



## Weekly Clips, September 23, 2016

Texas Pension Review Board

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## **PRB PLANS**

### **Bonds Feature in Houston Mayor's Pension Proposal**

September 15, 2016, By Richard Williamson

Houston Mayor Sylvester Turner wants to issue \$1 billion of bonds as part of a comprehensive plan to rein in the city's ballooning pension liabilities.

After years of negotiations and legal battles over Houston's pension obligations, Turner outlined a 30-year plan to fund the system in part by issuing \$1 billion of bonds.

"We will have fully funded, secure, sustainable and affordable defined benefit pension plans that our employees can rely on and our taxpayers will find fiscally responsible," Turner said Wednesday in a letter announcing the plan. "No other plan does this and takes the issue off the table permanently."

#### **Bondbuyer**

### **Fitch: Houston, TX Pension Proposal Has Positives and Risks**

September 16, 2016

Houston, TX mayor Sylvester Turner's pension reform proposal contains several positive elements while also introducing some level of risk. The proposal, which the mayor outlined in broad terms in a speech on Sept. 14, includes reforms to benefits and contribution practices that could improve the sustainability of the city's pensions. Reforms include benefit changes in the municipal, police and fire plans that reportedly could reduce the combined unfunded liability of the programs by 1/3; implementation of a closed 30-year amortization period; a reduction in the discount rate to 7% from rates currently ranging from 7.08% to 8.50%, and a requirement that the city make the actuarially required contribution annually. Fitch cautions that achieving even a 7% return assumption carries risk given recent market performance and the low interest rate environment.

#### **Business Wire**

### **Police pension fund money removed at alarming rate**

September 16, 2016, By Rebecca Lopez

Ken Sprecher was a Dallas police officer for 31 years. He retired in 2005 believing he was promised to receive a great pension.

"That was the selling point when you recruit and try to retain folks. That you may not make it up-front with salary but that you would have a secure pension later on."

But the pension fund is in trouble and in danger of going bankrupt. That's causing some officers and retirees to begin withdrawing their retirement funds and rolling it into their 401Ks.

#### **WFAA**

## **DPD Officers Worried About Pensions Pushing Up Retirement**

September 16, 2016, By Austin York

Several senior Dallas police officers are pushing up their retirements due to pension concerns.

Sources told KRLD that many, who were thinking about retirement are setting a date before October, and asking for their money now based on perceived upcoming changes.

But Kelly Gottschalk with the Dallas Police and Fire Pension System said that's just not true.

[CBS DFW](#)

## **Police association president to retire amid concerns over Dallas police pay and pension fund**

September 19, 2016, By Tasha Tsiaperas

The president of the Dallas Police Association announced Monday that he is retiring from the police force amid concerns about a failing pension fund, low police pay and officers flocking to other departments.

Ron Pinkston, a detective in the southeast division, will share his last day with retiring Dallas Police Chief David Brown on Oct. 4. He's been a vocal leader of the police association, calling for a new chief twice and taking on city council members in a public dispute over officers' salaries.

[The Dallas Morning News](#)

## **Texas Comptroller Glenn Hegar Recognizes Carrollton for Public Pension Transparency**

September 19, 2016

The city of Carrollton recently became the state's first local government entity to achieve specific transparency goals in public pensions through Comptroller Glenn Hegar's Transparency Stars program.

Carrollton received a Public Pensions Transparency Star, awarded to local governments whose websites provide visual and narrative explanations of actuarial valuations, contribution rates and benchmark comparisons, in addition to other criteria.

[Texas Insider](#)

## **Dallas police and firefighters will get their raises; see what else is in the new budget**

September 21, 2016, By Tristan Hallman

Dallas police and firefighters will get raises. Tax rates · but not tax bills · are going down. And streets will get the shaft in the next fiscal year after council members unanimously approved the city's new budget on Wednesday.

The \$3.1 billion budget for next fiscal year, which begins Oct. 1, passed with little controversy. The part of it that the City Council fully controls · the \$1.2 billion general fund for day-to-day operations · focused largely on public safety in the wake of the deadly July 7 attack on police officers in downtown Dallas.

[The Dallas Morning News](#)

## **Dallas Police, Firefighters Get Raises**

By Ken Kalthoff

Money for Dallas police and firefighters raises of about five percent across the board was included in a new fiscal year 2017 budget approved by the City Council Wednesday.

After the July 7 Dallas ambush that killed five officers, %Back the Blue+demonstrations that followed and months of budget haggling, the City Council unanimously approved an amendment proposed by Councilman Adam McGough to provide raises for all public safety workers.

### [NBC DFW](#)

## **Pension Fund a storm cloud over city plans**

September 22, 2016, By Robert Wilonsky, The Dallas Morning News

The ever-growing line of city departments and public-private projects needing and wanting dollars from the May 2017 bond package forms on the right. But if Mayor Mile Rawlings had his way, there would be no bond election.

