



Weekly Clips, September 9, 2016  
Texas Pension Review Board  
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## **PRB PLANS**

### **Dallas voters will be asked to cut city pensions. But will it be enough?**

August 27, 2016, Updated September 4, 2016, By Tristan Hallman

Compared to Dallas's pension fund for its police officers and firefighters, the city's civilian retirement system looks like a fiscal golden child.

While the police and fire pension is in danger of collapse by 2030, the city's civilian fund has at least a few decades ahead of it.

But just because it appears relatively stable, that doesn't mean residents shouldn't be concerned about the city's civilian pension, known as the Employee Retirement Fund or ERF.

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

### **Texas Tech brings on 2 deputy CIOs**

September 2, 2016, By Christine Williamson

Robert Lee will join the Austin-based endowment management team of Texas Tech University System, Lubbock, as deputy chief investment officer on Oct. 1.

Mr. Lee will have responsibility for the risk mitigation, private energy and private real estate portfolios for the \$1 billion endowment, said Timothy Barrett, chief investment officer, in an e-mail. He replaces Brian King, who held the title of senior investment officer and has left TTU. Mr. King's future plans could not be learned.

Mr. Lee is the endowment's second deputy CIO appointment this year: Dan D. Parker joined the endowment Thursday and oversees public and private equity, Mr. Barrett said.

#### **[Pensions & Investments](#)**

### **Houston's three public pensions and why you should worry**

September 3, 2016, By Michael Taylor

Houston's three public pensions may not be in distress today, but some of the warning signs are beginning to flash orange.

If the Dallas Police and Fire Pension System is the clear sick-man of Texas pensions, with an unfunded liability per member of \$213,712, the next highest large pension is Houston Police Officers Pension System, or HPOPS, with \$128,576 in unfunded liabilities per member. The other two Houston public pensions have their own specific problems as well.

#### **[Houston Chronicle](#)**

## **Texas Teachers sole investor in Equity International's debut Asian fund**

September 8, 2016, By Peterson

Teacher Retirement System of Texas has been revealed as the sole investor behind Equity International's debut Asia fund.

Equity International, founded by US entrepreneur Sam Zell, announced today it had closed its first Asian-focused real estate fund with \$205m (" 182m) of commitments.

The Texas Teachers pension fund confirmed to IPE Real Estate that it is the sole third-party investor in ZEI Co-Invest 1 Fund, committing \$200m to the vehicle. Equity International will co-invest the remaining \$5m.

### [Investment & Pensions Europe](#)

## **TEXAS ECONOMIC INDICATORS**

### **Texas energy sector teetering on recovery**

September 7, 2016, By Daniel J. Graeber

The deep contraction in the Texas oil and gas sector seems to be over, though a full rebound remains elusive, an economist in the state said.

A survey of July data from the Federal Reserve Bank of Dallas found the state added a seasonally adjusted 21,700 jobs, the fastest pace so far this year. The bank, however, said it expected the rate of employment to grow by 0.8 percent for the rest of the year, compared with growth of 1.3 percent last year.

Karr Ingham, an economist who created a so-called petro index to gauge the health of the industry, said there were "encouraging signs" that the worst was over for the No. 1 oil producer in the country, though some metrics still suggested the state may still be skimming the bottom of a downturn.

### [UPI](#)

### **International homebuyers added more than \$10B to the Texas economy April 2015-March 2016**

September 9, 2016, By Darla Guillen

Texans aren't the only fans of Texas land.

The Texas Association of Realtors recently released its 2016 Texas International Homebuyers Report. The study reports that, "Texas home sales purchased by international homebuyers added more than \$10 billion to the Texas economy from April 2015 and March 2016."

"Texas accounted for 10 percent, or 21,488 home sales and \$10.26 billion, of all international home sales in the U.S. from April 2015 to March 2016," the study reports. "This is a 2 percent increase from April 2014 to March 2015."

### [Houston Chronicle](#)

# **LEGAL PROCEEDINGS, LAWS & REGULATIONS**

## **California is the latest state to try to help people save for retirement**

September 5, 2016, By Rodney Brooks

So much has been written about 401(k)s and other employer-sponsored retirement savings plans that we sometimes forget these sobering statistics: 50 percent of American workers · 55 million people · have no access to an employer-sponsored retirement plan.

The result is a growing American underclass, in which a third of current retirees live almost entirely on Social Security and fully half of future retirees will face reduced standards of living, according to a recent New York Times editorial.

