10 years and 7 percent over 20 years.

[Bloomberg](#)

Public Pension Funds Perform Better When They Keep Politics at Bay

July 19, 2016, By Simon C.Y. Wong

The enormity of the challenges confronting pension funds - including substantial deficits, a tumultuous global economy, and a low-return environment - means that they need to be able to focus on maximizing investment returns without distraction. For those in the public sector, this includes being shielded from governmental politics.

Interference by elected officials · from imposition of local economic development obligations to excessive constraints on head count and compensation that impede recruitment of talented staff · has contributed to poor investment choices, higher total costs, diminished organizations, and disappointing performance at some institutions.

[Harvard Business Review](#)

Baker wants MBTA retirement system state-run

July 20, 2016, By Beth Healy

Governor Charlie Baker said his administration will recommend to the Legislature next year that the MBTA retirement fund be managed by the larger state pension system, amid a growing shortfall in funds.

Baker, in a State House address Wednesday on reforms to the transit system, said the T pension system is in a freefall, losing \$89 million a year in assets.

Last year, the \$1.5 billion system's unfunded liabilities jumped \$126 million, to nearly \$942 million, according to a financial report released this week. The fund's future obligations to retirees are growing faster than its investment returns, requiring larger contributions by the state and taxpayers, as well as employees.

[Boston Globe](#)

Impact of union's new retirement plan on city pension fund uncertain

July 21, 2016, By Claudia Vargas and Tricia L. Nadolny

When the Kenney administration announced its new contract with the city's blue-collar union on Friday, it suggested that changes to the union's retirement plan would benefit the city's underfunded pension fund.

"Making the pension fund sustainable has been a key goal of my administration from the beginning," Mayor Kenney said in the announcement of the \$175 million four-year contract.

[Philly.com](#)

WORLDWIDE ECONOMIC, PENSION, INVESTMENT & BANKING INFORMATION

Altmann quits as UK pension minister, calls for more reform

July 18, 2016, By Richard Hubbard

Ros Altmann has stepped down as UK pensions minister with a call for the new British government led by Theresa May to address some of the major policy reforms needed to ensure pensions meet the challenges facing retirees in the future.

In a letter to the new prime minister, Altmann said that during her 15 months as minister of state for pensions she had sought to drive long-term positive changes on the pension front from within government and to try to ameliorate some of the past mistakes. Unfortunately over the past year, short-term political considerations, exacerbated by the EU referendum, have inhibited good policy-making, she said.

[International Adviser](#)

Australia's Pension Tension an Early Test for Re-Elected Conservatives

July 20, 2016, By Rob Taylor

Prime Minister Malcolm Turnbull, whose conservative coalition clinched a narrow victory in Australian elections this month, is already facing the first legislative battle of his new term— a planned overhaul of the country's US\$1.5 trillion pension system.

Critics of the proposed changes, which would reduce tax breaks for wealthy contributors, say they risk roiling confidence in one of the world's largest and fastest-growing retirement pools. Foreign managers, including several large U.S. firms, have been wooing Australia's cashed-up pension funds as enthusiasm for hedge-fund-style investments in the U.S. fades.

[The Wall Street Journal](#)

No retiree left behind: Japan turns to riskier DIY pensions

July 19, 2016, By Minami Funakoshi

When Saori Ito went on maternity leave last year and stopped getting a regular paycheck from her cosmetics company, she became worried about her future—and wondered if this kind of anxiety is what awaits her after retirement.

The 34-year-old married mother of a one-year-old girl had doubts about the government's ability to fund retirement for Japan's growing ranks of elderly in the world's oldest population.

So she set up a private, self-managed pension account.

"How I see it is that the government won't be able to pay that much in pensions anymore, so it's telling us, 'Go take care of it yourself. We can't do it for you,'" Ito told Reuters at a Tokyo cafe.

[Reuters](#)

China sovereign fund CIC posts first loss on overseas investments in 4 yrs

July 22, 2016, By Xiaochong Zhang and Nicholas Heath

China's \$814 billion sovereign wealth fund China Investment Corp (CIC) gave a bleak outlook after reporting its first loss on overseas investments in four years, battered by a fall in commodity prices and weak currencies.

While total assets at CIC, among the world's largest sovereign wealth funds, climbed 9 percent last year to \$813.8 billion, net return on overseas investments fell to a negative 2.96 percent from a positive 5.47 percent in 2014.

"Given uncertainties like the Fed's fickleness on raising rates, Brexit and fluctuations of major currencies, 2016 is likely to be another year of sluggish growth, coupled with subdued inflation, low productivity, and lackluster trade," Ding Xuedong, CIC's chairman and CEO, said in its annual report published on Friday.

[Reuters](#)

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