Rawlings told the City Council on Wednesday that he@d prefer to push the bond election into fall 2017, if only because of the billions of question marks surrounding the city@ beleaguered and broken police and fire pension fund. That fund is woefully underfunded . between \$3 billion and \$7 billion, depending on how it@ calculated.

### [Pressreader](#)

# **TEXAS ECONOMIC INDICATORS**

## **Texas Attracting Huge Numbers of International Homebuyers**

September 17, 2016, By Dale King

International purchasers of homes in the United States added more than \$10 billion to the Texas economy from April 2015 to March 2016, says a report prepared by the Texas Association of Realtors.

Commenting on the findings, a major real estate firm in Houston said the reasons given by foreign buyers acquiring homes in the U.S. generally mirror those of people who already live in the United States.

%The areas that are most attractive to the international buyers we work with are primarily those with highly rated public schools,+ said Mary Piper, director of relocation and operations for Bernstein Realty in Houston. %That includes the suburbs.+

### [RNR](#)

## **Texas economy still under pressure**

September 19, 2016, By Daniel J. Graeber

The number people in Texas who want to work full time but can't find jobs in the oil-rich economy remains above recessionary levels, a report found.

The Federal Reserve Bank of Dallas said a low relative minimum wage of \$7.50 per hour, fewer regulatory burdens and a facilitating business climate meant the oil-rich state was less impacted by recent economic downturns than other states.

"A less-severe recession in Texas and a stronger recovery, particularly in services and construction sectors, have contributed to Texas' relatively good performance," Anil Kumar, a senior economist at the bank, said in a statement.

[UPI](#)

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

### **Senate Finance Committee Opens Door for MEPs**

September 22, 2016, By Sean Forbes

A catch-all retirement bill aimed at bolstering the defined contribution plan system easily passed the Senate Finance Committee by a vote of 26-0 on Sept. 21.

The Retirement Enhancement and Savings Act provisions deal with multiple employer plans, selection of lifetime income insurance providers, help with student loans and employee stock ownership, among others.

Open multiple employer plans, an idea that has excited lawmakers of both parties for several years as a way to help small employers offer 401(k)s, was high on the list of the bill's amendments.

[Bloomberg BNA](#)

### **As Church Plan Battle Heats Up, All Eyes on Supreme Court**

September 21, 2016, By Jacklyn Wille

The battle is heating up between religiously affiliated hospitals and workers who say their pensions are chronically underfunded, and with two weeks to go before its fall term begins, the U.S. Supreme Court has hinted that it may be interested in addressing this dispute.

Three hospitals- Advocate Health Care Network, Saint Peter's Healthcare System and Dignity Health- have asked the justices to undo appellate court rulings that arguably force them to bring their underfunded pensions into compliance with federal law. The case filed by Dignity Health offered the justices an opportunity to signal whether they might be interested in resolving this billion-dollar battle. On Sept. 21, Justice Anthony M. Kennedy did just that when he granted Dignity Health's request to hit the pause button on the U.S. Court of Appeals for the Ninth Circuit's ruling against the hospital ( *Dignity Health v. Rollins* , U.S., No. 16-258, order staying mandate 9/21/16 ).

[Bloomberg BNA](#)

### **Wal-Mart to face class-action over alleged bribery in Mexico**

September 22, 2016, By Associate Press

A federal judge has granted class-action status to Wal-Mart investors suing the world's largest retailer over allegations that it covered up a bribery scheme in Mexico to help its business there.

The allegations included that Wal-Mart's Mexican unit paid millions of dollars in bribes to speed building permits and gain other favors.

In a ruling this week, U.S. District Judge Susan Hickey in Fayetteville, Arkansas, dismissed Wal-Mart's argument that a Michigan retirement fund could not lead a class-action suit because it suffered no related financial losses. Wal-Mart's stance was based on a certain accounting method.

## [El Paso Inc](#)

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

## **Pension Crisis: Could Buyouts Be a Solution?**

September 15, 2016, By Liz Farmer

When it comes to chipping away at pension liabilities, there aren't a lot of options. In some places, lawmakers can freeze cost-of-living increases to pension payments or move back retirement dates for existing employees. But that's not legal everywhere. So the majority of pension reforms in the past decade have targeted new employees and focused on controlling the growth of future liabilities.

But some places are getting more creative.

In Philadelphia, where the municipal pension plan is less than half-funded, Controller Alan Butkovitz is pushing a buyout of sorts aimed at the city's most expensive workers. In exchange for taking an upfront cash payment based on their estimated lifetime benefits, the employee or retiree would accept a reduced level of pension benefits going forward. The benefits would be equivalent to what newer Philadelphia public employees are receiving now.