### **[The Washington Post](#)**

## **Some public funds uneasy with fee disclosure**

September 5, 2016, By Arleen Jacobius

Measures in several states focusing on alternative investment fee disclosure are causing public pension plan executives to worry they could get shut out of the best funds if managers are unhappy with the requirements.

At least eight states have considered fee disclosure for alternative investments, according to the Washington-based National Conference of State Legislatures.

Two bills have passed, one in Washington and one in California, but neither requires as much information as the fee reporting template released by the Institutional Limited Partners Association in January.

### **[Pensions & Investments](#)**

## **California Case Opens Door for Pension Benefit Reductions**

September 6, 2016, By Romy Varghese

Along with death and taxes, Californians have counted on another inevitability: once pension promises are made to public employees, they can't be rolled back.

That belief, which has guided officials as they deal with mounting bills to cash-strapped retirement plans, was shaken in August when a state appellate court said benefit cuts are permissible if the pensions remain "reasonable" for workers.

The Marin Association of Public Employees, which lost its lawsuit seeking to prevent the county from reducing the final salary levels used to calculate pension payments, says it will ask the state's Supreme Court to overturn the ruling. If upheld, it would give California and its local governments a way to cut costs just as lackluster investment returns threaten to leave them under pressure to pump more money into retirement plans.

### **[Bloomberg](#)**

## **Tax to rescue Chicago pension fund passes council committee**

September 8, 2016, By Karen Pierog

Chicago Mayor Rahm Emanuel's proposal to tax water and sewer usage to save a city pension fund from insolvency passed a key city council committee on Thursday despite concerns that revenue will fall short.

The 26-6 vote by the finance committee sends the plan to the full city council, which meets Sept. 14.

The tax would raise an estimated \$240 million a year once it is fully phased in over five years, helping Chicago gradually increase contributions to its municipal retirement system, which is projected to run out of cash within 10 years.

### [Reuters](#)

## **Judge: Ex-pension chair no longer gets a vote**

September 8, 2016, By Morgan Watkins

A judge decided Thursday to allow the ex-chairman of the Kentucky Retirement Systems Board of Trustees to temporarily remain on the board but stripped him of his voting abilities after he missed two recent meetings.

Lawyers representing Gov. Matt Bevin asked Franklin Circuit Judge Phillip Shepherd to reconsider his prior decision to allow Thomas Elliott, the former KRS chairman who was axed by the governor earlier this year, to rejoin the board until the litigation over his removal is resolved. Shepherd heard testimony from Elliott in court on Wednesday and issued a new ruling Thursday morning that partially grants the governor's request.

### [Courier-Journal](#)

## **U.S. coal miners hit Congress to rally for pension protection**

September 8, 2016, By Valerie Volcovici

About 10,000 retired coal miners and their families descended upon the U.S. Congress on Thursday to pressure lawmakers to pass stalled legislation that would prevent 22,000 of them from losing their pension and health benefits as soon as early 2017.

A bipartisan group of senators is trying to pass legislation to ensure the retirees' coverage with the United Mine Workers of America's retirement and healthcare funds, which are dwindling as some coal companies drop benefits in their bankruptcy proceedings.

Coal has been an issue in national politics. With just weeks to go before the presidential and congressional elections in November, time for passage of the bill is limited.

### [Reuters](#)

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

## **Assets of top plans drop; growth slows**

September 5, 2016, By Sophie Baker

The good times have well and truly stopped rolling for the world's largest retirement funds, despite all-time highs across global stock markets, analysis of data from the annual survey conducted by *Pensions & Investments* and Willis Towers Watson PLC shows.

Annualized growth for the five years ended in 2015 was 3.5% for the largest 300 retirement funds and 3.6% for the 20 largest funds, the data show. Over the five years to year-end 2009, the annualized growth rate was 6.1% for the 300 largest funds and 6.5% for the top 20.

## **Pensions & Investments**

## **NY comptroller: Pension fund contributions to remain flat**

September 6, 2016

New York's comptroller says state and municipal contribution rates to New York's pension fund for public workers will remain relatively flat next year.

Comptroller Thomas DiNapoli, trustee of the \$181 billion fund, says the average rate will drop from 15.5 percent of a worker's salary to 15.3 percent in the fiscal year that starts next April.

## **Houston Chronicle**

## **Texas AG opinion: State not 'liable' for municipal pension shortfalls**

September 6, 2016, By David Yates

On Sept. 6 the Office of the Texas Attorney General issued an opinion finding that a court would likely conclude the state is not required to assume liability when a municipal retirement system is unable to meet its financial obligations.

On March 10 State Rep. Jim Murphy, Harris County, requested Attorney Gen. Ken Paxton's opinion on the matter.