## [Governing](#)

## **Illinois State Pension Board Stops Trying to Beat the Market**

September 16, 2016, By Timothy W. Martin

The board overseeing 401(k)-style benefits for 52,000 Illinois state workers has terminated all money managers who try to handpick winners, a major embrace of low-cost funds that instead mimic the markets.

The Illinois State Board of Investment, in a 7-to-1 vote on Thursday, jettisoned mutual funds sold by T. Rowe Price Group Inc., Fidelity Investments, Invesco Inc. and four others.

The pullback means roughly \$2.8 billion of Illinois state-employee retirement assets—representing roughly two-thirds of the \$4 billion fund—would now be in the hands of Vanguard Group and Northern Trust.

## [The Wall Street Journal](#)

## **The Pension Gap**

September 18, 2016, By Jack Dolan

With the stroke of a pen, California Gov. Gray Davis signed legislation that gave prison guards, park rangers, Cal State professors and other state employees the kind of retirement security normally reserved for the wealthy.

More than 200,000 civil servants became eligible to retire at 55—and in many cases collect more than

half their highest salary for life. California Highway Patrol officers could retire at 50 and receive as much as 90% of their peak pay for as long as they lived.

### [Los Angeles Times](#)

#### **CalPERS may need to lower investment hopes soon, thus increasing the cost to taxpayers**

September 20, 2016, By John Meyers

The retiring forecaster for California's largest public employee pension fund offered some final advice on Tuesday: State and local governments should be required to pay more into the system as soon as next year.

Alan Milligan, who is stepping down as chief actuary of the California Public Employees Retirement System, told the agency's directors that investment returns continue to come in lower than expected and the pension fund should recalibrate its long-term investment prediction · the "discount rate" · no later than February.

### [Los Angeles Times](#)

#### **Reckoning Comes for U.S. Pension Funds as Investment Returns Lag**

September 21, 2016, By Elizabeth Campbell

The \$1.9 trillion shortfall in U.S. state and local pension funds is poised to grow as near record-low bond yields and global stock-market turmoil reduce investment gains, increasing pressure on governments to put more money into the retirement systems.

With the Federal Reserve deciding to hold interest rates steady at its meeting Wednesday, the funds will continue to be squeezed by rock-bottom payouts on fixed-income securities just as stocks fall overseas and post only modest U.S. gains. As a result, pensions in Illinois, Missouri and Hawaii this year have moved to roll back the assumed rate of return on their investments, joining the dozens that have taken that step over the past two years.

### [Bloomberg](#)

#### **Harvard, Searching for Endowment Manager, Reports a Loss**

September 22, 2016, By Geraldine Fabrikant

Harvard is looking for a new manager for its endowment, the largest of any university. And based on results announced on Thursday, there will be plenty of room for improvement.

The university reported an overall loss of 2 percent on its investments for the year ended on June 30, bringing their value to \$35.7 billion. While many endowments have been posting slightly negative returns for the last fiscal year, Harvard's showing comes after years of poor performance as a series of investment chiefs have come and gone.

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

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

## **British retirees in Canada push Ottawa to fix decades-old pension fight**

September 19, 2016, By Jordan Press

Anne Puckridge has two medals, earned during her service to Britain in the Second World War.

The 91-year-old jokes that she is still fighting - except now it is against the British government.

Puckridge is one of about 150,000 British retirees who don't receive annual increases in their U.K. pension payments because they live in Canada.

Successive British governments have refused to index their pensions to keep pace with the cost of living, despite decades of diplomatic overtures from Canadian officials.

### **Toronto Star**

## **Quebec pension fund ups stakes in infrastructure test case**

September 19, 2016, By Matt Scuffham

Quebec's public pension fund, the Caisse, is about to take on one of its toughest investment challenges yet - helping the commuters of Montreal.

Keen to boost returns, Canada's second-biggest pension fund is financing and overseeing the construction of a new 67 kilometer (41.6 miles) public transit system in Montreal, the third largest automated transportation system in the world behind those in Dubai and Vancouver.

It will own and operate the track once it has been built.

### **Reuters**

## **Less China, More India Make Singapore Hedge Funds Asia's Best**

September 20, 2016, By Klaus Wille

Singapore-based hedge funds outperformed Asian rivals during the first seven months of the year thanks to a greater focus on India and global markets, according to data provider Eurekahedge Pte.

Funds headquartered in Singapore returned 2 percent through July, while Hong Kong-based funds declined an average 2.3 percent, Eurekahedge said in a report Tuesday. Funds based in Australia rose 1.9 percent, while Japan-based funds declined 2.5 percent, the report said.

While the majority of funds based in Hong Kong and Japan invest in Chinese or Japanese stocks, where markets have posted steep losses this year, Singapore has more funds with a global mandate or an India focus, according to Eurekahedge. Australia-headquartered funds mainly invest in global equity long-short strategies, which didn't do well until August.

### **Bloomberg**

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