Rising pension and healthcare costs, unpredictable revenues, aging infrastructure, high debt load, and increasing costs for the delivery of city services threaten municipalities' ability to balance budgets and maintain strong credit ratings, the representative writes in his request.

## **Southeast Texas Record**

## **Emanuel tries to prove tax plan sufficient to save pension fund**

September 7, 2016, By Fran Spielman

On the eve of a crucial Finance Committee vote, Mayor Rahm Emanuel released an actuarial analysis in hopes of proving to aldermen that his 29.5 percent tax on water and sewer bills will be enough to save the largest of Chicago's four city employee pension funds.

It didn't work with the anti-Emanuel Progressive Caucus that demanded the study of the mayor's plan for the Municipal Employees Pension Fund weeks ago and was miffed about getting it hours before the vote.

## [Chicago Sun Times](#)

### **Cliffwater: State pension funds return annualized 6.8% in 10-year period**

September 7, 2016, By Christine Williamson

U.S. state pension funds earned an annualized 6.8% median return for the 10-year period ended June 30, 2015, compared to 7.3% in the prior year period, showed new data analysis from alternative investment consultant Cliffwater.

The 6.8% median return fell within a wide range of individual pension fund returns - between 4.8% and 8.4%. The Cliffwater report, released Wednesday, noted the best-performing state plan outperformed the lowest-returning fund by a cumulative 63.8 percentage points over the 10-year period.

## [Pensions & Investments](#)

### **How Pooling Assets Could Help Sustain Public Pension Funds**

September 8, 2016, By Jill Eicher

For all of the angst about the burden of funding public employees' pension funds on state and local government budgets -- and on the public workers who contribute part of their paychecks to their retirement funds -- the most critical factor in the equation is the funds' ability to achieve their investment-return targets. The money the funds earn on investments pays, on average, more than 60 cents of every dollar that is disbursed to retirees.

But the news is not good on the investment front. According to the Wilshire TUCS performance tracking service, median returns in fiscal years 2014 and 2015 were 3.43 percent and 1.07 percent, respectively -- nowhere close to the sector's average assumed rate of return of 7.5 percent. And experts say that it will be even harder for public pensions to make money in stocks and bonds over the coming decades.

## [Governing](#)

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

### **How China Matters to Your 401(k)**

September 5, 2016, By Lingling Wei

Zhou Ping, a Shanghai-based asset manager, finds himself increasingly fielding this question from across the Pacific: How does China matter to my 401(k)?

The question might seem odd when you consider that U.S. fund managers and other guardians of Americans' retirement plans are largely *underweight* on China, meaning they allocate a smaller percentage of the portfolios they manage to Chinese shares listed in Hong Kong and New York compared with global benchmarks.

## [The Wall Street Journal](#)

## **European money market reform on different path**

September 5, 2016, By Paulina Pielichata

Impending reforms to European money market fund regulations will likely spare prime funds from the exodus of assets that the U.S. market has seen following SEC reforms, sources said.

Investors have one more month before the changes in the U.S. fully come into force. Those changes aim to reduce the risk of investor runs and require institutional prime funds to transact at a fluctuating net asset value, rather than the current constant net asset value.

But U.S. investment in prime money market funds has fallen by about \$338 billion this year through July to \$1.23 trillion, according to Securities and Exchange Commission data. Instead, some \$339 billion has flown into government money market funds, which remain trading at constant NAV.

## **Pensions & Investments**

### **Brazil's new government buffeted by pension fund scandal**

September 6, 2016, By Anthony Boadle

The government of Brazil's new President Michel Temer scrambled on Tuesday to distance itself from a multibillion-dollar corruption scandal that broke less than a week after he took office, involving fraud in the country's largest pension funds.

With the country already reeling from a sprawling bribery and kickback scandal at state oil company Petrobras, the new corruption case could hamper the conservative Temer's efforts to restore credibility and turn the page on the leftist government of impeached President Dilma Rousseff.

## **Reuters**

### **China's pension funds under pressure with rising payments: Xinhua**

September 6, 2016, By Yawen Chen and Nicholas Heath

Many Chinese pension funds are under renewed pressure to break even as local governments race to increase pension payments to meet central government requirements, state news agency Xinhua said in a commentary on Tuesday.

The central government has ordered pension payments for corporate retirees to be increased by around 6.5 percent in all provinces, Xinhua said.

China's northeastern region of Liaoning has implemented a 6.75 percent rise in pension payments, which is estimated to cost the fund around 11 billion yuan (\$1.65 billion).

## **Reuters**

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